

EMPLOYMENT AGREEMENT

The parties to this Employment Agreement are MR. MICHAEL K. YOUNG (Young), an individual and resident of Brazos County, Texas, and THE TEXAS A&M UNIVERSITY SYSTEM (System).

ARTICLE I

GENERAL AGREEMENT OF THE PARTIES

Section 1.01 Purpose of Agreement

Young has been appointed as President of Texas A&M University (University), effective May 1, 2015.

Section 1.02 Employment

By this Agreement, System employs Young, and Young accepts employment with System, as President of the University according to the terms and conditions of this Agreement and according to System and University policies, regulations and rules.

Section 1.03 Term

The Term of this Agreement shall extend from the effective date through April 30, 2020. The Term shall be extended for an additional 5 year Term through April 30, 2025 unless either party provides written notice of the party's intent not to renew by April 30, 2019.

Section 1.04 Termination

Young's employment under this Agreement may be terminated:

- (a) By either party, at either party's discretion, without cause. Termination of the Agreement by the System during the initial 5 year Term without cause will entitle Young to the payment of liquidated damages in the form of continued payment of his then-current Base Salary for the remainder of the Term from the effective date of termination, subject to reasonable efforts by Young to obtain other comparable executive employment, or self-employment, after any such termination to mitigate and reduce the amount of liquidated damages to be paid by System. It is agreed by the parties that the amount of liquidated damages shall be offset or reduced on a quarterly basis by the compensation earned by Young through employment with persons or firms other than the University or through self-employment, either directly or indirectly through entities owned or controlled by Young. While the System's duty to pay liquidated damages remains in effect, within fourteen (14) calendar days

after accepting any employment, or receiving any increases in compensation from existing employment, Young shall provide the System with complete details of Young's compensation package. Should Young fail or refuse to notify System of Young's employment and the details of Young's compensation, or fail to promptly cure such a deficiency, the System's obligation to continue paying liquidated damages to Young shall cease.

- (b) By the System without prior notice for good cause. The term good cause shall mean Young's refusal to perform his assigned duties or Young's insubordination, arrest, indictment or a plea of guilty or no contest to a crime of moral turpitude, fraud, willful misconduct that harms the System or University, or a material violation of System or University policies or code of conduct which is not cured within thirty (30) days of being informed of such deficiency.
- (c) By the System upon Young's death or incapacity to perform the duties of the Agreement after reasonable accommodations and/or leave of absence are applied to the extent required by law.
- (d) In the event of the termination of this Agreement pursuant to the provisions of subparagraph (a) of this Section, both parties agree that they will not issue in any public or private forum any critical or detrimental statements concerning Young, the System, the University, The Texas A&M University System Board of Regents ("Board"), or any System or University policy or personnel. This provision does not apply to any factual situation wherein either party holds the good faith belief that the other party or parties have committed an illegal act in connection with the administration of their duties on behalf of the System (i.e., conduct made illegal by virtue of a state or federal penal statute.)

ARTICLE II DUTIES OF YOUNG

Section 2.01 Full-time

During the term of this Agreement, Young will serve in a full-time position as President.

Section 2.02 Duties

Young shall perform the duties and responsibilities of President of the University to the fullest of his abilities, with the attendant perquisites and responsibilities of the position.

Section 2.03 Outside Activities

Subject to the prior approval of the Chancellor and in accordance with System policy, Young may serve on other governing boards, public, private, profit and non-profit and serve in other mentoring or advising roles for remuneration provided that such service or activities will not interfere with or cause a conflict of interest with the performance of his duties as president.

ARTICLE III

TENURE AND FACULTY DEVELOPMENT LEAVE

Section 3.01 Tenure

Young shall receive expedited consideration through the Texas A&M University tenure review process for tenured faculty appointments in the Bush School of Government and Public Service and Texas A&M University School of Law. While serving as president, Young shall receive no additional compensation in consideration of such faculty appointments. Upon conclusion of his service as president, he may assume active faculty duties at the Bush School at an annual compensation equal to that of highest paid faculty member in the Bush School of Government and Public Service. Upon commencement of service as an active member of the university's faculty, Young's employment shall be governed the System's and University's regulations and rules regarding faculty and tenure, and not by Young's employment agreement as president.

Section 3.02 Faculty Development Leave

Upon the conclusion of this service as president, Young shall be eligible for faculty development leave in accordance with Texas Education Code 51.101 *et. seq.* and System Regulation 12.99.01 consistent with past practice for University presidents. Such development leave will accrue at the rate of two (2) months per year of service, subject to the limitations of the Texas Education Code and System Regulation.

ARTICLE IV
COMPENSATION AND BENEFITS

Section 4.01 Salary

Young shall be paid an annual salary of ONE MILLION (\$1,000,000) throughout the term of this Agreement. This salary shall be paid to Young in twelve (12) equal installments per year, payable each month. During the term of this Agreement, the salary may be adjusted upward, but not downward, upon the written agreement of the parties. It is the intent of the parties that the salary is to remain competitive with other top Texas and U.S. public research universities.

Section 4.02 Signing Bonus

Young shall receive a signing bonus of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000) payable in a single lump sum payment within thirty (30) days of the effective date.

Section 4.03 Performance Incentives

Young shall be eligible for up to four (4) performance incentives, with each incentive providing for a target performance award of \$100,000; the performance incentives shall be based upon standards agreed upon annually by the Chancellor and Young. Incentive areas may include:

- (a) Commercialization gains;
- (b) Time -to-graduation improvements;
- (c) Fundraising and development; and
- (d) Overall performance satisfaction/merit.

Awards for each of the performance incentives shall be made in single lump sum payments within thirty (30) days of the Chancellor's determination to award such payments.

Section 4.04 Deferred Compensation

Young shall be eligible to receive certain additional compensation, as described below, pursuant to a 457(f) deferred compensation plan to be established for Young (the "Young Plan"), and Young will not be eligible to participate in any other 457(f) deferred compensation plan established or maintained by the System. The amounts deferred under the Young Plan as described herein are intended to qualify as unfunded deferred compensation pursuant to section 457(f) of the Internal Revenue Code of 1986, as amended ("Code"). In the event that it is

determined at any point that the Young Plan or any deferred compensation provisions of this section do not conform to the applicable laws and rules governing deferred compensation, including but not limited to section 457(f) and/or section 409A of the Code, Young agrees to indemnify the System for any penalties, interest, withholding and any other amounts that could be assessed against the System arising from the Young Plan and any deferred compensation provisions of this section. The System will credit \$200,000 annually to the Young Plan, commencing as of April 30, 2016, and each April 30th thereafter during the term of this Agreement. The funds credited to the Young Plan as of April 30, 2016, April 30, 2017 and April 30, 2018 shall vest and be paid to Young in a lump sum payment within thirty (30) days of his completion of service through April 30, 2018 (or, if applicable, in the event of Young's Involuntary Termination without Cause (to be defined in the Young Plan, which definition is intended to comply with section 457(f) of the Code) or his death, in which case such payment shall be made to his designated beneficiary); thereafter Young will annually vest and be paid the credits to the Young Plan in lump sum payments as of his completion of service to each successive April 30th, with each such payment occurring within thirty (30) days of his completion of service to the corresponding April 30th. If it is determined that the Young Plan will have an adverse effect on the System or the System's existing deferred compensation plan, the Young Plan will be terminated and thereafter the System will credit \$200,000 annually on Young's behalf to an account for him under the System's existing deferred compensation plan, and such amounts will be subject to the provisions of that plan. Any amounts due to the System from Young pursuant to his indemnification obligation under this section may be deducted by the System from amounts otherwise due and payable to Young under this Agreement.

Section 4.05 Benefits

Young shall be eligible for all employee benefits available to the president of the University, including vacation, disability insurance, worker's compensation, and sick leave. Young and his dependents shall be eligible to participate in the System's group medical insurance, dental insurance, vision insurance, and disability coverage on the same terms such benefits are available to other employee and dependents of the System, including employee retirement benefits as

provided by Texas law. Young shall be eligible for participation and benefits under the Teacher Retirement System of Texas or the Texas Optional Retirement Program.

Section 4.06 Other Benefits

System shall provide to Young:

- (a) Reimbursement for all reasonable University-related business, travel and entertainment expenses, including such expenses relating to his spouse, in accordance with System policies and procedures; such expenses of Young and his spouse shall be subject to review and approval by the System Chief Financial Officer; any invoices for payments and/or requests for reimbursements must be submitted by Young no later than thirty (30) days following the end of the calendar year in which the expense was incurred. Payment for such expenses, as approved by the System Chief Financial Officer, will be made no later than the fifteenth day of the third month following the close of such calendar year.
- (b) The System shall pay the membership and annual fees in a club of Young's choosing, subject to the prior review and approval of the System Chief Financial Officer; in accordance with such club's billing practices but in no event later than the calendar year following the calendar year in which the expense was incurred; Young to pay personal expenses.
- (c) The System will provide Young with annual housing allowance of \$200,000, payable in equal installments in accordance with the System's payroll cycle.
- (d) Notwithstanding any provision of this Agreement to the contrary, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year.

Section 4.07 Supplemental Term Life Insurance

While Young serves as president of the University, and subject to his insurability at reasonable market rates, the System shall pay up to \$15,000 annually toward the cost of supplemental term life insurance coverage providing a death benefit of \$5,000,000, payable to the beneficiary designated by Young. Payment will be made in accordance with such insurance provider's

billing practices, but in no event later than the calendar year following the calendar year in which the expense was incurred.

Section 4.08 Transition Expenses

The System shall pay or reimburse Young for reasonable expenses incurred in moving himself, his spouse and their personal property to the College Station, Texas area subject to review and approval by the System Chief Financial Officer. At the completion of his employment with the University, the System shall pay for reimburse Young for reasonable expenses incurred in moving himself, his spouse and their personal property to their next residence away from the College Station, Texas area, subject to review and approval by the System Chief Financial Officer. Any invoices for such expenses must be submitted by Young no later than sixty (60) days following the date the expense was incurred. Payment for such expenses, as approved by the System Chief Financial Officer, will be made no later than sixty (60) days after receipt, but in no event later than the last day of the calendar year following the calendar year in which the expense was incurred.

ARTICLE V

MISCELLANEOUS

Section 5.01 Severability

If any of the terms or provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable, in any respect, the remainder of the provisions shall remain in full force and effect and in no way be affected, impaired or invalidated.

Section 5.02 Waiver

No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party, shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior to subsequent time.

Section 5.03 Liability protection

Young will have the indemnification afforded to state employees in accordance with state law for acts or omissions in the course and scope of employment. In addition, the System currently

maintains a directors and officers liability insurance policy. Young may be covered by that policy, and renewals thereof, if any, depending on the particular facts and circumstances.

Section 5.04 Entire Agreement

This Agreement contains the entire agreement of the parties with respect to the matters covered by this Agreement. No other agreement, statement or promise made by any party, or to any employee, officer, or agent of any party, which is not contained in this Agreement, shall be binding or valid. Provisions of this Agreement shall be construed as a whole according to its common meaning, and not strictly for or against any party.

Section 5.05 Modification or Amendment

All amendments and modifications to this Agreement must be in writing and signed by both of the parties.

Section 5.06 Governing Law

This Agreement shall be construed under and in accordance with the laws of the State of Texas.

Section 5.07 Defined Terms

All terms or phrases which are defined at any place in this Agreement shall have the meaning ascribed to them at their place of definition.

Section 5.08 Beneficiaries

This Agreement shall inure to the benefit of, and be enforceable by, Young's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

Section 5.09 Mediation of Disputes

Any dispute between the parties shall be governed by the laws of the state of Texas; to the extent that any dispute arising from Young's employment or termination of employment cannot be resolved amicably between the parties, they agree to submit such dispute to non-binding mediation; thereafter if mediation is unsuccessful, the parties may pursue their rights.

Section 5.10 References and Captions

All references in this Agreement to a given article or section refer to an article or section of this Agreement. The captions preceding the text of each article and section are for convenience of reference only, and shall be disregarded in the construction and interpretation of this Agreement.

Section 5.11 Capacity

By their signatures below, Young represents that he is competent in all respects to execute this Agreement, and the Chancellor represents that he executes this Agreement on behalf of, and with the express authorization and necessary resolutions of approval from, The Board of Regents of The Texas A&M University System.

Section 5.12 Notice

Except as otherwise specifically provided in this Agreement, any notice to be given by either party shall be in writing and shall be sufficient if personally delivered or sent by certified mail, return receipt requested, postage prepaid, to the following address:

YOUNG:

Mr. Michael K. Young
Office of the President
Texas A&M University
Jack K. Williams Administration Building
400 Bizzell #200
College Station, Texas 77843

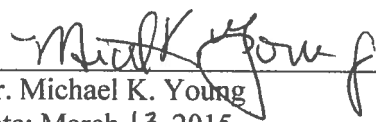
SYSTEM:

Mr. John Sharp
Chancellor
The Texas A&M University System
301 Tarrow, 7th Floor
College Station, Texas 77840

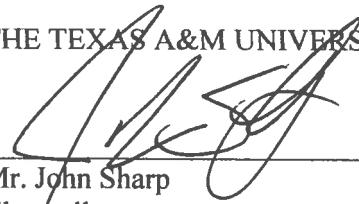
Any notice shall be deemed delivered on the date mailed and the manner set out above. The designation or address of the party to be notified may be changed at any time by delivery of notice of that change to the other party.

Section 5.13 Execution Date

The parties have executed this agreement on the respective dates noted below, to be effective May 1, 2015.



Mr. Michael K. Young
Date: March 13, 2015

THE TEXAS A&M UNIVERSITY SYSTEM


Mr. John Sharp
Chancellor
Date: March 16, 2015