

EXECUTION COPY

EMPLOYMENT AGREEMENT

The parties to this Employment Agreement (“Agreement”) are JOHN S. SHARP (“Sharp”), an individual and resident of Brazos County, Texas, and THE BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM (the “Board”).

ARTICLE I

GENERAL AGREEMENT OF THE PARTIES

Section 1.01 Purpose of Agreement

Sharp has served as Chancellor of The Texas A&M University System (the “System”) since September 6, 2011 and has demonstrated a unique ability to lead the System effectively while enhancing its ability to serve its students, faculty, staff, parents and other stakeholders, including the taxpayers of the State of Texas. The Board desires to ensure Sharp’s continued service to the System and the State of Texas. Sharp enters into this Agreement to confirm and demonstrate his commitment to the System.

Section 1.02 Employment

By this Agreement, the Board agrees to continue to employ Sharp, and Sharp accepts continued employment as Chancellor of the System according to the terms and conditions of this Agreement and according to System policies and regulations.

Section 1.03 Term

The “Initial Term” of this Agreement shall be from the Effective Date through August 31, 2020. The term will be extended for an additional 5 year term through August 31, 2025 (the “Renewal Term”), unless either party provides written notice of the party’s intent not to renew by August 31, 2019.

Section 1.04 Termination

Sharp’s employment under this Agreement may be terminated:

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- (a) By either party, at either party's discretion, without cause. If Sharp terminates this Agreement, no further compensation shall be due under this Agreement after the effective date of the termination.
- (b) If the System terminates this Agreement without Cause during the Initial Term, the System, as the sole available remedy for such termination, will continue to pay Sharp his then-current Base Salary (as defined below) for the remainder of the Initial Term in accordance with the usual payroll practices of the System; however, such payments shall cease if Sharp does not execute within sixty (60) days of his last day of employment a release of all known or unknown claims, in a form satisfactory to the System, that he may have arising out of or relating to his employment or this Agreement. During the remainder of the Initial Term, such payments shall be subject to mitigation and shall be reduced by amounts earned by Sharp (whether as an employee or independent contractor) or which could have been earned by reasonable efforts by Sharp to obtain other comparable executive employment, including self-employment. During the period of such payments, Sharp shall notify, in writing within five (5) business days, the System in writing after accepting any employment, or receiving any increases in compensation from existing employment and shall also provide written quarterly reports to the System no later than the fifteenth (15th) day following each calendar quarter as to amounts earned during the preceding quarter, and such further payments shall be adjusted to reflect the amounts earned. Should Sharp fail or refuse to notify System of Sharp's employment and the details of Sharp's compensation, or cure such deficiency in a reasonable time, the System's obligation to continue making such payments to Sharp shall cease.
- (c) By the System without prior notice for Cause. The term "Cause" shall mean (i) conduct by Sharp reasonably determined by the Board to be refusal to perform his lawfully assigned duties; (ii) indictment or a plea of guilty or no contest to a crime of moral turpitude; (iii) fraud or other willful misconduct in the performance of duties that, as determined by the Board, harms the System or its member universities or agencies; (iv) a violation of the clause contained below in Section 1.04(g); or (v) a

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material violation of System policy or code of conduct which is not cured within thirty (30) days of written notice to Sharp of such deficiency.

- (d) By the System upon Sharp'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.
- (e) In the event of the termination of this Agreement pursuant to the provisions of subparagraphs (a) or (b) of this Section, both parties agree that they will not issue in any public or private forum any critical or detrimental statements concerning Sharp, the System, the Board, or System 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.) Nothing in this Section shall prohibit any communication with any official of the United States or the State of Texas with regard to inquiries in the performance of such official's duties.
- (f) If Sharp's employment is terminated by either party during the Renewal Term, with or without Cause, no further payments will be due Sharp, except those accruing through Sharp's last day of employment. For the avoidance of doubt, a non-renewal of this Agreement pursuant to Section 1.03 will not constitute a termination without Cause for purposes of Section 1.04(b).
- (g) If at any time while Sharp is employed by the System and Sharp is involved in any situation or occurrence which subjects Sharp to public scandal, disrepute, widespread contempt, public ridicule, or which is widely deemed by members of the general public, to embarrass, offend, insult or denigrate individuals or groups, or that will tend to shock, insult or offend the community or public morals or decency or prejudice the System in general with the State, the public, the students or alumni of the System, then System shall have the right, in its sole discretion, to terminate this Agreement for Cause.

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(h) Termination of this Agreement under any of the foregoing subparagraphs 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 Sharp qualifies or in which Sharp participates, all of which shall be governed by their respective terms.

ARTICLE II

DUTIES OF SHARP

Section 2.01 Full-time

During the term of this Agreement, Sharp will serve in a full-time position as Chancellor. Sharp shall oversee and administer the activities and operations of the System with an application of effort, experience and ability consistent with System policy and regulations.

Section 2.02 Duties

Sharp shall perform the duties and responsibilities of Chancellor of the System to the fullest of his abilities, with the attendant perquisites and responsibilities of the position.

Section 2.03 Outside Activities

Subject to the prior written approval, in his or her sole discretion, of the Chairman of the Board and in accordance with System policy, Sharp 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. Sharp will serve on such boards as may be reasonably directed by the Board as a representative of the System.

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ARTICLE III

COMPENSATION AND BENEFITS

Section 3.01 Salary

Sharp shall be paid an annual base salary (the "Base Salary") of Nine Hundred Thousand Dollars (\$900,000) per annum throughout the term of this Agreement. The Base Salary shall be paid to Sharp in twelve (12) equal installments per year, payable each month, subject to withholdings as required by law and in accordance with the usual payroll procedures of the System. During the term of this Agreement, the Base Salary may be adjusted upward, but not downward, upon the written agreement of the parties.

Section 3.02 Annual Retention Payment

In consideration of Sharp's continued service and commitment to the System as set forth in this Agreement, the System agrees to pay Sharp an annual retention bonus (the "Retention Bonus") in the amount of \$200,000. The Retention Bonus shall be due if Sharp remains in his position on the anniversary date of this Agreement for each one-year anniversary of the Effective Date during the Initial Term and, if renewed hereunder, the Renewal Term, and will be paid within thirty (30) days of the Board's annual performance evaluation of Sharp, beginning with the annual performance evaluation in September 2016, but in no event later than the end of the calendar year in which the Retention Bonus is earned. However, if Sharp's employment is terminated by Sharp or by the System without Cause prior to such anniversary date of this Agreement, then no Retention Bonus shall be due for such year.

Section 3.03 Deferred Compensation

The System will contribute \$200,000 annually on Sharp's behalf to an account for him under the System's existing 457(f) deferred compensation plan. Such amounts will be invested, administered and paid to Sharp in accordance with the terms of the System's deferred compensation plan.

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Section 3.04 Benefits

Sharp will be eligible for all employee benefits available to System employees, including vacation, disability insurance, worker's compensation, and sick leave. Sharp 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 employees and dependents of the System, including employee retirement benefits as provided by Texas law.

Section 3.05 Other Benefits

To assist in the official discharge of his duties, the System shall provide Sharp with membership in and payment of the dues and reasonable expenses of a club of Sharp's choosing, subject to the prior review and approval of the Chairman of the Board. The System shall pay expenses relating to Sharp's use of the club for System business purposes 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. Sharp will pay expenses relating to his personal use of the club.

Section 3.06 Residence

Sharp will be required, as a condition of employment and for the benefit and convenience of the System, to live at the Reed House in College Station, Texas. Residence at the Reed House is required to assist Sharp in the proper performance of his duties and to advance the interests of the System. This requirement results from the nature of the System's responsibilities and the need for the Chancellor to host System meetings and special events. The System shall provide appropriate staff support at the Reed House, and will pay for all maintenance and operating expenses of the residence. Upon termination of this Agreement, Sharp agrees to vacate the Reed House within thirty (30) days.

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ARTICLE IV

MISCELLANEOUS

Section 4.01 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 4.02 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 4.03 Liability protection

Sharp 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. Sharp may be covered by that policy, and renewals thereof, if any, depending on the particular facts and circumstances.

Section 4.04 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 4.05 Modification or Amendment

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

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SYSTEM:

General Counsel
The Texas A&M University System
301 Tarrow, 6th Floor
College Station, Texas 77840

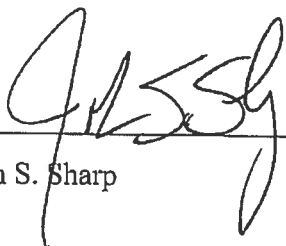
With a copy to:

Executive Director to the Board of Regents
P.O. Box 15812
College Station, Texas 77841-5013

Any notice shall be deemed delivered on the date mailed in 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.

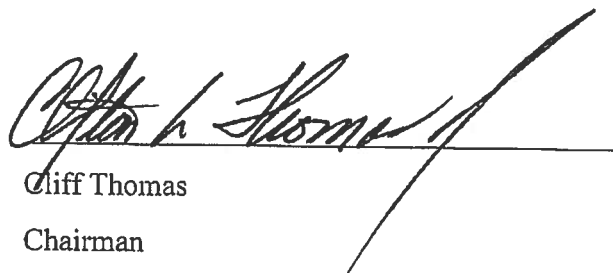
Section 4.12 Effective Date

The Effective Date of this Agreement is September 1, 2015.



John S. Sharp

BOARD OF REGENTS OF
THE TEXAS A&M UNIVERSITY SYSTEM



Cliff Thomas
Chairman