

EMPLOYMENT AGREEMENT
between
THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY
and
KIRK H. SCHULZ

I. PREAMBLE

This Employment Agreement (AGREEMENT) is executed by and between the Board of Regents of Washington State University (BOARD) and Kirk H. Schulz (DR. SCHULZ or PRESIDENT).

II. APPOINTMENT AND TERM

The BOARD hereby appoints DR. SCHULZ as PRESIDENT and Chief Executive Officer of Washington State University (WSU or UNIVERSITY) effective June 13, 2016, and through and including June 30, 2021, subject to extension as provided herein.

III. PRESIDENTIAL DUTIES

DR. SCHULZ agrees to perform at all times, faithfully, and to the best of his ability, experience, and talents, all of the duties that may be required pursuant to the express and implicit terms of this AGREEMENT to the reasonable satisfaction of the BOARD. These duties include those normally associated with service as PRESIDENT of a public land-grant research intensive UNIVERSITY, including working with the BOARD to set the strategic direction of the UNIVERSITY; leading the UNIVERSITY in the implementation of the strategic plan; measuring progress against strategic goals agreed upon from time to time between the PRESIDENT and the BOARD; leading the UNIVERSITY's private fundraising efforts; supervising subordinate personnel; advancing the UNIVERSITY's interests externally before state and federal legislative bodies, alumni, donors, and the general public; and carrying out all duties and responsibilities required by law. DR. SCHULZ shall perform such additional duties and responsibilities as may be assigned or delegated by the BOARD or as may be set forth in the administrative policies or directives of the institution concerning duties of the PRESIDENT.

DR. SCHULZ shall keep the BOARD reasonably informed of significant activities at the UNIVERSITY, as well as any development that could impact his performance of the duties in this AGREEMENT. The Chair of the BOARD shall be the individual to whom the PRESIDENT reports informally between meetings of the BOARD.

The BOARD reserves the right to assign or reassign the PRESIDENT's duties as the BOARD in its discretion may determine.

IV. SALARY

A. Base Salary

The PRESIDENT shall receive an annual base salary of six hundred twenty-five thousand dollars (\$625,000). The annual salary shall be paid in installments in accordance with the state's scheduled payroll dates. Any increase in the salary of the PRESIDENT shall be implemented by resolution or motion duly passed by the BOARD and shall be evidenced by written addendum to this AGREEMENT.

B. Retention Incentive

In order to provide an incentive for DR. SCHULZ to continue to serve as PRESIDENT of WSU and fulfill the term of his presidency under this AGREEMENT, the UNIVERSITY (subject to the vesting of such amounts as described below) shall pay to DR. SCHULZ a retention incentive of twenty-five thousand dollars (\$25,000) per year.

Vesting Dates: The retention incentive amounts for the three (3) annual periods from July 1, 2016, through June 30, 2019, shall be vested on June 30, 2019, provided DR. SCHULZ remains employed as PRESIDENT on that date. The retention incentive amounts for the two (2) annual periods from July 1, 2019, through June 30, 2021, shall be vested on June 30, 2021, provided DR. SCHULZ remains employed as PRESIDENT on that date.

The incrementally vested retention incentive amounts due, and including interest as described herein, shall be paid within thirty (30) days after each vesting date as described above. Each year, the retention incentive amounts will earn interest equal to three percent (3%) per annum until paid. WSU will not set aside the vested retention incentive amounts; however, interest shall be calculated as if each annual retention incentive amount were deposited into an account on the June 30 which marks the end of each annual retention period. The payments due under these provisions will be subject to all applicable federal and state taxes and withholding requirements.

If DR. SCHULZ ceases to be PRESIDENT of WSU for any reason (except his death or permanent disability) prior to any June 30 vesting date, no payment under this Section IV.B will be due to him as to any retention incentive amounts which are unvested as of the termination date and no proration of any retention incentive amount applies. However, in the event DR. SCHULZ is terminated without cause, other than for death or permanent disability, he shall be entitled to the severance payment described in Section VIII.B. In the event DR. SCHULZ's service as PRESIDENT is terminated due to his death or permanent disability (as defined in Section VIII.C), all of DR. SCHULZ's retention incentive amounts, prorated through his termination date based on the number of days of service completed in the year ending June 30 in which the termination occurs and divided by 365, shall be fully vested. In such event, the vested retention incentive amounts due, including interest as described above, shall be paid to DR. SCHULZ (or his designated

beneficiary in the event of his death) within thirty (30) days after death or permanent disability.

C. Outside Compensation

DR. SCHULZ may accept outside compensation for private consultant services and board of director responsibilities with private for-profit or non-profit companies or organizations, so long as these are consistent with *WSU Business Policies and Procedures Manual* (BPPM) 10.21, Summary of Ethics Law and Policies; BPPM 60.44, Compensated Outside Service and Extended Professional Activities by Faculty; *WSU Faculty Manual* Section IV.D, Policy on Compensated Outside Service by Faculty Members—Consulting; *WSU Faculty Manual* Section IV.E, Extended Professional Activities; and the Washington State Ethics Act, and have the prior approval of the BOARD. Any and all income or other compensation earned by DR. SCHULZ in connection with approved outside business activities shall be paid to and retained by him, and such income or other compensation shall have no effect on the amount of salary, compensation, and benefits he is otherwise entitled to receive hereunder.

V. FACULTY APPOINTMENT

Following completion of the appropriate process and on the recommendation of the tenured faculty who hold the rank of full professor in the Voiland College of Engineering and Architecture, DR. SCHULZ will receive tenure and hold the rank of full professor in the Voiland College of Engineering and Architecture. At the conclusion of DR. SCHULZ's service as PRESIDENT, he may elect to serve in a faculty position in the Voiland College of Engineering and Architecture. Such service shall be at a full-time rate of pay equal to the average of the three highest paid full-time tenured full professors in the Voiland College. DR. SCHULZ's teaching, research, and/or service assignment shall be mutually agreed upon between DR. SCHULZ and the Dean of the Voiland College.

VI. LEAVE, BENEFITS, AND EXPENSES

In addition to the annual salary, the PRESIDENT shall receive the following benefits to the full extent authorized by state and federal law and UNIVERSITY policy as they now exist or may hereafter be amended:

- A. Annual leave, sick leave, and other types of leave as apply to faculty on full-time annual appointments at WSU.
- B. All other benefits, including health and life insurance and participation in retirement programs, as apply to faculty on full-time annual appointments at WSU.
- C. Spousal travel as follows: There will be occasions when DR. SCHULZ's spouse will be expected to travel with him to assist in the conduct of official duties. DR. SCHULZ is authorized to have his spouse accompany him when he deems

such travel necessary to further the UNIVERSITY's interests and to pay for his spouse's travel, food, and lodging expenses from the President's Excellence Fund or an affiliated fund designated by the WSU Foundation for these purposes.

- D. Adequate funds to enable DR. SCHULZ to carry out social and entertainment activities appropriate to the role of PRESIDENT. These expenses may be paid from the President's Excellence Fund or an affiliated fund designated by the WSU Foundation for these purposes. DR. SCHULZ is accountable to the BOARD for the expenditure of funds from this account.
- E. The PRESIDENT's residence on the WSU Pullman campus, where he is expected to reside in order to perform his duties on behalf of the UNIVERSITY.
- F. A second residence in Seattle, which he is expected to use whenever traveling to the greater Seattle area on UNIVERSITY business. The PRESIDENT will not receive lodging allowance when staying in the Seattle condominium.
- G. The use of two (2) automobiles, one of which will be utilized whenever traveling in the greater Seattle area. All licensing, tax, insurance, and maintenance charges for these vehicles will be paid by WSU. The vehicles may be used for personal purposes. All personal use is subject to taxation under the Internal Revenue Code. DR. SCHULZ is responsible for maintaining the appropriate records of any personal use made of the vehicles.
- H. The PRESIDENT shall be reimbursed for expenses incurred in the performance of his duties and shall receive travel and per diem allowance in accordance with RCW 43.03.050 and RCW 43.03.060 and the regulations of the Office of Financial Management.
- I. To the extent allowed by state law and UNIVERSITY policies, UNIVERSITY will pay reasonable moving expenses for DR. SCHULZ incurred in relocating his household effects, automobiles, and other personal belongings upon his appointment as PRESIDENT.

VII. EVALUATION

The PRESIDENT shall be evaluated annually by the BOARD pursuant to a process and method to be agreed upon between PRESIDENT and the BOARD. This evaluation shall be based on an annual set of goals, measures, and benchmarks presented by DR. SCHULZ and accepted by the BOARD. In addition to the achievement of previously set goals and objectives, the evaluation may include such other matters as the BOARD in its discretion may determine, including BOARD relations; community and government relations; civil service, administrative professional, and faculty relations; business, budget, and financial matters; and professional and leadership achievement. At the time of the evaluation, the BOARD may, in its discretion, extend this appointment and/or adjust the PRESIDENT's compensation.

VIII. TERMINATION

A. Termination For Cause

In the event the PRESIDENT violates any of the terms of this AGREEMENT or fails to perform the duties of PRESIDENT, the BOARD may terminate this AGREEMENT upon written notice. In the event of termination under this provision, the BOARD shall give the PRESIDENT written notice of intent to terminate, together with a statement of how the AGREEMENT has been violated or the PRESIDENT has failed to perform the duties of PRESIDENT. The PRESIDENT will have seven (7) calendar days within which to respond to the BOARD, in writing, with reasons why he should not be terminated. The BOARD, after considering any response provided by the PRESIDENT, will issue a decision regarding termination for cause. The decision of the BOARD shall be final. In the event of termination for cause, Section V of this AGREEMENT shall have no force and effect.

The PRESIDENT's duties may be reassigned at any time, including while a termination hearing is pending, and the PRESIDENT may be given such other assignments as the BOARD deems appropriate.

The PRESIDENT's right to receive any payment under this AGREEMENT, with the exception of base salary earned but not yet paid and retention incentive amounts vested but not yet paid, shall cease the day following the issuance of the decision to terminate for cause.

B. Termination Without Cause

The BOARD may terminate DR. SCHULZ's employment as PRESIDENT without cause at any time for the convenience of the UNIVERSITY upon thirty (30) days prior written notice to DR. SCHULZ.

If DR. SCHULZ's employment as PRESIDENT is terminated without cause, other than for death or permanent disability, prior to the expiration of the term of this AGREEMENT, DR. SCHULZ shall be paid a severance amount equal to his then-current base salary (without interest or other increase or adjustment) for a period of twelve (12) months (or for the unexpired AGREEMENT term, if less) following termination, minus legally required withholdings. At the BOARD'S discretion, such payment may be made in installments or in a lump sum, and at such time(s) as the BOARD determines, but in any event not later than twelve (12) months following termination.

Any payments hereunder shall be conditioned on DR. SCHULZ electing not to remain in his faculty position under Section V, and on DR. SCHULZ signing and returning to the UNIVERSITY (without revoking) a timely and effective release of claims in the form provided by the UNIVERSITY by the deadline specified therein, which in all events shall be no later than the sixtieth (60th) day following the date of termination.

C. Death or Disability

DR. SCHULZ's death or permanent disability prior to the expiration date of this AGREEMENT shall terminate this AGREEMENT and all payments hereunder, except that retention incentive amounts shall be paid as specified in Section IV.B. For purposes of this AGREEMENT, "permanent disability" shall mean DR. SCHULZ's inability, in the determination of the BOARD, to substantially and fully perform the duties specified in this AGREEMENT for at least three (3) months.

IX. WORK PRODUCT

All correspondence, papers, documents, reports, files, films, work products, intellectual property, and all copies thereof received or prepared by the PRESIDENT in the course of performing his duties as PRESIDENT, or as an incident to the PRESIDENT's duties and responsibilities hereunder, shall immediately upon such receipt and preparation become the exclusive property of the UNIVERSITY for any and all purposes. All items described above shall be provided to and left with the UNIVERSITY upon termination of this appointment except as otherwise agreed by the BOARD.

X. MODIFICATION AND EXTENSION

The terms and conditions of appointment set forth herein may be amended, modified, or extended by the BOARD only pursuant to a written agreement signed by the PRESIDENT and the BOARD and duly adopted at a meeting open to the public.

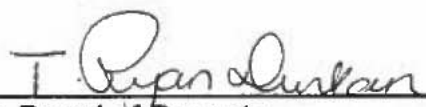
XI. VERBAL AGREEMENTS

No alteration or variation of the terms and conditions of appointment set forth herein shall be binding unless made in writing and signed by the BOARD and the PRESIDENT. No oral understandings or agreements not incorporated herein shall be binding unless made in writing between the BOARD and the PRESIDENT.

IN WITNESS THEREOF, the BOARD and the PRESIDENT have executed this AGREEMENT by the signatures affixed hereto.

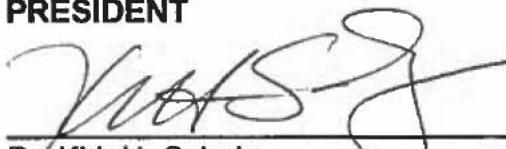
TERMS AND CONDITIONS of this appointment are hereby agreed to and accepted by:

WSU BOARD OF REGENTS



Chair, Board of Regents
Date: 4-11-2016

PRESIDENT



Dr. Kirk H. Schulz
Date: 4-15-2016

Adopted by the Board of Regents in Open Session on this 8th day of April, 2016.