

PRESIDENT'S EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), between James E. Ryan ("Mr. Ryan" or the "President") and the Rector and Visitors of the University of Virginia ("the University"), a Virginia public corporation and agency of the Commonwealth of Virginia, is entered into this 15th day of September 2017.

RECITALS

1. The University wishes to employ Mr. Ryan as President of the University and Mr. Ryan wishes to serve as the President under the direction and supervision of the Board of Visitors of the University, subject to the terms and conditions of this Agreement; and

2. The University and Mr. Ryan wish to set forth their respective rights, understandings, and obligations in this Agreement; and

3. This Agreement has been approved by the Board of Visitors of the University of Virginia.

AGREEMENT

In consideration of the mutual promises, covenants, and conditions contained in this Agreement, the parties agree as follows:

A. Term.

The University agrees to employ Mr. Ryan as its President for a term of six years and ten months, from October 1, 2018 through July 31, 2025 (the "Term"), subject to earlier termination as provided in Section G. Mr. Ryan accepts such employment on the terms and conditions set forth in this Agreement.

B. Renewal.

The Board of Visitors of the University and Mr. Ryan shall meet for the purpose of discussing renewal or nonrenewal of this Agreement no later than March 31, 2024, with the goal of concluding these discussions by or before July 31, 2024.

C. Powers and Duties.

Mr. Ryan shall perform those services and duties: (1) that are incident to the Office of the President of the University, as the Chief Executive Officer of the University; (2) that are required of the President under the laws of Virginia, the Manual of the Board of Visitors of the University of Virginia, and the

University's policies and procedures; and (3) that may be assigned or delegated to Mr. Ryan by the Board of Visitors consistent with the position of President (collectively, the "Duties"). Mr. Ryan shall devote his full business time, attention, skill, and efforts to the faithful performance of these Duties, except as set forth in Section H ("Outside Activities").

Mr. Ryan and the University acknowledge and agree that the Duties of the President shall be to supervise the entire program of activities of the University and shall be consistent with those customarily performed by presidents of public colleges and universities comparable in size and type to the University.

D. Compensation.

1. Annual Base Salary. As compensation for the services to be performed by Mr. Ryan pursuant to this Agreement, the University shall pay to him an annualized base salary of **\$750,000**, beginning October 1, 2018 (the "Base Salary"), less applicable deductions. Of the total Base Salary each year, the University shall pay from state funds that amount specified annually in the Commonwealth's Appropriation Act, and the balance shall be paid from either (1) private gifts, endowments funds, or income from endowments and gifts; or (2) other sources from which presidential salary supplements were paid prior to June 30, 1997 ((1) and (2) collectively, "Other Funds.") Any increase in the Base Salary shall be paid only upon approval by resolution of the Board of Visitors, and shall be based upon the President's performance during the previous 12 months in connection with the evaluation of his performance, as set forth in Section E of this Agreement. The Base Salary shall be re-evaluated every two years based on market analysis.

2. Bonus. The University may, consistent with its findings following the performance review provided for in Section E below, authorize an annual performance bonus not to exceed \$100,000, subject to state law and regulation.

3. Consulting. In the event Mr. Ryan is available to the University for consultation and planning between August 1, 2018 and October 1, 2018, Mr. Ryan shall be paid a mutually agreed fee for consulting services during this period.

E. Performance Evaluation.

An evaluation of the President's performance shall be conducted annually by the Rector after consulting with the Board of Visitors. The evaluation shall be based on the achievement of mutually agreed upon performance objectives determined by the Board of Visitors and Mr. Ryan.

F. Benefits and Reimbursements.

1. Standard Benefits. Mr. Ryan shall be eligible for the University's standard retirement plans, standard medical insurance options, disability insurance, business travel accident insurance, group term life insurance, leave, and other benefits generally available to University employees, subject to the eligibility requirements of such plans and programs. Nothing in this Agreement shall prevent the University from amending or terminating any employee retirement, deferred compensation, other benefits, or any employee benefit plan or program as the University deems appropriate. The University shall contribute to the standard retirement plans from state funds and Other Funds in proportion to the salary contributions from each.

2. Travel, Entertainment, and Other Business Expenses. Except when paid by a third party, reasonable travel, entertainment, and other business expenses incurred by Mr. Ryan on behalf of the University, in his capacity as President, shall be paid for on a cost reimbursement basis through the annual budget available for business expenses to the extent permitted under state law and regulation. To the extent state policies do not provide for reimbursement of these expenses, reimbursement shall be made using Other Funds to the extent law, regulation, guidelines, and established budgets permit such reimbursement. A social secretary, special events coordinator, and part-time student assistants will be made available to assist with entertainment planning and organization. In the event the University maintains an airplane, the President shall have first priority for business travel. During relocation, all travel to and from Boston, Massachusetts, will be viewed as business travel. Costs for the use of the airplane are charged to the President's office budget. The reasonable travel, entertainment, and other business expenses incurred by Mr. Ryan's spouse for the benefit of the University shall be paid on a cost reimbursement basis from the President's office budget to the extent law, regulation, and guidelines permit. Mr. Ryan has the responsibility to ensure that any reimbursements by parties other than the University are in accord with the Virginia State and Local Government Conflict of Interest Act and other applicable laws and regulations.

3. Vacation Leave. Mr. Ryan shall have 22 days of paid vacation accruing each July 1 to be taken at times chosen by him. He may not carry over unused vacation time from one fiscal year to the next.

4. Sick Leave. The President is subject to the same sick leave policies as senior tenured teaching and research faculty.

5. Faculty Appointment. Mr. Ryan shall be appointed the George M. Kauffman Presidential Professor, and shall serve without term as a tenured faculty member in the School of Law and the Curry School of Education. During Mr. Ryan's presidency, he shall not receive any additional compensation

for his faculty appointments. During the term of Mr. Ryan's presidency, this Agreement supersedes and replaces in their entirety all terms and conditions of the University's policies that would otherwise apply to this faculty appointment relating to tenure rights, evaluation, compensation, benefits, leave, discipline, suspension, termination, and complaint, grievance or appeal procedures, and also supersedes and replaces any other provisions of applicable University policies to the extent they conflict with the terms of this Agreement. Notwithstanding the foregoing, if Mr. Ryan's employment as President is terminated for Cause pursuant to Section G.1, his faculty appointment shall also be terminated.

Should Mr. Ryan continue his employment as a tenured professor at the University following expiration or termination of this Agreement, his faculty salary shall be equal to seventy-five percent (75%) of his last existing Base Salary as President. In addition, he shall receive the same benefits as all other senior tenured faculty.

6. Sabbatical Leave. Mr. Ryan shall accrue two (2) months of sabbatical leave for the first ten (10) months of service, and thereafter he shall accrue two (2) months of sabbatical leave for every twelve (12) months of service that he completes as President of the University. During his sabbatical leave, Mr. Ryan shall receive his last-existing presidential Base Salary, and all benefits contained in Sections F.1, F. 3, and F. 4 of this Agreement. Accrued sabbatical leave shall vest on July 1, 2023, and may be taken only at the end of Mr. Ryan's service as President. Notwithstanding the foregoing, Mr. Ryan shall forfeit any accrued sabbatical leave if his employment as President is terminated for Cause, or due to his voluntary resignation prior to July 1, 2023. During the sabbatical term, Mr. Ryan shall be provided with an office and staff support as well as a budget of \$50,000 to be used for research and travel expenses.

7. Moving and Relocation Expenses. Mr. Ryan shall be reimbursed for his reasonable moving and relocation expenses under the University's standard policies and procedures for transferring belongings from his and his spouse's offices and residence to the Charlottesville, Virginia area.

8. Annual Physical Examination. Mr. Ryan shall have a comprehensive annual executive physical examination by a physician of his choice, and must report to the University that this requirement has been met. The results of the physical examination shall remain confidential and will not be disclosed to the University. The University will pay a mutually agreed upon amount over and above Mr. Ryan's health insurance coverage for the physical examination.

9. Automobile. The University shall pay Mr. Ryan a \$20,000 annual automobile allowance, which payment shall be made in equal monthly installments.

10. Deferred Compensation. The University shall establish, or cause to be established, one or more deferred compensation plans for the President's benefit. Each fiscal year during the Term of this Agreement, the University shall contribute or credit to the deferred compensation plan(s) the total amount of \$150,000, prorated for any portion of a year.

11. Club Membership. The University will pay initiation fees and annual dues for membership in not more than two clubs of the President's choice. The President shall be responsible for any personal charges made by the President and/or members of his family and guests.

12. Housing. The University requires, for the sole benefit and convenience of the University in having the functions of the Office of President efficiently discharged, and as a condition of his employment as President of the University, that Mr. Ryan reside in housing selected by the University, and provided by, or arranged for by, the University. The University shall pay for all maintenance and operating expenses, including grounds keeping, general maintenance, housekeeping, and all utilities including local and long distance telephone (other than for personal use), cable including internet, electric, gas and water. The University shall be responsible for any real estate tax liabilities. The University reserves the right to make any repairs or improvements it deems necessary. Mr. Ryan shall seek prior approval from the Board of Visitors or its Executive Committee before undertaking any capital improvements to the home or its grounds. The University shall maintain liability insurance for the residence. Any improvements shall be subject to, and shall be made in compliance with, all relevant law, policies, and procedures.

For convenience of the University, the President's residence shall be available, and shall be used, for University-related business and entertainment on a regular and continuing basis. Costs associated with such University events shall be paid by the University from state funds or private funds, as appropriate. Mr. Ryan shall cooperate with the University in ensuring compliance with all Internal Revenue Service requirements related to the residence.

In the event the President's residence is undergoing renovation and is not habitable, temporary housing will be made available on the same terms as above.

13. Professional Memberships. The University shall pay the annual dues and membership fees for the President in professional associations of benefit to the University.

14. Tax Reporting. The University shall include in the W-2 or other tax reporting documents issued to the President all payments, benefits, allowances, and reimbursements that are defined as income or otherwise required to be reported by federal, state or local governments. Except as provided in this Agreement, Mr. Ryan shall be personally responsible for the payment of all personal taxes, including but not limited to, taxes that accrue by reason of the President's housing, allowances, business and travel expense reimbursements, and other fringe benefits. The President will cooperate with the University in ensuring compliance with all laws and regulations, including but not limited to, the state's Conflict of Interest Act and Internal Revenue Service regulations.

15. Reimbursement Payment. Upon resigning his current employment, Mr. Ryan shall be paid \$100,000 from Other Funds to offset certain expenses. In the event Mr. Ryan's employment as President ends for any reason other than death or disability prior to October 1, 2019, he shall reimburse the University the full \$100,000. In the event Mr. Ryan's employment as President ends for any reason other than death or disability prior to October 1, 2020, he shall reimburse the University \$50,000 of the payment.

G. Termination.

1. Termination For Cause. The University may terminate this Agreement at any time for Cause upon written notice to the President and a two-thirds vote of all members of the Board of Visitors. For purposes of this Agreement, "Cause" shall mean conduct that is: (a) gross negligence or willful malfeasance by the President in the performance of his Duties, which negligence or malfeasance causes substantial harm to the University; (b) actions or omissions by the President that are undertaken or omitted knowingly and are criminal or fraudulent or involve dishonesty or moral turpitude; (c) any material breach of this Agreement that causes substantial damage or harm to the University which is not remedied within thirty (30) calendar days of the President receiving written notice of such conduct; or (d) material misrepresentation of academic credentials. Notwithstanding any other provision in this Agreement to the contrary, in the event the President is terminated for Cause, Mr. Ryan's employment with the University shall cease immediately, and he shall not be entitled to any further presidential compensation or benefits, including housing, except all compensation and benefits through the effective date of termination and as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment.

2. Termination Without Cause. The President serves at the pleasure of the Board of Visitors, and, in accordance with the Manual of the Board of Visitors of the University of Virginia, the Board may terminate this Agreement and Mr. Ryan's employment as President without Cause.

Termination of this Agreement because of the President's permanent disability (as described in Section G.4) shall not be construed as termination without Cause.

If the University terminates this Agreement without Cause prior to the expiration of the Term, Mr. Ryan shall be entitled to receive payments, in accordance with the University's normal payroll practices, equal to current Base Salary (less applicable deductions) for twelve (12) months.

Mr. Ryan shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment. However, at his election and pursuant to Section F.5 of this Agreement, Mr. Ryan may continue employment with the University as a tenured faculty member.

No payments shall be made under this Section unless the President provides to the University, within a reasonable time period specified by the University, and does not revoke, a general mutual release of claims in a form satisfactory to the University and the President.

3. Resignation. If Mr. Ryan resigns from the Presidency, he shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of such employment. At his election, and pursuant to Section F.5 of this Agreement, Mr. Ryan may continue employment with the University as a tenured faculty member.

4. Permanent Disability. If Mr. Ryan becomes permanently disabled during his service as President, this Agreement shall terminate effective on the date of permanent disability and he shall receive all benefits to which he is entitled pursuant to the University's disability insurance plans in which he participates.

For purposes of this Agreement, "Permanent Disability" shall mean the inability of the President to perform the essential functions of the job of President for a period of six (6) continuous months, with reasonable accommodation (as such term is defined in federal law).

H. Outside Activities.

The University recognizes that it is both appropriate and beneficial for the President to engage in outside activities, such as serving on boards of directors, consulting, delivering speeches, and writing. However, the President shall seek prior approval from the Rector before agreeing to serve on a board or accepting any other position for which the President will, in any manner, be compensated. In addition, outside commitments (paid or unpaid) that may require a

substantial amount of the President's time must be approved by the Rector. The President may not engage in any outside activity that conflicts with his Duties to and responsibilities for the University or materially impairs his ability to perform his Duties. If the Rector subsequently determines that any previously-approved outside activities pose a conflict of interest under the University's conflict of interest policy, or if the time commitments required of the President materially interfere with the performance of his obligations, the President shall, at the request of the Rector, cease such activities at the earliest available opportunity.

All income or other compensation earned by the President in connection with his outside activities shall be paid to and retained by the President. Such income and other compensation shall be reported by Mr. Ryan in accordance with applicable tax and conflict of interest law and University policy. Such income and compensation shall also be reported annually to the Board of Visitors and shall be considered by the Board of Visitors at the time any salary adjustments are made.

I. Return of Property.

In the event of Mr. Ryan's separation as President, he shall return all of the University's property within ten workdays. He (or his family, in the event of death) shall be permitted to occupy the President's residence under the same terms and conditions as set forth in Section F.12 above for up to 90 days from the effective date of the termination of his employment as President or his death.

J. Notice.

All notices required or allowed by this Agreement shall be hand delivered or mailed by certified mail, postage prepaid, return receipt requested. Unless and until changed by a party giving written notice to the other, the addresses below shall be the addresses to which all notices required or allowed by this Agreement shall be sent:

If to the University:

The Rector and Visitors of the University of Virginia
Attn: Rector of the University
The Rotunda
P.O. Box 400222
Charlottesville, Virginia
22904-4222

If to the President:

Office of the President
University of Virginia

Madison Hall
P. O. Box 400224
Charlottesville, VA 22904-4214

K. Confidentiality.

Mr. Ryan acknowledges that as a result of his employment, he will have access to substantial confidential and/or proprietary information, including but not limited to, business and strategic plans, faculty files, office files, documents pertaining to admissions, business and contractual relationships, internal financial data of the University, and protected student information. Mr. Ryan agrees and acknowledges that this information is sensitive and confidential (hereafter "Confidential Information") and should not be available to the public except as may be required by law or for the governance and administration of the University. Therefore, following the term of his employment as President of the University, Mr. Ryan agrees that he will not at any time, disclose or cause to be disclosed to any person or entity any Confidential Information except (a) to the extent that such information is already in the public domain not as a result of a breach of this Agreement; (b) where required to be disclosed by court order, subpoena or other government process; or (c) to the extent necessary to enforce the terms of this Agreement.

L. Severability and Waivers.

If any portion of this Agreement is held to be invalid, inoperative, or unenforceable, then, so far as possible, effect will still be given to the intent manifested by that portion of this Agreement; the remainder of this Agreement will be in full force and effect. Waiver or failure to enforce any or all rights under this Agreement by any party on any occasion will not constitute a waiver of that party's right to assert the same or any other rights on that or any other occasion.

M. Governing Law.

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 Commonwealth of Virginia.

N. Counterparts.

This Agreement may be executed in counterparts. Each counterpart is an original. Signatures delivered by facsimile and by email will be deemed original signatures for all purposes, including for purposes of applicable Rules of Evidence.

O. Complete Agreement.

This Agreement constitutes the entire agreement among the parties and fully supersedes any and all prior agreements or understandings, written or oral, between the parties pertaining to the matters set forth in this Agreement. This Agreement shall not be amended, modified, or changed other than by mutual written consent of the parties to be bound.

P. Sovereign Immunity.

Nothing contained in this Agreement shall constitute a waiver of the sovereign immunity of the Commonwealth of Virginia.

Q. Section 409A of the Internal Revenue Code

This Agreement is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A.") Accordingly, all provisions in the Agreement, or incorporated by reference, are to be construed and interpreted to comply with Section 409A and if necessary, any provision will be held null and void, to the extent such provision (or part thereof) fails to comply with Section 409 A or regulations under that section. The University and Mr. Ryan agree that, for purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement will be treated as a separate payment of compensation for purposes of applying the Section 409A deferral election rules and the exclusion from Section 409A for certain short-term deferral amounts. The University and Mr. Ryan also agree that any amounts payable solely on account of an involuntary separation from service of Mr. Ryan within the meaning of Section 409A will be excludible from the requirements of Section 409A, either as involuntary separation pay or as short-term deferral amounts (e.g., amounts payable under the schedule prior to March 15 of the calendar year following the calendar year of involuntary separation) to the maximum possible extent. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in kind benefits provided under this Agreement will be made or provided in accordance with the requirements of Section 409A, including where applicable, the requirement that (1) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (2) the amount of expenses eligible for reimbursement or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year, (3) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (4) the

right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

THIS AGREEMENT, having been approved by the Board of Visitors of the University of Virginia, is entered into by James E. Ryan and the University, through its authorized officers, **this 15th day of September 2017.**

THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA

By:

/S/

FRANK M. CONNER III
RECTOR

Date: _____

/S/

JAMES E. RYAN
PRESIDENT-ELECT

Date: _____