

CONTRACT OF EMPLOYMENT
Walter E. Carter, Jr.
PRESIDENT OF THE UNIVERSITY OF NEBRASKA

This Contract of Employment (“Contract”) is made by and entered into between **The Board of Regents of the University of Nebraska** (“University”), a public body corporate under the Constitution and Statutes of the State of Nebraska, and **Walter E. Carter, Jr.** (“President Carter”), collectively referred to as the Parties, and shall become effective on December 16, 2019.

Recitals

- A. As recorded in the minutes of the meeting of the University’s governing Board of Regents (the “Board”) held on December 5, 2019, the Board approved the hiring of Walter E. Carter, Jr. to serve as the University’s President.
- B. President Carter has agreed to serve as the University’s President under the terms set forth within this Contract.

Terms

In consideration of the mutual promises and covenants set forth below and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree to the following:

Section 1. Term of Employment.

(a) The Term of President Carter’s employment as President of the University commences on January 1, 2020 (“Effective Date”). The “Initial Term” of President Carter’s Contract is five (5) years, ending as of midnight on December 31, 2024. The term may be extended annually by one year if President Carter achieves completion of certain performance-based metrics to be developed separately by the Board and President Carter in their mutual agreement not later than July 1, 2020 and reviewed and updated at the end of each calendar year, including calendar year 2020, thereafter. Throughout this Contract, “Term” shall refer to the Initial Term, including any extension or renewal as provided herein, or termination as provided in Section 15, or as otherwise permitted by law. All prior negotiations and representations between the Parties are hereby expressly integrated into this Contract. Except as otherwise specifically and explicitly provided herein, upon expiration of the Term, all compensation, benefits, perquisites and other privileges provided to President Carter under this Contract shall cease to the full extent permitted by law.

(b) Effective December 16, 2019 through December 31, 2019, President Carter shall be employed by the University as President-elect for purposes of transition coordination and planning. Salary and benefits for such duties shall be as established in Section 2 herein.

Section 2. Salary; Authority and Duties of the President.

(a) In consideration of an annual salary of \$934,600 (such amount to be referred to herein as the “Base Salary”), and any further agreements and considerations hereinafter stated, President Carter agrees to accept employment as the President of the University of Nebraska. President Carter shall be the chief executive officer of the University and shall have charge of the administration of the University of Nebraska with all of the powers and duties incident to the Office of the President as such powers and duties are prescribed by law, the Bylaws of the Board of Regents of the University of Nebraska (“Bylaws”), and policies, rules, regulations, and directives duly adopted by the Board. President Carter shall report to and be accountable to the Board.

(b) At any time during the Term, the annual Base Salary may be increased or decreased by action of the Board, without formal written amendment or modification of this Contract; provided, that such salary shall be decreased only under circumstances where the Board determines that across-the-board salary reductions for all members of the administrative staff are warranted due to budgetary constraints. President Carter’s annual Base Salary shall be paid in twelve (12) equal monthly installments in accordance with the University policies governing the payment of salaries to its all-year academic-administrative staff.

(c) President Carter shall be eligible for performance-based merit pay of up to fifteen percent (15%) of his Base Salary at the end of each full year of employment, the first such year being the end of calendar year 2020. No later than July 1, 2020, the Board and President Carter will develop performance-based metrics per Section 1 of this Contract, such metrics to be reviewed and updated at the end of each calendar year, including calendar year 2020, thereafter. Any performance-based merit pay will not be included in base salary going forward.

Section 3. Professional Staff Appointment Status.

Special Appointment: The professional staff appointment status of President Carter shall be an all-year special appointment in the academic-administrative staff as President of the University of Nebraska, with benefits and under the terms and conditions of employment for members of the academic-administrative staff holding all-year, full-time special appointments as provided in Chapter III of the Bylaws and the rights and responsibilities of professional staff as provided in Chapter IV of the Bylaws.

Section 4. Fringe Benefits.

(a) President Carter shall receive the fringe benefits of University employment, including vacation leave, disability leave, retirement and health insurance benefits, prescribed for other members of the academic-administrative staff holding all-year, full-time appointments. President Carter shall receive such additional fringe benefits relating to his employment as President as may be from time-to-time duly approved and authorized by the Board.

(b) The annual salary and taxable portion of fringe benefits paid to President Carter for his services pursuant to this Contract shall be subject to withholding for state and federal payroll taxes. The University shall (i) determine in accordance with applicable state and federal laws, regulations, orders and rulings the necessary payroll taxes to be withheld and (ii) appropriately withhold necessary amounts for payroll taxes

owed in relation to President Carter's taxable University compensation, regardless of source. The University follows an IRS Audit Closing Agreement approved by the Regents on December 10, 1994, as well as applicable rules and income reporting guidelines from the Internal Revenue Service (IRS) regarding University of Nebraska Foundation payments in support of the University. Individual income and taxable fringe benefits resulting to President Carter are reported as taxable income from the University to the President on the University's regular payroll reporting (W2) form. President Carter shall provide substantiation necessary to follow the applicable rules and income reporting guidelines.

Section 5. Deferred Compensation.

President Carter shall receive deferred compensation as provided in the Deferred Compensation Agreement that is attached as Appendix A to this Contract. The provisions of the Deferred Compensation Agreement are incorporated into and made a part of this Contract.

Section 6. Residence of the President.

(a) As a condition of employment and a requirement in the performance of duties as President of the University, President Carter shall be provided with an Official Residence in accordance with the University's policies and process for non-wage compensation that shall be paid as directed by the University from support received from the University of Nebraska Foundation. All expenses for maintenance, utilities, and insurance for the Official Residence likewise shall be paid by the University from support received from the University of Nebraska Foundation. Such residence shall be kept in a good state of repair, and utilities, maintenance, and fire and extended property and related liability insurance of the interior and exterior of the residence, and maintenance of the grounds on which the residence is located shall be provided at no cost or expense to the President.

(b) Provided that the Official Residence is reasonably habitable, President Carter shall occupy the Official Residence throughout the Term, and the University shall pay reasonable expenses incurred in moving President Carter and his family to the Official Residence from their prior residence location.

(c) If this Contract is terminated prior to the end of the Term, President Carter and his immediate family will be afforded a reasonable period, not exceeding four (4) months, to obtain other residence and move from the Official Residence.

(d) The Executive Committee of the Board of Regents is hereby authorized to administer these Official Residence and housing allowance provisions, including the authority to provide an interim housing allowance and approve moving expenses per University policy (notwithstanding distance requirements) pending acquisition or transition to and from an Official Residence. Public funds shall not be used to perform construction, maintenance or repair work on the personal residence of the President, and University personnel shall not be used for such purpose under any circumstances.

Section 7. Moving and Transition Expenses.

The University will provide funding for reasonable moving expenses of President Carter to Lincoln, Nebraska, including airfare and other reasonable travel and lodging expenses, consistent with University

policy. Reasonable expenses may include multiple trips in consultation with the Board Chair and others as appropriate. Reasonable expenses shall also include support and related expenses if temporary housing is required prior to inhabiting the Official Residence as well as any expenses associated with moving from temporary housing to the Official Residence.

Section 8. Membership(s).

As a condition of employment in the performance of duties as President of the University, President Carter shall have full privileges or social membership at a country club or country clubs of his choosing, provided that the selection of the country club(s) and the membership status thereof shall be acceptable to the University of Nebraska Foundation within its reasonable discretion. Such membership(s) shall be maintained in accordance with the University's policies and process for non-wage compensation that shall be paid as directed by the University's Vice President for Business and Finance from support received from the University of Nebraska Foundation. With respect to club memberships, initiation fees are not considered compensation to the President, since the "beneficial" ownership of the club membership belongs to the University of Nebraska Foundation, as that term is defined by the IRS. The President shall keep and provide to the University and/or the University of Nebraska Foundation records in compliance with the Internal Revenue Code to substantiate legitimate business use of club memberships, in order that annual or periodic club dues may be allocated between personal and business use. Failure to maintain and provide such records shall result in the annual or periodic club dues paid on behalf of the President to be fully taxed and reported as compensation. The value of President Carter's personal use of such membership(s) will be considered taxable income to him and reported to the IRS as required by law.

Section 9. Professional Conduct.

President Carter is expected to exhibit individual leadership to maintain and foster the highest standards of competence, professionalism, leadership, and ethics at the University. President Carter acknowledges that his duties as President include a duty to professionally balance and respect diverse rights, values, and competing interests and that this duty is not strictly limited to his official actions as President or his actions as President at official University settings, but rather also includes all behavior, actions or comments that bring disparagement or otherwise damage the University or the Office of the President, regardless of whether the behavior, actions or comments occur in his personal or professional capacity.

Section 10. Professional Dues and Meetings.

The Board acknowledges that leadership by President Carter in higher education and/or business organizations may advance the interest of the University and encourages President Carter's reasonable (based upon the time commitment involved) participation therein. In addition, President Carter may attend educational conferences, conventions, courses, seminars, and other similar professional growth activities that do not interfere with the performance of his duties as President of the University. The University shall pay or reimburse reasonable expenses in connection therewith, including membership in professional organizations.

Section 11. Outside Business, Civic and Professional Activities.

President Carter shall devote substantially all of his time, attention, and energies to the performance of the duties of the Office of President of the University. The Board contemplates the performance of these duties by President Carter may be advanced by the expenditure of reasonable amounts of time for charitable, civic, service or professional activities. In addition, the expenditure by President Carter of reasonable amounts of time relating to personal or outside business shall not be considered a breach of this Contract, provided such activities do not interfere with President Carter's performance of duties as President of the University. President Carter shall not engage in any outside activity that may be adverse to the best interests of the University, and he shall not serve as a compensated member of the board of directors of any for-profit organization without first obtaining Board approval.

Section 12. Activities of President's Spouse.

From time to time, the President's spouse may participate in and perform an official role in the official social and professional life of the University. Consequently, University of Nebraska Foundation funds or other non-state funds will be allocated to pay reasonable and customary travel expenses for President Carter's spouse to participate in selected official University events in which her participation has a clear official purpose. In addition, travel to official University-related events such as Alumni Association activities and events in other locations may be paid or reimbursed at the discretion of the Alumni Association or the University of Nebraska Foundation. It is understood and agreed that President Carter's spouse may participate in official University activities as the spouse of the President to facilitate President Carter's ordinary and necessary duties as President. It is further understood and agreed that President Carter is expected to entertain for University functions in the Official Residence for University-related activities. President Carter shall provide substantiation as may be necessary to establish a University-related purpose for such activities.

Section 13. Performance Evaluations.

President Carter's professional performance as President of the University shall be evaluated annually by a method that is mutually agreeable to the Board and to President Carter. Such evaluation method shall include the performance-based metrics developed pursuant to Section 1 of this Contract.

Section 14. Confidential Information

In his role as President, President Carter shall have direct and indirect access to the University's confidential business information, trade secrets, intellectual property, proprietary information, and information protected from disclosure under federal and state law ("Confidential Information"). Throughout his employment with the University, and at all times thereafter, President Carter shall not disclose the University's Confidential Information to any third parties unless required to do so by law, unless absolutely necessary to fulfill his duties as President, or unless directed to do so by the Board. If President Carter receives any legal demand to disclose Confidential Information, including without limitation through an order of a court or administrative agency, a subpoena, or a valid public records request, President Carter shall promptly notify the University's General Counsel of the demand.

Section 15. Termination of Employment; Disability or Death.

(a) Termination for Good Cause. The University may terminate the employment of President Carter for good cause prior to the end of the Contract Term based on a majority vote of its Board members. The University shall have good cause to terminate President Carter's employment if he, as determined by the Board, (i) fails to carry out his duties as President in a diligent and professional manner, or otherwise in a manner that meets the Board's expectations, after being afforded a reasonable opportunity to rectify any performance deficiencies, (ii) engages in any misconduct in his role as President or in any personal misconduct outside of his role as President that impairs his ability to continue serving as President, including without limitation any misconduct that entails a violation of civil or criminal laws, an ethical violation, or moral turpitude, (iii) fails to adhere to the directives, bylaws, policies, rules, regulations or practices of the Board or otherwise engages in any conduct that is deemed insubordinate by the Board, or (iv) breaches any of the material terms of this Contract. Prior to taking any vote to terminate President Carter's employment for good cause, the Board shall first inform President Carter in writing of the grounds on which good cause is alleged to be based and provide him with an opportunity for a hearing before the Board. If the Board votes to terminate President Carter's employment for good cause, all duties and obligations under this Contract, including without limitation any obligation to further compensate President Carter for any work not yet performed, shall cease immediately upon the effective date of the termination, with the exception that President Carter's obligation to not disclose Confidential Information or disparage the University shall survive the termination of this Contract.

(b) Disability or Death. Should President Carter be unable to perform his duties as President by reason of disability due to illness or accident, and such disability shall continue for more than six (6) months, or if such disability is permanent, irreparable or of such a nature as to make performance of his duties impossible, then, subject to President Carter's entitlement to six (6) months disability leave with pay, either Party may terminate this Contract, whereupon the respective rights, duties, and obligations of the Parties hereunder shall cease, and each Party shall be released and discharged from this Contract without further liability to the other. The foregoing provisions of this section shall not apply to any liability the Board may have to President Carter under the Nebraska Worker's Compensation laws or to any benefits that President Carter may be entitled to receive under any disability insurance coverage provided in whole or in part by the Board. In the event of President Carter's death, this Contract shall terminate at the end of the calendar month in which his death occurs. The Board shall be liable to President Carter's personal representative for any accrued and unpaid compensation, together with any other benefits, which shall be payable to President Carter's personal representative by reason of his death.

Section 16. Resignation; Leave of Absence.

(a) Except as otherwise provided in subsection (c) below, President Carter may resign his employment as President prior to the end of the Contract Term, without penalty, by providing the Board with at least sixty (60) calendar days advance written notice of his resignation. The Board and President Carter may mutually agree to waive this sixty (60) calendar day notice requirement, in which case President Carter's resignation shall become as of the date of the waiver. Upon the effective date of President Carter's resignation, all duties and obligations under this Contract, including without limitation any obligation to further compensate President Carter for any work not yet performed, shall cease, with the exception that President Carter's obligations to not disclose Confidential Information or disparage the University shall survive the

termination of this Contract.

(b) Unless notice of termination of employment has been given to President Carter in accordance with Section 15 of this Contract, President Carter, or any person or entity acting on his behalf, shall not engage in discussions or negotiate, directly or indirectly, concerning President Carter's prospective employment by any other employer without first notifying the Chair of the Board of Regents of such discussions or negotiations. The provisions of this subsection 16(b) shall expire effective December 31, 2022.

(c) If President Carter resigns to seek or accept employment in the administration of a higher education or academic institution outside the University, the Parties agree that the University will incur damages in an amount that would be uncertain and not susceptible to exact computation. In light of that, the Parties acknowledge and agree that President Carter shall pay the University the total sum of One Million Dollars (\$1,000,000.00) as liquidated damages, within sixty (60) calendar days following the effective date of his resignation, as a reasonable forecast or approximation of the damages that the University will incur should he resign to seek or accept employment in the administration of a higher education or academic institution outside the University. The Parties have bargained for and agreed to the foregoing liquidated damages provisions, giving consideration to the significant costs of conducting an employment search for a president; the serious and substantial disruption to the University of his unplanned departure; the reciprocal benefits of an amicable separation including specifically the mutual agreement to refrain from any disparaging or otherwise damaging comments about the University or President Carter; and the serious and substantial devotion of administrative resources in relation to a change of administration, all of which result in damages the amount, nature, and extent of which are difficult to determine and cannot be estimated with certainty. Accordingly, the Parties acknowledge and agree that the amount of liquidated damages payable to the University under this provision is fair and reasonable. The provisions of this subsection 16(c) shall expire effective December 31, 2022.

Section 17. Non-Disparagement.

Following the cessation of President Carter's employment as President for any reason, whether effectuated through a termination, resignation or the natural expiration of the Contract Term, President Carter shall not make any written or oral statements to anyone disparaging, attacking or painting in a negative light the University or any of its campuses, colleges, schools, departments, divisions, regents, faculty, staff, students, stakeholders, services, programs, sports or degrees.

Section 18. Amendments.

This Contract may be amended at any time through a formal, written modification duly approved by the Board and accepted by President Carter. A formal, written modification is not required, however, to effectuate a change to President Carter's Base Salary or his fringe benefits, or to approve performance-based merit pay for him, as all of these actions may be accomplished at any time through official action of the Board without the necessity for a written modification or amendment to this Contract.

Section 19. Governing Law; Severability.

This Contract shall be construed and enforced in accordance with, and is subject to, the laws of the State of Nebraska. If any portion of this Contract shall be declared invalid or unenforceable by a court of competent jurisdiction, such declaration shall not affect the validity or enforceability of the Contract's remaining provisions.

Section 20. Board Approval and Administrative Provisions.

(a) This Contract is subject to approval by a vote of the Board of Regents according to the University's policies and procedures, which shall be evidenced through the Chair of the Board of Regents' execution of this Contract and an attestation by the Corporation Secretary following a vote at a public meeting of the Board of Regents.

(b) This Contract may be executed in any number of separate counterparts, including by electronic signature of President Carter, each of which executed counterparts shall be deemed an original, and all such counterparts shall together constitute one and the same contract.

(c) All notices contemplated in this Contract shall be in writing and shall be deemed effective when personally delivered, sent via overnight delivery or, if mailed, three (3) days after the date deposited in the United States Mail, postage prepaid, registered or certified, and return receipt requested. Until changed by written notice, notices shall be given to the Board of Regents at the following address:

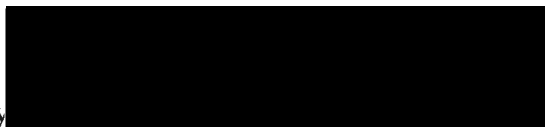
The Board of Regents of the University of Nebraska
Corporation Secretary
Varner Hall #132
3835 Holdrege
Lincoln, Nebraska 68583-0745

and such notices shall be given to President Carter at the following address:

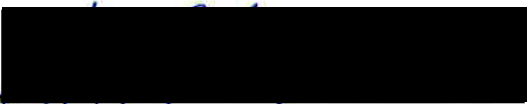
President Walter E. Carter, Jr.
9300 Tuscan Court
Lincoln, Nebraska 68520

In witness of this Contract, authorized representatives of each Party have executed this Contract on the dates indicated below.

WALTER E. CARTER, JR.

By 
Walter E. Carter, Jr. Date

**THE BOARD OF REGENTS OF THE
UNIVERSITY OF NEBRASKA**

By 
Timothy F. Clare Date
Chair of the Board of Regents

ATTEST

E. 
Carmen K. Maurer Date
Corporation Secretary