

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

EMPLOYMENT AGREEMENT

THIS Employment Agreement entered into this _____ day of July 2014, by and between Andrew E. Honeycutt, DBA (hereinafter referred to as "Honeycutt"), and The Shaw University, Inc., a North Carolina Corporation, (hereinafter referred to as "Shaw").

- **Duties.** Shaw hereby employs Honeycutt as President of The Shaw University, Inc.

Honeycutt shall be the chief executive officer of Shaw. He shall serve at the will and pleasure of the Board of Trustees (the "Board"). He shall be responsible to the Board for the proper, faithful and efficient administration of the educational, business and fiscal affairs of Shaw in accordance with the rules, regulations, orders and directions adopted and issued from time to time by the Board, or by the Executive Committee during the interim between meetings of the Board.

Honeycutt shall be the chief executive head of all organizational units, including their officers as well as the staff of Shaw. He may discharge administrative duties and functions throughout all departments. With the approval of the Board, he may staff each department and may also establish such other departments and appoint such other officers as are necessary for the efficient discharge of the duties of the President. As President, Honeycutt shall perform all duties required by law, by this Agreement, and in accordance with the bylaws of the University, including, but not limited to: manage fund raising, development, public and alumni relations; manage institutional, faculty and educational leadership; manage long-range planning, budget formulation, supervision of institutional buildings, grounds and equipment; administration of the affairs of the University as best serves the institution, consistent with the Board' policies; manage student recruitment, learning and services; engage in faculty recruitment; appoint, supervise, promote and where appropriate dismiss University employees; serve ex-officio on the boards of the University; prepare and implement regulations, rules, and practices and procedures useful to the welfare of the University; and perform such other duties as may be prescribed from time to time by the Board. In the case of the hiring and termination of personnel of Shaw University, he will do so within the scope and duties described above and in Subparagraph "A" below, and in accordance with Paragraph 8 herein. The total expenditure for personnel appointed in any given year during the term of this Employment Agreement shall not exceed the corresponding amount budgeted for personnel as approved by the Board.

His powers and duties shall be as follows and as may be further determined by the Board or its designated committee:

- A. Provide budgetary and fiscal leadership including, but not limited to, the preparation, implementation, and evaluation of all of Shaw's budgets, fiscal plans, fund raising and

endowment.

B. Recruit, hire, evaluate, train, promote, and terminate all Shaw personnel.

C. Develop, oversee, and support student development efforts and services, increase student enrollment commensurate with the availability of fiscal and physical resources and implement the policies established by the Board regarding the maintenance of high academic and moral standards for all students.

D. Develop and maintain communication with the community, the alumni and educational institutions and develop an effective public relations program.

E. Develop and maintain a strong, creative, and effective administrative team.

F. Manage the day-to-day activities and affairs of Shaw in accordance with the policies and procedures as promulgated by the Board.

- Implement the policies established by the Board regarding the promotion of high moral standards for faculty and staff.
- Implement the policies established by the Board regarding the promotion of high standards for efficiency and effectiveness for staff.

I. Propose to the Board the establishment of policies regarding the promotion of high standards of excellence for all populations in all areas of the University's life.

J. Meet or exceed by or before July 1, 2016 [PERCENTAGE] of the revenues presented in the Proposed Shaw University Revenue Model by Honeycutt to the Shaw Board of Trustees Executive Officers and Presidential Evaluation Committee members on March 31, 2014 and attached hereto as Exhibit A for reference. (determine a %)

2. **Term.** Shaw hereby employs Honeycutt for a period of three (3) years commencing [July 15, 2014] and ending [July 14, 2017]. Honeycutt shall serve at the will and pleasure of the Board and this three (3) year term of employment may be terminated at the will of the Board or Honeycutt. At least three hundred and sixty (360) days before the expiration of this Employment Agreement, the parties shall meet to review and discuss the possibility of extending the terms and conditions of this

Employment Agreement. Shaw and Honeycutt shall, in writing, inform each other of their intent regarding Honeycutt's continued employment as President of Shaw not less than three hundred (300) days before the expiration of this Employment Agreement. In the event the Board should decide to continue Honeycutt as President of Shaw, then, in such event, the Board shall provide Honeycutt the opportunity to sign a contract to continue as President of Shaw not less than two hundred and seventy (270) days prior to the expiration of this Employment Agreement.

3. **Compensation**

(a) **Base Salary.** Shaw shall pay Honeycutt as compensation for his services a base salary of Two Hundred, Thousand Dollars (\$200,000.00) annually to be paid in equal monthly installments of Sixteen Thousand, Six hundred sixty six Dollars (16,666.00) each month (hereinafter "Base Salary"). Honeycutt's performance as President of Shaw shall be reviewed and evaluated annually by the Executive Committee at the end of each academic year. The evaluation criteria to be used for such evaluation will be developed by the Executive Committee and Honeycutt within 90 days from the execution of this Employment Agreement and shall be incorporated in and made a part of this Employment Agreement. The final set of criteria shall be decided by the Board and provided to Honeycutt no later than 90 days after the execution of this Employment Agreement. The evaluation criteria shall be reasonable in substance and with respect to time frame, commensurate with the availability of fiscal and human resources. The criteria, may be modified from time to time by the Board during the term of this Employment Agreement and each such amendment shall be incorporated in this Employment Agreement and made a part hereof. Such amendment shall be provided to Honeycutt no later than 90 days after such modification.

The evaluation criteria shall serve as the basis for measuring Honeycutt's performance of his duties under the terms of this Employment Agreement and for the award of performance bonus, salary increase and/or extension of the term of this Employment Agreement. Such awards shall be at the sole discretion of the Board in recognition of Honeycutt's performance under the terms of this Employment Agreement.

(b) **Cost of Living.** Honeycutt's initial salary of Two Hundred Thousand Dollars (\$200,000.00) shall be subject to increase effective each July, during the term of this Agreement or at such other times as the Board might reasonably determine, based on the percentage increase in the CPI from the effective date of this Agreement through the latest date for which a current index is available prior to the scheduled increase. However, no adjustment shall be made when the Board, in its sole discretion, reasonably determines that the University is unable to afford any such adjustment for its employees. For this

purpose "CPI" shall mean the Consumer Price Index for all urban consumers, all items (base year 1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, All City Average. If the Bureau of Labor Statistics substantially revises the manner in which the CPI is determined, an adjustment shall be made in the revised index which would produce results equivalent, as nearly as possible, to those which would be obtained hereunder if the CPI were not so revised. If the CPI becomes unavailable to the public because publication is discontinued, or otherwise, Shaw and Honeycutt shall agree on a substitute or a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by a governmental agency, major bank, other financial institution or recognized financial publisher.

4. **Employee Benefits.** Shaw shall be responsible for providing employee benefits to Honeycutt as provided herein. Shaw's responsibility for providing employee benefits as provided herein, however, shall cease and terminate upon termination of this Employment Agreement.

(a) **Group Health Insurance.** Shaw shall provide Honeycutt with Health Insurance as provided by Shaw's Employee Health Insurance plan. Eligibility for group insurance becomes effective the first of the month following 30 days of continuous full-time employment. Current group insurance plans include health, dental, \$25,000 life, \$25,000 accidental death/dismemberment, short-term and long-term disability up to 60% of Honeycutt's Base Salary, with a 14-day waiting period. Shaw shall be responsible for paying the Employer portion of group insurance coverage cost. Shaw shall be responsible for paying the Employee portion of group insurance coverage cost that includes dependent coverage, as applicable. From time to time, benefits may be added or deleted from Shaw's group insurance benefit plans. As deemed appropriate, Shaw reserves the right and discretion to make such changes, as well as to change benefits carriers, insurance coverages, and/or payment of the cost of benefits on behalf of employees.

(b) **Moving Expenses.** Shaw shall pay to Honeycutt a one-time amount not to exceed \$12,000.00 to defray the relocation expenses incurred by Honeycutt in connection with moving from the State of Georgia to Wake County, North Carolina within one year of this Employment Agreement. In the event that Honeycutt relocates to a property owned by the University ("University Property"), he will provide appropriate documentation of his relocation expenses for reimbursement and any unused portion of the moving expenses shall be used by the University to renovate the University Property. In the event that Honeycutt relocates to a property not owned by the University, he shall be entitled to the entire \$12,000.00 for his moving expenses, and may use any excess funds to furnish his residence.

(c) **Housing Allowance.** Shaw shall provide a housing allowance in the amount of Thirty Four Thousand Eight Hundred Dollars (\$34,800.00) per year. This amount shall be used by Honeycutt to pay expenses for rental, mortgage payments and all utilities, including, but not limited to, charges for oil, gas, electricity, water and sewer service, telephone services and other utilities furnished to the primary residence of Honeycutt, which shall be in Wake County, North Carolina. Payments shall be made in equal monthly installments of Two Thousand Nine Hundred Dollars (\$2,900.00) each. Shaw shall not be responsible for the payment of any other housing expenses.

(d) **Presidential Budget.** Each year Shaw shall establish a presidential budget for Honeycutt for expenses of entertainment, travel, meals, hotel accommodations, cellular or mobile telephone and the like to be incurred in connection with Shaw's business. At the beginning of each academic year Honeycutt shall submit to the Board a line-item budget for each expense he intends to incur in the academic year for which the budget is submitted. The Board shall have the right to veto any line item in the budget submitted. Shaw shall pay the expenses in the budget approved by the Board; or, promptly reimburse Honeycutt for all expenses approved in the budget reasonably and necessarily incurred by his in the performance of his duties upon presentation of a voucher indicating the amount and business purposes. The budget shall include dues for the Capital City Club located in Raleigh, North Carolina.

Shaw shall not be responsible for the payment of any personal expenses incurred by Honeycutt or any expenses not reasonable or necessarily for the performance of his duties for Shaw. Honeycutt shall reimburse Shaw, upon demand, for any expenses paid by Shaw that were personal expenses incurred by Honeycutt or expenses incurred by Honeycutt that were not reasonable or necessarily for the performance of his duties for Shaw. The Board shall provide Honeycutt with guidelines on Shaw's policies governing allowable business expenses. However, the final determination of what constitutes a personal expense or an expense not reasonable or necessarily incurred shall be made by the Board in its discretion.

(e) **Automobile Allowance.** Shaw shall provide Honeycutt with an amount not to exceed Five Hundred and Eighty Dollars (\$580.00) per month for the purchase or lease of an automobile and an amount not to exceed Two Thousand Dollars (\$2,000.00) towards a down payment on said purchase or deposit on said lease. The automobile may be used by Honeycutt for his personal use as well as for business purposes. Honeycutt shall pay all expenses incurred in operating and maintaining the automobile. Shaw shall be responsible for paying liability insurance on the automobile. Honeycutt shall not be reimbursed for mileage incurred in the use of the automobile. Honeycutt at his expense shall be entitled to retain ownership or lease of any automobile in his

possession.

In addition and in recognition of business-related security concerns and the desire to make the President's time as productive as feasible, Shaw authorizes Honeycutt to make reasonable arrangements for a part-time driver employed and paid by Shaw from its existing personnel for business-related use of the automobile only, provided that the driver(s) is permitted by and insured under Shaw's automobile and liability insurance policies. Shaw reserves the right to establish a maximum amount it will pay hereunder per year in total expense related to or arising out of the provision of a part-time driver.

(f) **Retirement Benefits.** Shaw and Honeycutt agree that Honeycutt shall be eligible to enroll and participate in Shaw's retirement plan if such a retirement plan is offered by Shaw.

(g) **Paid Time Off.** Honeycutt shall be entitled Shaw's paid holidays and the Paid Annual Leave (PAL) maximum of four weeks annually under Shaw's PAL benefit plan, which runs in conjunction with the fiscal year. Upon the end of employment, Honeycutt may be compensated for a maximum two-week payout of unused PAL for the applicable fiscal year.

5. **Severance.**

(a) **Voluntary Termination by Honeycutt.** If Honeycutt terminates this Employment Agreement prior to the expiration of its term for any reason, Honeycutt shall receive no further compensation from Shaw beyond the amount received up to the date of termination and any unused paid annual leave.

(b) **Mutual Termination.** If this Employment Agreement is mutually terminated by the parties, Honeycutt shall be entitled to receive compensation equal to Twenty Five percent (25%) of his Annual Base Salary multiplied by the number of years – calculated to the nearest one tenth – remaining in the term. This compensation, and any unused paid annual leave, shall be paid in equal monthly installments during the number of years remaining in the term of this Employment Agreement.

(c) **Termination by Shaw.** If this Employment Agreement is terminated by Shaw prior to expiration of the term for any reason not enumerated in Paragraph 6 herein, then, in such event, Honeycutt shall be entitled to compensation equal to Twenty Five per cent (25%) of his annual Base Salary multiplied by the number of years – calculated to the nearest one tenth – remaining in the term of this Employment Agreement. This compensation, and any unused paid annual leave, shall be paid upon termination.

(d) **Termination for Cause.** If this Employment Agreement is terminated by Shaw prior to expiration of the term for any of the designated Causes for Dismissal provided in Paragraph 6 herein, Honeycutt shall not be entitled to any

compensation remaining under this Employment Agreement, except as provided in Paragraph 5 (a) herein.

6. **Causes for Dismissal**. Honeycutt may be dismissed for the following causes as determined by the Board:

(a) *Inadequate Performance*. Inadequate performance is defined as Honeycutt's failure to perform his duties as defined in Paragraph 1 above in accordance with the current criteria established by the Board at Honeycutt's annual evaluation.

(b) *Personal Misconduct*. Personal misconduct is defined herein as conduct that brings Honeycutt into public disrepute, contempt, scandal, or ridicule or that reflects unfavorably upon the reputation or the high moral or ethical standards of the University. Honeycutt and the University agree that the University may dismiss Honeycutt with cause if he engages in such conduct. The Board or its designated committee shall investigate any reported violation and Honeycutt shall be afforded an opportunity to defend against the allegations prior to the Board making a decision regarding his dismissal.

(c) *Insubordination*. Insubordination is defined herein as a failure or refusal of Honeycutt to follow the directives of the Board or its designated committee.

(d) *Neglect of duty*. Neglect of duty is defined as a failure or refusal of Honeycutt to carry out the duties as provided in Paragraph 1 herein or the criteria as established in his current annual evaluation.

(e) *Physical or mental incapacity*. Dismissal for physical or mental incapacity shall be in accordance with the American with Disabilities Act.

(f) *Conviction of a felony or a crime involving moral turpitude*.

(g) *Failure to comply with such reasonable requirements as the Board may prescribe*. This cause is contingent upon the Board having communicated the requirements in writing and having allotted sufficient time, resources and support, if necessary, to fulfill or satisfy the requirements.

(h) *Dishonesty*. Acts of dishonesty shall include, but not be limited to, stealing, intentionally misrepresenting material facts to the Board or its designees, embezzling, etc. The Board or its designated committee shall investigate any reported violation and Honeycutt shall be afforded an opportunity to defend against the allegations prior to the Board making a decision regarding

his dismissal.

7. **Time and Effort.** Honeycutt shall diligently and conscientiously devote his full and exclusive time and attention, and his best efforts to the discharge of his duties as President, and shall not, during his employment be engaged in or concerned with any other duties or pursuits whatsoever requiring his personal services. This shall not, however, preclude Honeycutt from serving on professional, educational, religious or corporate boards or commissions as approved by the Board provided such duties do not interfere with Honeycutt's duties and responsibilities as President of Shaw. Honeycutt may also receive compensation from serving on such boards or commissions.

In an effort to adequately evaluate Honeycutt's performance, Honeycutt shall, on the first day of May and September of each year during the term of this Employment Agreement, provide, in writing, to the Board a list of the boards and commissions he serves on, the concomitant time required for service on such boards and commissions and the amount of compensation received. The list shall include the boards and commissions served on for the year in which the list is provided. Honeycutt may be required by the Board to reduce his involvement on some or all boards or commissions if the Board deems service on such boards or commissions to be interfering with Honeycutt's duties as President of Shaw.

8. **Board of Trustees.** Realizing the distinction between management and policy, Honeycutt shall execute his duties within the context of the policies as promulgated and defined by the Board. Further, Shaw and Honeycutt acknowledge and agree that the Board has the responsibility for articulating and overseeing the implementation of the policies of the University. In furtherance of this understanding, Honeycutt agrees that where such policies are unclear, he will consult with the Executive Committee of the Board for guidance, and if necessary the Executive Committee will present such matters to the full Board. Further, the Board, in hiring Honeycutt as the President, is delegating to his the sole authority to implement the policies and directives of the Board. Such delegation includes the authority to hire all personnel, including all faculty ranks and all administrative staff, excluding the rank of Full Professor and Deans, the Provost, and other Executive-level Personnel who shall not be hired without consultation with the Executive Committee.

9. **Disability.**

(a) **Disability Not Caused by Honeycutt.** In addition to the other provisions contained herein, and subject to the terms under Shaw's disability insurance policy discussed herein, if because of illness, physical or mental disability, or other incapacity, not caused by any actions of Honeycutt, Honeycutt shall fail, for a period or periods aggregating six (6) months in any academic year, to carry out his duties as President, Shaw shall pay Honeycutt the difference between the amount he will receive under the terms and conditions of the disability policy

provided in paragraph 4(c) herein, and his annual Base Salary for the years remaining in the term of this Employment Agreement from the event of disability. Payment shall be made in equal monthly installments each during the remaining term of this Employment Agreement.

(b) **Disability Caused by Honeycutt**. If because of illness, physical or mental disability, or other incapacity, due to the actions of Honeycutt, Honeycutt shall fail, for a period or periods aggregating six (6) months in any academic year, to carry out his duties as President, Shaw may terminate his employment. In the event this Employment Agreement is terminated prior to expiration of the term for the reasons stated in this Paragraph, then, in such event, Honeycutt shall be entitled to no salary for the period remaining on his term, with the proviso that any disability due to the actions of Honeycutt be determined by the underwriter of Shaw's Disability Insurance Plan then in effect on the first day of such disability. .

- **Notice of Extended Absence**. In the event Honeycutt intends to be away from the Shaw campus for a period exceeding one week for non-university related matters then, in such event, Honeycutt shall provide the Chairman or Vice-Chairman of the Board with at least a 10-day notice of such intention.
- **Notices**. Any notice required to be given under this Employment Agreement shall be deemed given if in writing sent by certified mail to Honeycutt's residence, if sent to Honeycutt, and to the Chairman of the Board of Shaw at his residence, if sent to Shaw.
- **Indemnification**. Shaw shall indemnify and defend Honeycutt for judgments, settlements, penalties, fines, or expenses incurred in a proceeding to which Honeycutt is a party because he is or was the President of Shaw acting within the course and scope of his employment as President of Shaw. However, Shaw shall not indemnify Honeycutt for acts or omissions that Honeycutt knew at the time of the acts or omissions were clearly in conflict with the interests of Shaw, any transaction from which Honeycutt derived an improper personal benefit, any intentional act, any act that exhibits a wanton disregard for the welfare and safety of others, any act committed by Honeycutt outside the course and scope of his employment as President of Shaw or any act that is not covered by Shaw's liability insurance policy or officers and directors insurance policy.

13. **Faculty Rank**. During the time he is President of Shaw, Honeycutt shall hold the rank of Full Professor of Business Administration. His appointment to the faculty shall be without duties and compensation. Honeycutt's appointment as Full Professor shall cease at any time his employment as President of Shaw shall terminate.

14. **Rights in Intellectual Property**.

(a) Honeycutt understands and acknowledges that the University has published, and revises from time to time, its Intellectual Property Policy (the "Policy"). Honeycutt further agrees that he is subject to the Policy except as otherwise provided in this paragraph 14.

(b) Honeycutt understands and agrees that in the course of his employment by Shaw, he will acquire information concerning Shaw's donors, prospective donors, prospects, amounts or kinds of gifts and proposals for funding and other confidential or proprietary information belonging to Shaw or relating to Shaw's affairs (collectively referred to as "Confidential Information"). Honeycutt agrees that during the term of his employment as President of Shaw and thereafter he will not disclose Confidential Information to any third party.

(c) Honeycutt agrees that, during his employment with Shaw and for two (2) years following termination of his employment with Shaw, he will not directly or indirectly solicit or induce, or attempt to solicit or induce, any executive officer of Shaw to leave his or his employment by Shaw.

15. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina.

16. **Entire Agreement.** This Agreement constitutes the entire understanding and agreement between Shaw and Honeycutt with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement may be amended only in writing, signed by both parties hereto.

17. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon Shaw, its successors, and assigns, and Honeycutt, his heirs, and personal representatives.

18. **Non-waiver.** No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of it, shall constitute a waiver of that or any other right.

19. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

20. **Signature in Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Once each Party to this Agreement has

executed a copy of this Agreement, this Agreement shall be considered fully executed and effective, notwithstanding that all Parties have not executed the same copy.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year above written.

This the _____ day of July 2014.

ANDREW E. HONEYCUTT

THE SHAW UNIVERSITY, INC.

BY: _____
JOSEPH N. BELL, JR. - CHAIRMAN
BOARD OF TRUSTEES

ATTEST:

SECRETARY

**EXHIBIT A
PROPOSED SHAW UNIVERSITY REVENUE MODEL**

(Presented by Dr. Andrew E. Honeycutt to Shaw's Board of Trustee's Executive Officers and Presidential Evaluation Committee members on May 31, 2014)