AGENDA
THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
Varner Hall, 3835 Holdrege Street
Lincoln, Nebraska 68583-0745
Monday, January 12, 2015
12:30 p.m.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT

Any person who gives 24 hours' notice to the Corporation Secretary may speak to any item that is not on the agenda. In addition, any person may appear and address the Board of Regents on any item on the agenda for this meeting. Each person will be given up to five minutes to make his or her remarks. Public comment will be limited to a period of 30 minutes.

IV. CLOSED SESSION

For the protection of the public interest and to prevent needless injury to the reputation of persons who have not requested a public hearing for the purpose of holding a discussion limited to the following subject: Confidential personnel matters and negotiations strategy session involving the search and selection of the President of the University of Nebraska.

V. POSSIBLE SELECTION OF THE NEXT PRESIDENT OF THE UNIVERSITY OF NEBRASKA

A. ACADEMIC AFFAIRS

1. Board of Regents' Personnel Recommendation Addendum V-A-1

B. BUSINESS AFFAIRS

1. Approve the Contract of Employment for Hank M. Bounds, Ph.D., as President of the University of Nebraska for an Initial Term commencing on April 13, 2015 and ending June 30, 2018 Addendum V-B-1

VI. ADJOURNMENT

Board of Regents' Personnel Recommendation
Meeting Date: January 12, 2015

Central Administration

New Appointment

Hank M. Bounds, President (Special), University of Nebraska, effective 04/13/2015 through 06/30/2018, $480,000 FY, 1.00 FTE.

TO:	Board of Regents
	Business Affairs
MEETING DATE:	January 12, 2015
SUBJECT:	Contract of Employment for Hank M. Bounds, Ph.D., as President of the University of Nebraska
RECOMMENDED ACTION:	Approve the Contract of Employment for Hank M. Bounds, Ph.D., as President of the University of Nebraska for an Initial Term commencing on April 13, 2015 and ending June 30, 2018
PREVIOUS ACTION:	None
EXPLANATION:	Approval of this agenda item will approve the attached Contract of Employment for Hank M. Bounds, Ph.D., as President of the University of Nebraska. The major elements of the contract are as follows:

Annual Base Salary: $480,000

Type of Appointments and Term:

- **Special Appointment** as President for an initial term commencing on April 13, 2015 and ending June 30, 2018.
- **Continuous Appointment** (tenure) as Professor subject to approval of the appropriate tenure home department's faculty with additional courtesy appointments on other campus/es as appropriate, subject to approval of the respective department's faculty.

Fringe Benefits: Standard fringe benefits of University employment, including vacation, disability leave, retirement contribution and health insurance.

Fringe Benefits specific to Appointment as President:

- **Supplemental allowance** – $20,000
- **Deferred Compensation** – 11.5% of Base Salary
- **Official Residence or Housing Allowance –** Official Residence and all expenses for maintenance, utilities and insurance or Housing Allowance per university policy (either to be paid from support received from the University of Nebraska Foundation)
- **Interim Housing Allowance –** Reasonable amount to be paid until Official Residence is available from support received from the University of Nebraska Foundation.
- **Moving and Transition Expenses –** The University will pay for approved moving expenses, including airfare. Expenses may include multiple trips to Nebraska in consultation with the Board Chair and also will

include transition to Official Residence costs, as appropriate.

- **Automobile and Membership/s**: A business automobile will be provided from support received from the University of Nebraska Foundation. The University will pay expenses of fuel, maintenance and insurance. Full privileges or social membership at a country club(s) of the president's choosing as approved by the University of Nebraska Foundation will be provided from support received from the Foundation. Non-University related/personal use will be included as non-wage compensation.
- **Outside Business, Civic and Professional Activities**: Board of Regents approval required for service as a compensated member of any for-profit organization.
- **Activities of the President's Spouse**: Reasonable travel expenses for the president's spouse to participate in selected University events will be paid from support received by the University of Nebraska Foundation or other non-state funds.

Termination: Employment may be terminated for good cause, subject to due process requirements. Termination for reasons other than cause may occur any time after July 1, 2018 upon giving the president reasonable written or verbal notice of no less than 90 days. President may resign with 45 days' notice. For the initial term until July 1, 2018 the President is required to notify the Chair of the Board of Regents prior to discussions concerning his prospective employment for a similar position with another employer and if leaving to take a competitive position in the same time period, the President is required to pay liquidated damages to the University in the sum of $300,000 within 60 days of resignation.

Leave of Absence: If resignation occurs after five or more years of service as President for a reason other than retirement, termination for good cause, or taking another position outside of the University, there is a 6 month paid professional development leave at the end of which the President is entitled to employment in his tenured faculty position on an academic year appointment at a salary which is not less than the average of the three highest paid faculty members in the tenure granting department. If resignation occurs after 10 or more years as president, the professional development leave shall increase to 12 months. The pay received while on the professional development leave is the amount at the time of resignation as President.

RECOMMENDED BY:	Howard L. Hawks Chairman, Board of Regents
DATE:	January 12, 2015

CONTRACT OF EMPLOYMENT
HANK M. BOUNDS, PhD
PRESIDENT OF THE UNIVERSITY OF NEBRASKA

THIS CONTRACT OF EMPLOYMENT (Agreement) is made by and between THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA, a public body corporate under the Constitution and Statutes of the State of Nebraska, hereinafter referred to as the "University," and, Hank M. Bounds, hereinafter referred to as "President Bounds." The date of this Agreement is the date on which it is accepted and signed by President Bounds as hereinafter provided.

WITNESSETH:

In accordance with the action taken by the University's Board of Regents (the Board) as recorded in the Minutes of the meeting of the Board held on the January 12, 2015, the University hereby agrees to employ President Bounds, and President Bounds hereby agrees to accept employment as President of the University of Nebraska, subject to the terms set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Term of Employment.

The term of President Bounds' employment as President of the University commences on April 13, 2015 (Effective Date) for a term ending June 30, 2018 (the Initial Term) subject to extension annually and prior termination as provided in this Agreement. All prior negotiations and representations between the parties are hereby expressly integrated into this Agreement. Except as otherwise specifically and explicitly provided herein, upon expiration of the term, all compensation, benefits, perquisites and other privileges provided to President Bounds under this Agreement shall cease to the full extent permitted by law.

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

(a) In consideration of an annual salary of $480,000 (Base Salary) effective April 13, 2015 and the further agreements and considerations hereafter stated, President Bounds agrees to accept employment as the President of the University of Nebraska. President Bounds 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.

(b) At any time during the Initial Term or any Renewal Term, as hereinafter defined, the annual Base Salary may be increased or decreased, in accordance with the terms hereof, without written amendment or modification of this Agreement; 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. Such annual Base Salary shall be paid in twelve (12) equal monthly installments in accordance with the policies of the University governing payment of salary to other members of its all-year academic-administrative staff.

Section 3. Professional Staff Appointments.

(a) Special Appointment: Exempt (salaried) special appointment to the academic administrative staff of the University as President 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 of the Board of Regents ("the Bylaws") and the rights and responsibilities of professional staff as provided in Chapter IV of the bylaws.

(b) Continuous/Academic Appointment: Academic year continuous appointment (tenured) at the rank of Professor subject to approval of the appropriate tenure home department's faculty not later than February 15, 2015 with additional courtesy appointments at other administrative units of the University as appropriate, subject to approval of the respective department's faculty. Upon exercise of retreat rights to the faculty, your salary will be set at a level no less than the average of the three highest paid faculty members in the home tenure department, together with standard University benefits.

Section 4. Fringe Benefits.

(a) President Bounds shall receive the fringe benefits of University employment, including vacation, disability leave, retirement and health insurance benefits, prescribed for other members of the academic-administrative staff holding all-year, full-time appointments. President Bounds 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 Bounds for his services pursuant to this Agreement 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 owing on account of the University salary and the University and the University of Nebraska Foundation fringe benefits paid to President Bounds. 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 regarding University of Nebraska Foundation payments in support of the University. Individual income and taxable fringe benefits resulting to President Bounds are reported as taxable income from the University to the President on the University's regular payroll reporting (W2) form. President Bounds shall provide substantiation necessary to follow the applicable rules and income reporting guidelines.

Section 5. Supplemental Allowance.

In addition to President Bounds' annual salary, President Bounds shall receive a supplemental allowance as directed by the University from support received from the University of Nebraska Foundation in the amount of $20,000 per year.

Section 6. Deferred Compensation.

President Bounds shall receive deferred compensation as provided in the Deferred Compensation Agreement attached hereto as Appendix A.

Section 7. Residence of the President.

(a) As a condition of employment in the performance of duties as President of the University, President Bounds shall be provided with an Official Residence or a housing allowance in accordance with the University's policies and process for non-wage compensation which 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 shall likewise be paid by the University from support received from the University of Nebraska Foundation. The University has adopted the IRS special accounting period of November 1 through October 31 of the following year for reporting non-wage compensation. 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) President Bounds shall occupy the official residence of the President not later than May 1, 2016 unless the parties agree otherwise, and the University shall pay reasonable expenses incurred in moving President Bounds and his family to the official residence from their then current private residence.

(c) In the event of termination of this Agreement prior to the end of the term stated in section 1 of this Agreement or any extension thereof, President Bounds (or designees on his behalf) will have a reasonable period of time, not exceeding four (4) months, to obtain other residence and move from the official residence of the President.

(d) The Executive Committee of the Board of Regents is 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 a President and University personnel shall not be used for such purpose under any circumstances.

Section 8. Moving and Transition Expenses.

The University will provide funding for approved moving expenses, including airfare and reasonable expenses to transition from President Bounds' current residence consistent with University policy. Transition expenses may include multiple trips in consultation with the Board Chair and others as appropriate, and will also include transition to Official Residence costs, if temporary housing is required. (See Section 7) As part of transition expenses, President Bounds will need to work several days each month at NU between the approval of this Agreement and the Effective Date. The Executive Committee of the Board of Regents is authorized to administer this transition provision, including the authority to accordingly provide a reasonable adjustment or allowance as deemed appropriate by the Executive Committee.

Section 9. Automobile and Membership/s.

(a) As a condition of employment in the performance of duties as President of the University, President Bounds shall be provided with an automobile in accordance with the University's policies and process for non-wage compensation which shall be paid as directed by the University from support received from the University of Nebraska Foundation. All related expenses for fuel, maintenance and insurance shall be paid by the University.

(b) As a condition of employment in the performance of duties as President of the University, President Bounds shall have a full privileges or social membership at a country club(s) of his choosing, provided that the selection of such country club(s) and the membership status thereof shall be acceptable to the University of Nebraska Foundation in its reasonable discretion. Such memberships shall be maintained in accordance with the University's policies and process for non-wage compensation which shall be paid as directed by the University from support received from the University of Nebraska Foundation.

(c) The value of President Bounds' personal use of such automobile and membership/s will be considered taxable income to him and reported to the Internal Revenue Service (IRS) as required by law. The University has adopted the IRS special accounting period of November 1 through October 31 of the following year for reporting vehicle usage.

Section 10. Professional Conduct.

President Bounds is expected to exhibit individual leadership to maintain and foster the highest standards of competence, professionalism and ethics at the University. President Bounds acknowledges that his duties as President include a duty to professionally balance and respect diverse rights, values and competing interests and this duty is not strictly limited to his official actions as President or the official settings afforded as President of the University for any matters where his actions or comments bring disparagement or otherwise damage the University or the Office of the President.

Section 11. Professional Dues and Meetings.

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

Section 12. Outside Business, Civic and Professional Activities.

President Bounds shall devote substantially all of his time, attention and energies to performance of the duties of the Office of President of the University. The Board contemplates the performance of these duties by President Bounds may be advanced by the expenditure of reasonable amounts of time for charitable, civic, service or professional activities. In addition, the expenditure by President Bounds of reasonable amounts of time relating to personal or outside business shall not be considered a breach of this Agreement, provided such activities do not interfere with President Bounds' performance of duties as President of the University. President Bounds shall not engage in any outside activity which may be adverse to the best interest 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 approval from the Board.

Section 13. Activities of President's Spouse.

The President's spouse plays an important role in the 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 Bounds' spouse to participate in selected University events normally being one or two meetings each year. In addition, travel to other University related events such as Alumni Association activities may be paid for at the discretion of the Alumni Association or the University of Nebraska Foundation. It is understood and agreed that President Bounds' spouse may be expected to participate in University activities as the spouse of the President to facilitate the President's ordinary and necessary duties as President. It is further understood and agreed that President Bounds and his spouse are expected to entertain for University functions in the Official Residence for University related activities. President Bounds shall provide substantiation as may be necessary to establish a University related purpose for such activities.

Section 14. Performance Evaluations.

Not later than one year prior to the conclusion of any term hereunder, President Bounds' professional performance as President of the University shall be evaluated by a method that is mutually agreeable to the Board and to President Bounds.

Section 15. Extension of Term of Employment.

The term of President Bounds' employment as President (as stated in Section 1 of this Agreement as well as the corresponding time period in Section 16(b)) may annually or otherwise be extended for an additional period or periods of time (each a Renewal Term) upon the terms and conditions contained herein or upon such additional or different terms and conditions as may be mutually agreed to by the Board and President Bounds.

Section 16. Termination of Employment.

(a) Termination for Good Cause. A majority of the members of the Board qualified to serve and vote may for Good Cause, as hereinafter defined, terminate the employment of President Bounds as President of the University prior to the end of the Initial Term or any Renewal Term. For the purposes of this Agreement the term "Good Cause" shall mean: (1) gross neglect of duty, (2) insubordination to the Board, or (3) other personal or professional misconduct which substantially interferes with President Bounds' continued performance of his duties as President. The Board shall not act to terminate President Bounds' employment as President for Good Cause unless the Board shall first give President Bounds written notice of the grounds alleged to constitute such Good Cause for termination of his employment as President, and an opportunity for a due process hearing before the Board with respect thereto. In the event of termination of President Bounds' employment as President for Good Cause, this Agreement and all compensation and benefits provided to President Bounds as consideration for his employment as President shall terminate; provided, however, President Bounds' continuous appointment (tenured) as Professor in the College of Education and Human Sciences, and all attendant rights, interests and responsibilities relating to employment in such tenured faculty positions and his salary in the amount provided in the last sentence of Section 17 (b) hereof will not be affected by such termination and will continue unless the same shall also be terminated for reasons of adequate cause as provided in Section 4.14.2 of the Bylaws.

(b) Termination of Employment for Reasons Other than for Cause. The parties agree that the University shall, at any time after July 1, 2018, have the right to terminate President Bounds' employment hereunder for reasons other than for cause upon giving President Bounds reasonable written or verbal notice of termination of not less than 90 days, as such reasonableness may be determined by the University in its discretion and exercise of good faith.

Section 17. Resignation; Leave of Absence.

(a) Except as provided in subsection (d) below to seek or accept other employment in University or Higher Education administration outside the University, President Bounds may resign from his employment as President during the Initial Term or any Renewal Term hereunder without penalty upon giving the Board at least forty-five (45) days advance written notice of such resignation, in which event this Agreement shall terminate on the effective date of resignation. The Board and President Bounds may mutually agree to waive the forty-five (45) day notice of resignation requirement of this section, and upon such mutual waiver, President Bounds' resignation shall take effect immediately.

(b) If after five or more years of service as President, President Bounds shall terminate his employment from the Office of President for a reason other than retirement, termination for good cause under Section 16, or taking another position outside of the University, President Bounds shall have a right to an appointment to a paid tenured faculty position as specified in Attachment A to be completed on or prior to February 15, 2015, with pay at a salary equal to the average of the three highest paid faculty members in the home tenure department together with standard University benefits. Upon President Bounds' commitment to, acceptance of and appointment to such paid tenured faculty position, President Bounds shall receive a six-month professional development leave at full Base Salary (or 12 months at one-half Base Salary at President Bounds' election). If President Bounds serves as President for 10 or more years, President Bounds shall be entitled to a professional development leave at full Base Salary for 12 months, subject to the same conditions and restrictions. The purpose of such leave shall be for professional development. Such leave shall have no pay-back requirements unless President Bounds is physically and mentally able to, but does not, commence in his tenured faculty position after such leave, and, except for retirement, termination for good cause, or taking another position outside of the University, such leave shall not be conditioned in any manner upon the circumstances of President Bounds' termination of employment from the Office of President. Upon conclusion of such professional development leave President Bounds shall be employed by the University in his tenured faculty position on an academic year appointment at a salary which is no less than the average of the three highest paid faculty members in that department. In the event President Bounds is physically and mentally able to, but does not, commence his tenured faculty position after the professional development leave, he shall repay the University the salary paid to him during such leave.

(c) Unless notice of termination of employment has been given to President Bounds in accordance with Section 16 of this Agreement, President Bounds, or any person or entity acting on behalf of President Bounds, shall not engage in discussions or negotiate, directly or indirectly, concerning President Bounds' 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 17(c) expire effective July 1, 2018.

(d) In the event that President Bounds resigns in order to seek or accept other employment in University or Higher Education administration outside the University, the parties agree that the damages incurred by the University would be uncertain and not susceptible to exact computation. Accordingly, it is understood and agreed that any and all claims which may arise in the University's favor against President Bounds as a result of President Bounds' resignation in order to seek or accept such other employment, shall be strictly and solely limited to an amount of liquidated damages in the sum of $300,000 which shall be paid to the University within sixty (60) days following the effective date of President Bounds' resignation. The parties have bargained for and agreed to the forgoing 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; 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 Bounds; and the serious and substantial devotion of administrative resources in relation to a change of administration; all these result in damages extremely difficult to determine with certainty. The parties agree that payment to the University of the liquidated damages provided above shall constitute adequate and reasonable compensation to the University for the damages and injury suffered by University as a result of President Bounds' departure for another higher education related employment opportunity. The provisions of this subsection 17(d) expire effective July 1, 2018.

Section 18. Amendments.

This Agreement may be amended at any time by written instrument duly approved by the Board and accepted by President Bounds; provided, however, no such written instrument shall be required for any changes in President Bounds' Base Salary, as provided herein, or to the fringe benefits of his employment as President, either of which may be accomplished at any time by official action of the Board without the necessity for written modification or amendment hereof.

Section 19. Governing Law; Severability.

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

Section 20. Board Approval and Administrative Provisions.

(a) This Agreement is subject to approval by vote of the Board of Regents according to the University's policies and procedures which shall be established by the execution hereof by the signature of the Chair of the Board of Regents attested by the Corporation Secretary following a vote at a public meeting of the Board of Regents.
(b) This agreement may be executed in any number of separate counterparts including by electronic signature of President Bounds, each of which executed counterparts shall be deemed an original, and all such counterparts shall together constitute one and the same Agreement.

(c) All notices contemplated in this Agreement 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 and President Bounds at the following addresses:

The Board of Regents of the University of Nebraska Corporation Secretary University of Nebraska Varner Hall 3835 Holdrege Lincoln, NE 68583 (402) 472-3906	**President Hank M. Bounds**

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below.

Executed this _____ day of _______, 2015, by the Chair of the Board of Regents and by the Corporation Secretary as the duly authorized representatives of the Board of Regents.

ATTEST: THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

By:____________________________ By:_________________________________
Corporation Secretary Chair of the Board of Regents

Accepted and agreed by President Bounds on this ____ day of ______, 2015.

____
Hank M. Bounds, PhD.

UNIVERSITY OF NEBRASKA
DEFERRED COMPENSATION AGREEMENT

This DEFERRED COMPENSATION AGREEMENT (the "Agreement"), effective as of April 13, 2015, is made by and between **THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA**, a body corporate under the Constitution and statutes of the State of Nebraska (the "Board" or "University"), and **HANK M. BOUNDS** ("President Bounds").

WITNESSETH

WHEREAS, the University is an organization described in Section 501(c)(3) of the Internal Revenue Code ("Code") and, as such, is organized and operated exclusively for charitable and educational purposes; and

WHEREAS, the Board has authorized a deferred compensation program pursuant to Section 457(f) of the Code, to be funded by the University of Nebraska Foundation for Presidents of the University; and

WHEREAS, President Bounds is being hired by the Board to serve as President of the University of Nebraska ("President") on April 13, 2015; and

WHEREAS, the University is unable to provide compensation on a qualitative and comparable basis to President Bounds under its current base compensation policies; and

WHEREAS, the University would suffer loss if President Bounds were to accept another offer of employment, and it is thus ordinary, necessary and reasonable to provide President Bounds with additional compensation on a deferred basis to induce him to serve and continue to serve as President; and

WHEREAS, the parties have entered into an agreement to provide President Bounds with certain deferred compensation benefits, as set forth herein, that shall be in addition to his current compensation and any future increase thereof for merit or cost of living.

NOW, THEREFORE, the University and President Bounds hereby agree as follows:

Section 1. **Credits to Account.** The University shall, during the month of July 2015, credit to a separate account owned by the University, entitled the "President Bounds Deferred Compensation Account" (the "Account"), 11.5 percent of President Bounds' first year base salary as President in effect on July 1, 2015 (the "Initial Credit Amount"), which amount shall be attributable to services to be performed by President Bounds as President during the fiscal year beginning on July 1, 2015 and ending

June 30, 2016. For purposes of this Agreement, "Fiscal Year" shall mean July 1 to June 30. For each subsequent Fiscal Year, if President Bounds continues to serve as President as of July 1 of such Fiscal Year, then the University shall, during the month of July of such Fiscal Year, credit 11.5 percent of President Bounds' annual base salary as President in effect on July 1 of such Fiscal Year (the "Annual Credit Amount") to the Account (subject to the termination provision in Section 3(c) herein). Each credit of the Annual Credit Amount to the Account shall be attributable to services to be performed by President Bounds as President for the Fiscal Year in which the credit is made. Amounts credited to the Account shall be invested by an investment manager as selected by the University from time to time during the existence of the Account. The Account shall be adjusted from time to time, not less than annually, to reflect deemed income received or accrued and deemed gains or losses, if any, realized from investing amounts credited to the Account, and for any investment management fees attributed to such investment. Sums so accumulated or invested shall be held exclusively by and for the benefit of the University, shall be a part of the general assets of the University, subject to the claims of its creditors, and President Bounds shall have no current or future enforceable interest therein except as provided in this Agreement.

Section 2. Funding Contingencies. The obligation of the University to credit funds to the Account each Fiscal Year shall be subject to the following contingencies:

(a) Termination of Employment. If the employment of President Bounds as President is terminated, whether voluntarily or involuntarily, while this Agreement is in effect, then the University shall credit no additional sums to the Account on and after the date of such termination, other than investment earnings or gains earned through the date of such termination. If the termination is voluntary or involuntary for cause, the University shall retain all of the assets credited to the Account and President Bounds shall have no further claim to any of the assets credited to the Account or the earnings thereon. If the termination is involuntary not for cause, the Account shall be distributed to President Bounds as provided in Section 3(c) herein.

"Termination of Employment" or "Terminates Employment" means the termination of President Bounds' employment with the University for reasons other than death or Disability. Whether a Termination of Employment takes place is determined based on the facts and circumstances surrounding the termination of President Bounds' employment and whether the University and President Bounds intended for President Bounds to provide significant services for the University following such termination. A termination of employment will not be considered a Termination of Employment if President Bounds continues to provide services for the University (whether as an employee or independent contractor) at an annual rate that is 20 percent or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period).

President Bounds' employment relationship will be treated as continuing intact while President Bounds is on military leave, sick leave or other bona fide leave of absence if the period of such leave of absence does not exceed 6 months, or if longer, so long as President Bounds' right to reemployment with the University is provided either by statute or by contract. If the period of leave exceeds 6 months and there is no right to reemployment, a Termination of Employment will be deemed to have occurred as of the first date immediately following such 6-month period.

(b) Disability. If President Bounds shall become disabled during the term of this Agreement to an extent that he is no longer able to perform his duties as President, no further sums shall be credited to the Account following the date of termination as a result of disability other than investment earnings or gains earned through the date of such termination, and the Account shall be distributed to President Bounds as provided in Section 3(d) herein.

(c) Death. If President Bounds shall die during the term of this Agreement, no further sums shall be credited to the Account following President Bounds' date of death other than investment earnings or gains earned through the date of such termination, and the Account shall be distributed to the personal representative of President Bounds' estate as provided in Section 3(e) herein.

Section 3. Vesting, Distribution. The Account shall become vested, and shall be distributed to President Bounds, in the following manner:

(a) Vesting/Distribution at End of Fifth Year of Service. If President Bounds shall continue as President through June 30, 2020, 50 percent of all assets credited to the Account by the University through June 30, 2020, including investment earnings attributed on the books of the University thereto through such date, shall vest and shall be distributed, less applicable withholding required by law, to President Bounds in a lump sum on or before July 31, 2020.

(b) Vesting/Distributions After Seventh Year of Service. If President Bounds shall continue as President for a period of two additional full Fiscal Years through June 30, 2022, all remaining assets credited to the Account by the University during such period, including all investment earnings attributed on the books of the University thereto for such period, shall vest as of June 30 of such second Fiscal Year, and shall be distributed (less required withholding) to

President Bounds in a lump sum on or before July 31 following the second such Fiscal Year.

(c) Vesting/Distributions After Seventh Year of Service. If President Bounds shall continue as President for a period of two additional Fiscal Years from and after July 1, 2022, the assets credited to the Account by the University during such period, including all investment earnings attributed on the books and records of the University thereto for such period, shall vest as of June 30 at the end of such second Fiscal Year, and shall be distributed (less required withholding) in a lump sum on or before July 31 following such second Fiscal Year. For example, if President Bounds' service as President extends through June 30, 2024, the assets so credited to the Account through June 30, 2024, including all investment earnings attributed on the books of the University thereto, shall vest on June 30, 2024, and shall be distributed (less required withholding) to President Bounds in a lump sum on or before July 31, 2024. This two-year credit/vesting program shall continue for as long as President Bounds shall continue to serve as President, unless terminated by the Board upon written notice to President Bounds not less than 60 days prior to the beginning of the first Fiscal Year of any such two-year credit/vesting period.

(d) Vesting/Distribution Following Involuntary Termination Not For Cause. If the employment of President Bounds is involuntarily terminated not for cause while this Agreement is in effect, all of the assets credited to the Account at the time of such termination, including all investment earnings attributed on the books of the University thereto, shall be distributed (less required withholding) to President Bounds in a lump sum within 30 days following such date of termination.

(e) Vesting/Distribution Following Disability. In the event that President Bounds becomes disabled to an extent that he is no longer able to perform his duties as President, all of the assets credited to the Account shall vest. If President Bounds is deemed Disabled, as defined in the following sentence, the assets credited to the Account, including all investment earnings attributed on the books of the University thereto, will be distributed (less required withholding) to President Bounds in a lump sum within 30 days following the date of Disability determination. President Bounds will be deemed Disabled if President Bounds: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the University. Medical determination of Disability may be made by either the Social Security Administration or the University. President Bounds must submit proof to the acceptable to the Board of Disability, including, but not limited to, the Social Security Administration's determination.

(f) Vesting/Distribution Following Death. In the event that President Bounds shall die while this Agreement is in effect, all of the assets credited to the Account at the time of death, including all investment earnings attributed on the books of the University thereto, shall vest and be distributed (less required withholding) to the personal representative of President Bounds' estate in a lump sum within 30 days following President Bounds' date of death.

(g) Vesting/Distribution Following Non-Renewal of Contract. If the employment of President Bounds is terminated based upon the non-renewal of the Contract for reasons other than those described in Section 4(a)-(e) following the initial 5 year vesting period, all of the assets credited to the Account at the time of such termination shall be distributed (less required withholding) to President Bounds in a lump sum within 30 days following such date of termination.

Section 4. Conditions to Distributions. Any distributions to President Bounds from the Account are subject to, and contingent upon, the non-occurrence of the following acts or omissions, as determined in good faith by the Board, to wit:

(a) President Bounds shall commit any substantial violation of the rules and regulations of the Board pertaining to his duties as President of the University.

(b) President Bounds shall commit any substantial violation of any rule or regulation of the National Collegiate Athletic Association (or any successor organization) that is applicable to the University and its intercollegiate athletic programs.

(c) President Bounds shall commit any dishonest or fraudulent act or any misappropriation of funds of the University.

(d) President Bounds shall attempt to assign or encumber any benefits or other payments that he may be entitled to receive hereunder prior to the time of actual distribution and receipt.

(e) President Bounds shall be a party to or convicted of any act involving moral turpitude of sufficient magnitude to reflect discredit upon himself or the University.

In the event that President Bounds engages in any one or more of the above specified acts or omissions, then he shall not, in any event, be entitled to receive any benefits from the Account or otherwise, pursuant to this Agreement, and the University shall retain all of the assets therein. President Bounds shall retain all assets previously distributed from the Account.

Section 5. No Present Rights. Neither President Bounds, his personal representative, heirs, legatees, distributees, or any other person claiming under him shall have any right to commute, encumber, or otherwise dispose of any right to receive payments hereunder, all of which payments and the rights thereto are expressly declared to be non-assignable. In addition, such rights as herein created shall not be subject to execution, attachment, or similar process. Any attempt to assign, transfer, pledge, or otherwise dispose of any such right, interest, or benefit contrary to the provisions of this Agreement, or the levy of any attachment or similar process thereon, shall be null and void and without effect.

Section 6. No Discretionary Powers. President Bounds shall take no part whatsoever in the exercise of discretionary powers that are retained by the University pursuant to this Agreement. The University shall incur no liability to President Bounds for the manner or method in which the assets of the Account are managed or invested.

Section 7. Intent of Parties. Anything to the contrary notwithstanding, it is the intention of the parties to this Agreement that the Agreement shall create a contractual obligation to make payments as provided herein. The parties do not intend, and this document should not be construed, to establish any trust for the benefit of President Bounds or to grant him any beneficial interest in the amounts credited to the separate Account established herein until he is entitled to receive payment thereof, nor shall it be construed as an election on the part of President Bounds to defer any current compensation to which he might be otherwise entitled by reason of his current employment by the University.

Section 8. Miscellaneous Provisions.

(a) Entire Agreement, Amendment. This document constitutes the entire agreement between the parties with respect to the subject matter addressed herein and may not be modified, amended or terminated except by a written agreement specifically referring to this Agreement signed by the parties hereto.

(b) Captions. The section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said section.

(c) Binding Effect. Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and heirs.

(d) Nebraska Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

(e) No Acceleration or Delay of Distributions. The time or manner of distribution of amounts deferred under this Agreement may not be changed by amendment or otherwise except in conformity with the requirements of Code Section 409A.

(f) Taxes on Distributions. The University or its paying agent shall withhold any taxes that are required to be withheld from the benefits provided under this Agreement. President Bounds acknowledges that the University's sole liability regarding taxes is to forward any amounts withheld to the appropriate taxing authority(ies). Further, the University or the paying agent shall satisfy all applicable reporting requirements, including those under Section 409A of the Code and regulations thereunder.

(g) Administration of Agreement. This Agreement shall at all times be administered and the provisions of this Agreement shall be interpreted consistent with the requirements of Section 409A and Section 457 of the Code and any and all regulations thereunder, including such regulations as may be promulgated after the date of this Agreement.

(h) Distributions Upon Income Inclusion Under Code Section 457(f). Notwithstanding any provision in this Agreement to the contrary, upon the occurrence of any event that results in President Bounds becoming vested in whole or in part in amounts credited to the Account, as reasonably determined by the Board, the University will permit a lump sum distribution of an amount to pay Federal, state and local income taxes due upon the vesting event, provided that the amount of such payment is not more than an amount equal to the Federal, state, and local income tax withholding that would have been remitted by the University if there had been a payment of wages equal to the income includible by President [Last Name] under Code Section 457(f) at the time of the vesting.

(i) Distribution upon Income Inclusion under Code Section 409A Failure. If this Agreement fails to meet the requirements of Code Section 409A and as a result, some portion of the President Bounds' benefit is required to be included in his income, the University will pay President Bounds the amount required to be included in his income as a result of such failure and noncompliance and the balance in the Account will be reduced accordingly. If the failure to meet the requirements of Code Section 409A is solely caused by an act or omission by the University (without the participation therein by President Bounds) occurring after the date of this agreement, the University agrees to pay President Bounds an amount (the "409A Penalty Tax Reimbursement") that, after withholding for applicable federal and state income taxes, is needed for President Bounds to pay the interest and additional tax described in Code Section 409A(a)(1)(B). The 409A Penalty Tax Reimbursement will not include the ordinary federal and state income tax President Bounds owes due to the inclusion in his income of amounts payable to him pursuant to this Agreement. President Bounds shall notify the General Counsel of the University in writing within 30 days following the date that he has remitted the interest and additional tax described in Code Section 409A(a)(1)(B), showing the amount thereof. If the University is legally obligated to pay the 409A Penalty Tax Reimbursement, the University will pay the 409A Penalty Tax Reimbursement within 60 days following its receipt of such notification.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and which together shall constitute a single document.

IN WITNESS WHEREOF, President Bounds and the University have executed this Agreement on the respective dates set forth below effective on __________, 2015.

The Board of Regents of the University of Nebraska

____
Date

By: ______________________
David E. Lechner, Vice President for Business and Finance

____
Date

____
Hank M. Bounds, PhD.