

CONTRACT OF EMPLOYMENT
Joanne W. Li, Ph.D.
CHANCELLOR OF THE UNIVERSITY OF NEBRASKA AT OMAHA

This Contract of Employment (this “Contract”) is made by and entered into between the Board of Regents of the University of Nebraska, a public body corporate under the Constitution and Statutes of the State of Nebraska (the “University”) and Joanne W. Li, Ph.D., (“Chancellor Li”), collectively referred to as the Parties. The effective date of this Contract is the date it is accepted and signed by Chancellor Li as hereinafter provided.

RECITALS

- A. As recorded in the minutes of the meeting of the University’s governing Board of Regents (the “Board”) held on May 1, 2021, upon the recommendation of the President of the University (the “President”), the Board approved the hiring of Joanne W. Li, Ph.D. to serve as the Chancellor of the University of Nebraska at Omaha (“UNO”) and Vice President of the University of Nebraska.
- B. Chancellor Li has agreed to serve as Chancellor of UNO and Vice President of the University of Nebraska 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 as follows:

Section 1. Term of Employment

1.1 Chancellor/Vice President. Chancellor Li’s employment as Chancellor of UNO and Vice President of the University of Nebraska will commence on July 1, 2021 and is subject to resignation or termination as provided in Sections 11 and 12 of this Contract, or as otherwise permitted by law. For clarification, references to “annual” or “annually” in this Contract shall refer to the University’s fiscal year, beginning on July 1 and ending on June 30. Except as otherwise specifically and explicitly provided herein, upon resignation or termination of this Contract, all compensation, benefits, perquisites and other privileges provided to Chancellor Li under this Contract shall cease to the full extent permitted by law. Salary and benefits for such duties shall be established in Section 2.1 of this Contract.

1.2 Chancellor-Elect. Effective June 1, 2021 through June 30, 2021, Chancellor Li shall be employed by the University as Chancellor-Elect for purposes of transition coordination and planning. Salary and benefits for such duties shall be established in Section 2.1 of this Contract.

Section 2. Salary; Authority and Duties

2.1 Base Salary. In consideration of an annual salary of \$430,000 (“Base Salary”) and any further agreements and considerations provided in this Contract, effective June 1, 2021, Chancellor Li agrees to accept employment as Chancellor-Elect, and effective July 1, Chancellor Li agrees to accept employment as Chancellor of UNO and Vice President of the University of Nebraska.

2.2 Authority; Duties. As Chancellor and Vice President, Chancellor Li will report to and be accountable to the President, and Chancellor Li will have all of the powers and shall perform all of the duties incident to the Office of Chancellor of UNO and Vice President of the University, as such powers and duties are prescribed by law, the Bylaws of the Board of Regents of the University of Nebraska (the “Bylaws”), and policies, rules, and regulations of the University. A copy of the Bylaws in effect on the date of this Contract has been furnished to Chancellor Li. Chancellor Li is expected to exhibit individual leadership to maintain and foster the highest standards of competence, professionalism and ethics at the University. Chancellor Li acknowledges that her duties as Chancellor include a duty to professionally balance and respect diverse rights, values and competing interests; and a duty to avoid or refrain from actions or comments that can reasonably be expected to bring disparagement or otherwise damage the University or the Office of the Chancellor of UNO. Chancellor Li acknowledges that these duties are not strictly limited to her official actions as Chancellor or the official settings afforded as Chancellor.

2.3 Adjustment of Base Salary. Chancellor Li's Base Salary may at any time during her employment be increased or decreased without formal written amendment or modification of this Contract; provided, that Chancellor Li's Base Salary shall be decreased only under circumstances where the University determines that across-the-board salary reductions for all members of the administrative staff are warranted due to budgetary constraints.

2.4 Merit-Based Increases. Notwithstanding the foregoing, subject to Chancellor Li meeting or exceeding annual performance benchmarks mutually agreed upon by the President and Chancellor Li, Chancellor Li's Base Salary will be increased to \$440,000 for the fiscal year July 1, 2022 to June 30, 2023 and \$450,000 for the fiscal year July 1, 2023 to June 30, 2024.

2.5 Payment. Chancellor Li's Base Salary will be paid in twelve equal monthly installments in accordance with the policies of the University governing payment of salary to other members of the all-year academic-administrative staff of the University.

Section 3. Appointments

3.1 Special Appointment. Chancellor Li's professional staff appointment as Chancellor and Vice President will be an all-year, full-time special appointment in the academic-administrative staff of the University. Chancellor Li's employment as Chancellor and Vice President will be subject to 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 the professional staff as provided in Chapter IV of the Bylaws.

3.2 Continuous/Academic Appointment. In addition, subject to approval of such appointment pursuant to the Bylaws and UNO procedures, Chancellor Li shall have an all-year continuous (tenured) appointment at the rank of Professor in the Department of Finance, Banking, and Real Estate in the College of Business Administration at UNO.

Section 4. Fringe Benefits

4.1 Benefits. Chancellor Li will 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 special appointments. Chancellor Li will receive such additional fringe benefits relating to her employment as Chancellor as are set forth in this Contract and as may be from time to time hereafter approved and authorized by the University.

4.2 Tax Treatment. The Base Salary and taxable portion of fringe benefits paid to Chancellor Li for her 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 owing in relation to Chancellor Li's taxable University compensation, regardless of source. The University follows an IRS Audit Closing Agreement approved by the Board 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 Chancellor Li are reported as taxable income from the University to Chancellor Li on the University's regular payroll reporting (W-2) form. Chancellor Li shall provide substantiation necessary to follow the applicable rules and income reporting guidelines.

Section 5. Deferred Compensation

5.1 Deferred Compensation Agreement. Beginning July 1, 2021, Chancellor Li shall receive deferred compensation as provided in the Deferred Compensation Agreement attached hereto and incorporated herein as Appendix A.

Section 6. Moving and Transition Expenses

6.1 Expenses of Relocation. Pursuant to the University's Moving Relocation Policy, relocation expenses will be paid as a lump sum payment processed through payroll. Payment of relocation expenses up to \$45,000 is authorized.

Section 7. Membership

7.1 Club Membership. As a condition of employment in the performance of duties as Chancellor, Chancellor Li shall have a full privileges or social membership at a country club of

her choosing, provided that the selection of such country club and the membership status thereof shall be acceptable to the University of Nebraska Foundation in its reasonable discretion. Such membership shall be maintained in accordance with the University's policies and processes for non-wage compensation which shall be paid as directed by the University from support received from the University of Nebraska Foundation.

7.2 Tax Treatment. With respect to club membership, initiation fees are not considered compensation to the Chancellor, since the "beneficial" ownership of the club membership, as that term is defined by the IRS, belongs to the University of Nebraska Foundation. Chancellor Li 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 such club membership, in order that annual or periodic club dues may be allocated between business and personal use. Failure to maintain and provide such records shall result in the annual or periodic club dues paid on behalf of Chancellor Li to be fully taxed and reported as compensation. The value of Chancellor Li's personal use of such membership will be considered taxable income to her and reported to the IRS as required by law.

Section 8. Outside Business, Civic and Professional Activities, Dues and Meetings

8.1 Outside Activities. Chancellor Li shall devote substantially all of her time, attention and energies to performance of the duties of the Chancellor of UNO. The University contemplates the performance of these duties by Chancellor Li may be advanced by the expenditure of reasonable amounts of time for charitable, civic, service or professional activities. The University acknowledges that leadership by Chancellor Li in higher education and/or business organizations may advance the interest of the University and encourages Chancellor Li's reasonable (based upon the time commitment involved) participation therein. In addition, Chancellor Li may attend educational conferences, conventions, courses, seminars and other similar professional growth activities, including, specifically, the Harvard Seminar for New Presidents, which do not interfere with performance of her duties as Chancellor of UNO, and reasonable expenses in connection therewith, including membership in professional organizations, shall be paid by the University.

8.2 No Interference or Conflicts. The expenditure by Chancellor Li 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 Chancellor Li's performance of duties as Chancellor of UNO. Chancellor Li shall not engage in any outside activity which may be adverse to the best interest of the University, and she shall not serve as a compensated member of the board of directors of any for-profit organization without first obtaining approval from the President.

Section 9. Activities of Chancellor's Spouse

9.1 Spouse's Attendance; Expenses. The Chancellor'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 Chancellor Li' spouse to participate in selected University events. Ordinarily, this will

include one or two events each year. It is understood and agreed that Chancellor Li's spouse may be expected to participate in University activities as the spouse of the Chancellor to facilitate Chancellor Li's ordinary and necessary duties as Chancellor.

Section 10. Performance Evaluations

10.1 Evaluations. Chancellor Li's professional performance as Chancellor of UNO shall be evaluated by the President by a method that is mutually agreeable to the President and Chancellor Li. Such evaluation method shall include the performance-based metrics developed pursuant to Section 2.4 of this Contract.

Section 11. Termination of Employment

11.1 Termination for Good Cause. A majority of the members of the Board of Regents qualified to serve and vote may terminate the employment of Chancellor Li as Chancellor of UNO and Vice President of the University for good cause. The Board shall have good cause to terminate Chancellor Li's employment as Chancellor and Vice President if she: (a) fails to carry out her duties as Chancellor 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, (b) engages in any misconduct in her role as Chancellor or in any personal misconduct outside of her role as Chancellor that impairs her ability to continue serving as Chancellor, including, without limitation, any misconduct that entails a violation of civil or criminal laws, an ethical violation, or moral turpitude, (c) fails to adhere to the directives of the Board, the President, or the Bylaws, policies, rules, regulations or practices of the University or otherwise engages in any conduct that is deemed insubordinate by the Board or the President, or (d) breaches any of the material terms of this Contract. Prior to taking any action to terminate Chancellor Li's employment as Chancellor and Vice President for good cause, the Board shall first give Chancellor Li written notice of the grounds on which good cause is alleged to be based and provide her with an opportunity for a due process hearing before the Board.

11.2 Termination for Reasons Other than Good Cause. The Parties agree that the President shall have the right to terminate Chancellor Li's employment as Chancellor and Vice President for reasons other than for good cause upon giving Chancellor Li at least one hundred eighty (180) days' prior written notice.

11.3 Effect on Continuous Appointment. In the event of termination of Chancellor Li's employment as Chancellor and Vice President, this Contract and all compensation and benefits provided to Chancellor Li as consideration for her employment as Chancellor and Vice President shall terminate; provided, however, Chancellor Li's continuous (tenured) appointment as Professor in the Department of Finance, Banking, and Real Estate in the College of Business Administration at UNO, and all attendant rights, interests and responsibilities relating to employment in such tenured faculty position, and her salary in the amount provided in Section 14.2 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 the Bylaws.

Section 12. Resignation

12.1 Resignation. Chancellor Li may resign her employment with the University by providing the President at least forty-five (45) days' advance written notice of her resignation. The President and Chancellor Li may mutually agree to waive the forty-five (45) day notice of resignation requirement of this section, in which case Chancellor Li's resignation shall become effective as of the date of the waiver. Upon the effective date of Chancellor Li's resignation, all duties and obligations under this Contract, including, without limitation, any obligation to further compensate Chancellor Li for any work not yet performed, shall cease, with the exception that Chancellor Li's obligations to not disclose Confidential Information or disparage the University shall survive the termination of this Contract.

Section 13. Disability or Death

13.1 Disability. Should Chancellor Li be unable to perform her duties as Chancellor 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 her duties impossible, then either Party may terminate this Contract, whereupon the respective rights, duties, and obligations of the Parties 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 University may have to Chancellor Li under the Nebraska Worker's Compensation laws or to any benefits that Chancellor Li may be entitled to receive under any disability insurance coverage provided in whole or in part by the University.

13.2 Death. In the event of Chancellor Li's death, this Contract shall terminate at the end of the calendar month in which her death occurs. The University shall be liable to Chancellor Li's personal representative for any accrued and unpaid compensation, together with any other benefits, which shall be payable to Chancellor Li's personal representative by reason of her death.

Section 14. Professional Development Leave

14.1 Leave of Absence. If Chancellor Li's employment as Chancellor is terminated after five (5) or more years of service as Chancellor for a reason other than retirement, disability, death, termination for good cause in accordance with Section 11.1, or taking another position outside the University, Chancellor Li is entitled to a six-month professional development leave at her then-current full Base Salary as Chancellor. Alternatively, Chancellor Li may take a twelve-month professional development leave at one-half of her full Base Salary as Chancellor. If Chancellor Li's employment as Chancellor is terminated after ten (10) or more years of service as Chancellor for a reason other than retirement, disability, death, termination for good cause in accordance with Section 11.1, or taking another position outside the University, Chancellor Li is entitled to a twelve-month professional development leave at her then-current full Base Salary as Chancellor. The purpose of such leave shall be for professional development and shall have no pay-back requirements unless Chancellor Li is physically and mentally able to, but does not, commence in her tenured faculty position after such leave.

14.2 Commencement of Faculty Duties. Upon the conclusion of such professional development leave, if any, Chancellor Li shall have a right, subject to approval of such appointment pursuant to the Bylaws and UNO procedures, to a Continuous (tenure) Appointment to a faculty position in the Department of Finance, Banking, and Real Estate in the College of Business Administration at UNO. Such appointment shall be on an academic year basis and shall be paid at a salary no less than the average of the three highest paid faculty members in her home tenure department together with standard University benefits. In the event Chancellor Li is physically and mentally able to, but does not, commence her tenured faculty position after the allotted term of professional development leave, she shall repay the University the salary paid to her during the time of such leave.

Section 15. Non-Disparagement

15.1 Non-Disparagement. Following the cessation of Chancellor Li's employment as Chancellor for any reason, whether effectuated through a termination, resignation, or retirement, Chancellor Li 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 16. Amendments

16.1 Amendments. All prior negotiations and representations between the Parties are expressly integrated into this Contract. This Contract may be amended at any time by written instrument duly approved by the President and accepted by Chancellor Li; provided, however, no such written instrument shall be required for any adjustments in Chancellor Li's Base Salary or changes to the standard fringe benefits of University employment, either of which may be accomplished at any time by official action of the President without the necessity for written modification or amendment hereof.

Section 17. Governing Law; Severability

17.1 Governing Law. This Contract shall be construed and enforced in accordance with, and is subject to, the laws of the State of Nebraska.

17.2 Severability. 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 remaining provisions hereof.

Section 18. Administrative Provisions.

18.1 Counterparts. This Contract may be executed in any number of separate counterparts including by electronic signature of Chancellor Li, each of which executed counterparts shall be deemed an original, and all such counterparts shall together constitute one and the same Contract.

18.2 Notices. 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 University at the following address:

The Board of Regents of the University of Nebraska
Attn: Corporation Secretary
Varner Hall
3835 Holdrege St
Lincoln, NE 68503

and such notices shall be given to Chancellor Li at the following address:

Joanne W. Li, Ph.D.
UNO Office of the Chancellor
6001 Dodge Street
Eppley Administration Building, Room 201
Omaha, NE 68182

[The remainder of this page is intentionally left blank. Signature page follows.]

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

Executed this 12th day of May, 2021, by the President of the University of Nebraska 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: 

Stacia L. Palser
Interim Corporation Secretary

By: 

Walter E. Carter
President

Accepted by Joanne W. Li, Ph.D., on this 12th day of May, 2021.


Joanne W. Li, Ph.D.

APPENDIX A

Deferred Compensation Agreement

[Attached]

**UNIVERSITY OF NEBRASKA
DEFERRED COMPENSATION AGREEMENT**

This Deferred Compensation Agreement (this "Agreement"), effective as of July 1, 2021, is made by and entered into between the Board of Regents of the University of Nebraska, a public body corporate under the Constitution and Statutes of the State of Nebraska (the "University") and Joanne W. Li, Ph.D., ("Chancellor Li"), collectively referred to as the Parties.

RECITALS

- A. 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.
- B. The University's governing Board of Regents (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 Chancellors of the University.
- C. Chancellor Li is being hired by the University to serve as Chancellor of the University of Nebraska at Omaha ("Chancellor"), effective July 1, 2021.
- D. The University would suffer loss if Chancellor Li were to accept another offer of employment, and it is thus ordinary, necessary and reasonable to provide Chancellor Li with additional compensation on a deferred basis to induce her to serve and continue to serve as Chancellor.
- E. The Parties have entered into an agreement to provide Chancellor Li with certain deferred compensation benefits, as set forth herein, that shall be in addition to her current compensation and any future increase thereof for merit or cost of living.

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 as follows:

Section 1. Credits to Account. The University shall, during the month of July 2021, credit via cash deposit to a separate account owned by the University, entitled the "Chancellor Li Deferred Compensation Account" (the "Account"), 11.5 percent of Chancellor Li's first fiscal year base salary as Chancellor in effect on July 1, 2021 (the "Initial Credit Amount"), beginning on July 1, 2021 and ending June 30, 2022. For purposes of this Agreement, "Fiscal Year" shall mean July 1 to June 30. For each subsequent Fiscal Year, if Chancellor Li continues to serve as Chancellor 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 Chancellor Li's annual base salary as Chancellor 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 Chancellor Li as Chancellor 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 Chancellor Li 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 Chancellor Li as Chancellor 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 Chancellor Li 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 Chancellor Li as provided in Section 3(d) herein.

“Termination of Employment” or “Terminates Employment” means the termination of Chancellor Li’s 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 Chancellor Li’s employment and whether the University and Chancellor Li intended for Chancellor Li to provide significant services for the University following such termination. A termination of employment will not be considered a Termination of Employment if Chancellor Li continues to provide services for the University (whether as an employee or independent contractor) at an annual rate that is twenty percent (20%) 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).

Chancellor Li’s employment relationship will be treated as continuing intact while Chancellor Li is on military leave, sick leave or other bona fide leave of absence if the period of such leave of absence does not exceed six (6) months, or if longer, so long as Chancellor Li’s right to reemployment with the University is provided either by statute or by contract. If the period of leave exceeds six (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 six-month period.

(b) Disability. If Chancellor Li shall become disabled during the term of this Agreement to an extent that she is no longer able to perform her duties as Chancellor, 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 Chancellor Li as provided in Section 3(e) herein.

(c) Death. If Chancellor Li shall die during the term of this Agreement, no further sums shall be credited to the Account following Chancellor Li's 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 Chancellor Li's estate as provided in Section 3(f) herein.

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

(a) Vesting/Distribution at End of Third Fiscal Year of Service. If Chancellor Li shall continue as Chancellor through June 30, 2024, fifty percent (50%) of the assets credited to the Account by the University through June 30, 2024, 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 Chancellor Li in a lump sum on or before July 31, 2024.

(b) Vesting/Distributions at End of Fifth Fiscal Year of Service. If Chancellor Li shall continue as Chancellor through June 30, 2026, all remaining assets credited to the Account by the University through June 30, 2026, including all investment earnings attributed on the books of the University thereto for such period, shall vest and shall be distributed (less required withholding) to Chancellor Li in a lump sum on or before July 31, 2026.

(c) Vesting/Distributions After Fifth Fiscal Year of Service. If Chancellor Li shall continue as Chancellor for a period of two additional Fiscal Years from and after July 1, 2026, 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 July 1 following the end of such second Fiscal Year, and shall be distributed (less required withholding) in a lump sum on or before July 31 following the second such Fiscal Year. For example, if Chancellor Li's service as Chancellor extends through July 1, 2028, the assets so credited to the Account through June 30, 2028, including all investment earnings attributed on the books of the University thereto, shall vest on July 1, 2028, and shall be distributed (less required withholding) to Chancellor Li in a lump sum on or before July 31, 2028. This two-year credit/vesting program shall continue for as long as Chancellor Li shall continue to serve as Chancellor, unless terminated by the University upon written notice to Chancellor Li not less than sixty (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 Chancellor Li 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 Chancellor Li in a lump sum within thirty (30) days following such date of termination.

(e) Vesting/Distribution Following Disability. In the event that Chancellor Li becomes disabled to an extent that she is no longer able to perform her duties as Chancellor, all of the assets credited to the Account shall vest. If Chancellor Li 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 Chancellor Li in a lump sum within thirty (30) days following the date of Disability determination. Chancellor Li will be deemed Disabled if Chancellor Li: (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 twelve (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 twelve (12) months, receiving income replacement benefits for a period of not less than three (3) 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. Chancellor Li must submit proof 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 Chancellor Li 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 Chancellor Li's estate in a lump sum within thirty (30) days following Chancellor Li's date of death.

Section 4. Conditions to Distributions. Any distributions to Chancellor Li 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 University, to wit:

(a) Chancellor Li shall commit any substantial or material violation of the directives, bylaws, policies, rules or regulations of the Board pertaining to her duties as Chancellor of the University.

(b) Chancellor Li 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) Chancellor Li shall commit any dishonest or fraudulent act or any misappropriation of funds of the University.

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

(e) Chancellor Li shall be a party to or convicted of any act involving moral turpitude or detrimental conduct of sufficient magnitude to reflect discredit upon herself or the University.

In the event that Chancellor Li engages in any one or more of the above specified acts or omissions, then she 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. Chancellor Li shall retain all assets previously distributed from the Account.

Section 5. No Present Rights. Neither Chancellor Li, her personal representative, heirs, legatees, distributees, or any other person claiming under her 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. Chancellor Li 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 Chancellor Li 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 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 Chancellor Li or to grant her any beneficial interest in the amounts credited to the separate Account established herein until she is entitled to receive payment thereof, nor shall it be construed as an election on the part of Chancellor Li to defer any current compensation to which she might be otherwise entitled by reason of her 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.

(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 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. Chancellor Li 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 Chancellor Li becoming vested in whole or in part in amounts credited to the Account, as reasonably determined by the University, 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 Chancellor Li 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 Chancellor Li's benefit is required to be included in her income, the University will pay Chancellor Li the amount required to be included in her 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 Chancellor Li) occurring after the date of this agreement, the University agrees to pay Chancellor Li an amount (the "409A Penalty Tax Reimbursement") that, after withholding for applicable federal and state income taxes, is needed for Chancellor Li 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 Chancellor Li owes due to the inclusion in her income of amounts payable to her pursuant to this Agreement. Chancellor Li shall notify the General Counsel of the University in writing within 30 days following the date that she 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 sixty (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, Chancellor Li and the University have executed this Agreement on the respective dates set forth below to be effective on July 1, 2021.

**The Board of Regents of the
University of Nebraska**

05/12/21 | 21:45 CDT

Date

By: 

Chris Kabourek, Vice President for
Business and Finance

05/13/21 | 09:30 CDT

Date



Joanne W. Li, Ph.D.