

Board Meeting  
November 12, 2009

## REPORT OF ACTION BY THE EXECUTIVE COMMITTEE

The following action has been taken by the Executive Committee since the last meeting of the Board. This action is now reported to the Board as a whole.

### Accept Resignation of Richard H. Herman as Chancellor, University of Illinois at Urbana-Champaign, and Approve Revised Employment Agreement

On October 20, 2009, Chancellor Richard H. Herman submitted his resignation as Chancellor effective October 26, 2009, which has been accepted subject to approval by the Board or Executive Committee.

Dr. Herman serves as Chancellor pursuant to an Employment Agreement executed December 20, 2005, which includes the right to return to a tenured faculty position in the Department of Mathematics, College of Liberal Arts and Sciences, Urbana. In order to clarify the terms for Dr. Herman's transition to the faculty, a Revised Employment Agreement (attached hereto) was drafted and executed, which includes assignment to the position of Special Assistant to the President through June 30, 2010, a sabbatical leave for the 2010-11 academic year, and service as a faculty member thereafter.

It is hereby resolved that the Board accepts Dr. Herman's resignation as Chancellor, and further approves the Revised Employment Agreement.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

**REVISED EMPLOYMENT AGREEMENT**

This Revised Employment Agreement (“Revised Employment Agreement”), by and between The Board of Trustees of the University of Illinois (“Board” or “University”) and Dr. Richard H. Herman (“Herman”), is being executed for the purpose of specifying the terms and conditions of Herman’s continued employment with the University.

WHEREAS, the parties executed an Employment Agreement on December 20, 2005 (“Initial Employment Agreement”), pursuant to which Herman agreed to serve as Chancellor of the University of Illinois at Urbana-Champaign (“Chancellor”) through June 30, 2010;

WHEREAS, pursuant to Section 10 of the Initial Employment Agreement, Herman possesses the right to return to the faculty on indefinite tenure;

WHEREAS, during the past several months, the University has been dealing with various admissions-related matters, including the Report and Recommendations of the Admissions Review Commission, which have distracted personnel and resources from the University’s core missions;

WHEREAS, Herman has advised the Board of his intention to resign as Chancellor in order to enable the newly constituted Board to select campus leadership;

WHEREAS, Herman has further advised the Board that by resigning he is forgoing the retention payment otherwise payable to him June 30, 2010 in recognition of the University’s difficult financial situation and the sacrifices being made by faculty and staff; and

WHEREAS, the parties wish to allow for an orderly transition in leadership in the office of the Chancellor and for Herman to continue assisting the University in several areas, as requested, including the global Science, Technology, Engineering and Math (“STEM”) Initiative, and to confirm the terms and conditions of Herman’s continued employment by the University;

NOW, THEREFORE, for consideration of mutual covenants contained herein, and other good and valuable consideration, the sufficiency of which is acknowledged, the parties agree:

1. Herman hereby submits his resignation as Chancellor and the Board hereby accepts that resignation, which is effective October 26, 2009 and upon approval by the Board or Executive Committee as specified in paragraph 7 below.
2. For the period from October 27, 2009 through June 30, 2010, Herman will serve as Special Assistant to the President at his current salary, and during this period will be available to (i) assist in the orderly transition to new leadership, and (ii) assist, when requested, the President, the Interim President Designate, and/or Interim President in the performance of administrative tasks and duties that are determined to be in the best interests of the University.
3. As provided by Section 10 of the Initial Employment Agreement, upon Herman’s return to the faculty as Professor of Mathematics on indefinite tenure in the Department of Mathematics, College of Liberal Arts and Sciences at Urbana effective July 1, 2010, he will be entitled to one academic year sabbatical leave of absence at his faculty salary to prepare to resume teaching and research.

4. Beginning no later than July 1, 2011, Herman will be reassigned to the faculty as Professor in the College of Education at Urbana, with an additional appointment as Visiting Professor, College of Education, Chicago, for the period July 1, 2011 – June 30, 2014. The visiting appointment may be extended by mutual agreement of the parties. Herman's salary, benefits and support will be as described in Section 10 of the Initial Employment Agreement. In recognition of the University's request for Herman to assist the University in significant areas where Herman's on-going involvement is important, including the global Science, Technology, Engineering and Math ("STEM") Initiative, Herman's teaching load will be two courses per year.
5. Herman's resignation as Chancellor in no way constitutes an admission that any basis exists for the Board to terminate Herman as Chancellor for any reason with or without cause.
6. Herman acknowledges that no amount is payable to Herman under the severance package provisions of the Initial Employment Agreement. Herman and the Board also acknowledge that upon resigning as Chancellor, Herman is intentionally foregoing the retention payment to which Herman would otherwise have become entitled on June 30, 2010. Herman is also releasing any claims related to employment as Chancellor beyond the effective date of his resignation as Chancellor.
7. When executed by both parties, this Revised Employment Agreement will constitute a binding agreement amending the Initial Employment Agreement to the extent the provisions hereof differ from the provisions of the Initial Employment Agreement, subject only to its subsequent approval by the Board or the Executive Committee. Except as so modified, the provisions of the Initial Employment Agreement shall remain in full force and effect, except that the provisions of Sections 6 and 7 shall cease to apply following the effective date of Herman's resignation as Chancellor.

This Revised Employment Agreement, which may be executed in counterparts delivered via facsimile, pdf or other electronic means (which taken together shall constitute a single agreement), is made as of this 16<sup>th</sup> day of October, 2009.

For The Board of Trustees  
of the University of Illinois

  
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Comptroller

Richard H. Herman

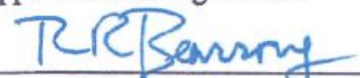
  
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Attest:

  
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Secretary to the Board of Trustees

  
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Attorney for Richard H. Herman

Approved as to legal form:

  
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University Counsel

On motion of Ms. Strobel, seconded by Mr. McMillan, this recommendation was approved by members of the Executive Committee.