

## **Employment Agreement President, Michigan State University**

This Employment Agreement ("Agreement") is entered into as of December 14, 2012, by and between the Board of Trustees of Michigan State University, a constitutional body corporate (the "Board"), and Lou Anna Kimsey Simon (the "President"). This Agreement replaces the Employment Agreement between them dated November 12, 2004 and amended on September 15, 2006, December 7, 2007, December 19, 2008, December 11, 2009, and December 9, 2011.

The Board and the President agree as follows:

1. **Employment.** The Board appoints and employs Lou Anna K. Simon as the president and chief executive officer ("University president") of Michigan State University (the "University") effective December 14, 2012 and Lou Anna K. Simon accepts such employment. This Agreement relates to the President's service as the University president, and nothing in this Agreement shall affect the President's tenure as a full professor in the University's College of Education, with all of the rights and privileges accorded a tenured faculty member of the University.

2. **Duties.** The President shall be responsible to the Board and shall perform such duties as are customarily performed by a university president and chief executive officer and as may be required by law. The President's duties under this Agreement shall include, without being limited to, (a) institutional, faculty, and educational leadership and management, (b) fund raising, development, and alumni and public relations, (c) budget formulation and long range planning, (d) development of regulations, rules, and procedures necessary for the well-ordering of the University, (d) administration of the personnel and the affairs of the University consistent with Board policy, (e) maintenance of positive relationships with the federal government, the Michigan executive branch and legislature, and local governments, and (f) such other duties commensurate with her position as are described in the Bylaws of the Board, as they may be amended from time to time, or required by the Board.

3. **Best Efforts of Employee.** The President shall at all times faithfully, industriously, and to the best of her experience, ability, and talent, perform all of the duties that may be required pursuant to the terms of this Agreement, as best serves the University.

4. **Compensation.**

a. **Salary.** For services rendered in the capacity of University president, the Board shall pay the President an annual salary of Five Hundred Twenty Thousand Dollars (\$520,000), payable in installments at such regular intervals as the University is then using for the payment of executive manager salaries. Such installment payments shall be subject to the customary withholding tax, social security tax, and other employment taxes that may be imposed by the State of Michigan or the United States of America. The annual salary will be reviewed each year by the Board and may be increased but not decreased at the discretion of the Board.

b. **Annual Retention Bonus.** The University shall pay to the President an annual retention bonus of One Hundred Thousand Dollars (\$100,000), provided that the President has served continuously as the President for the twelve consecutive months immediately preceding January 1<sup>st</sup> of the year in which the bonus will be paid. Such bonus will

vest on the first business day following the conclusion of the twelve month period and will be paid to the President on or before the end of the month in which the bonus vests.

c. **Benefits--General.** In addition to the remuneration specified above, the President shall be provided with all of the retirement and other fringe benefits to which executive managers of the University are entitled, now or in the future. The current executive management benefits are set forth in Exhibit A.

d. **Contribution Limitation.** If the United States tax law, now or in the future, limits the Board's contribution to the President's retirement program under the provisions of the University's primary retirement plan to an amount that is less than the maximum contribution otherwise required by the retirement plan, the amount by which such contribution is so limited shall be added to the President's annual salary under paragraph 4.a. of this Agreement.

e. The President shall be provided a personal long-term care policy for herself and her spouse pursuant to the terms of the Long-Term Care Insurance Plan entered into between the President and the University effective September 11, 2008.

5. **Formal Evaluation.** The Board will review annually, by a method that is mutually agreeable to the Board and the President, the state of the University. The President agrees to furnish the Board such oral and written reports as may be required by the Board.

6. **Residence.** The President shall use Cowles House (the official University presidential residence) for the performance of her duties as University president and shall hold official functions and conduct other activities there, relating to the position of University president. The Board shall maintain the immediate grounds around Cowles House, maintain Cowles House in a good state of repair, and provide all utilities to Cowles House, including without being limited to voice, data, and video networks as necessary for the President's use. Expenses of the operation and maintenance of Cowles House shall be expenses of the University and shall include, without limitation, personnel and materials as necessary to conduct official University functions at Cowles House.

7. **Transportation.** The Board shall furnish to the President (a) an automobile from the University Department of Police and Public Safety, with a driver, for travel in connection with the President's official University duties, and (b) a University automobile equivalent to the University automobile furnished to her in her position as Provost, subject to the usual University procedures and practices for the insurance, maintenance, repair, and fueling of the automobile.

8. **Travel for the University.** The Board will pay the President's reasonable travel expenses, hotel bills, and other necessary and proper expenses when the President is traveling or in attendance at places other than the University's campus on the University's business. Such expenses may include expenses for her spouse when he accompanies the President in connection with activities that the President's spouse is officially expected to attend.

9. **Entertainment and Memberships in Service and Professional Organizations.** The President will be reimbursed by the University for any other reasonable expenses that are necessary and appropriate to the office of a university president, including, without being limited to, a membership in a country club, memberships in service and professional organizations, and official entertainment. The President agrees to furnish such vouchers and receipts as are required by University policy for such reimbursement. In addition,

complimentary tickets to University academic, athletic, and cultural events shall be made available for the President, her immediate family, and official guests.

10. **Other Employment.** The President shall devote substantially all her time, attention, and energies to her duties as the University president. The President may serve on corporate and other boards and commissions and receive compensation for such service. The President shall notify the Chairperson of the Board of any potential external board or commission appointment she wishes to accept, and the President shall accept such appointment only with the approval of the Chairperson, which shall be deemed given if the President has received no objection from the Chairperson within seven (7) days after such notification. The expenditure of reasonable amounts of time for personal business and for charitable and professional activities shall not be deemed a breach of this Agreement, provided such activities do not interfere with the services required to be rendered to the Board under the provisions of this Agreement. In no event shall the President engage in any activity that may be competitive with or adverse to the best interests of the University. The making of personal investments and the conduct of personal business affairs shall not be prohibited by this Agreement.

11. **Termination.**

a. **Termination by Board.** In her capacity as University president, the President shall serve at the pleasure of the Board, subject only to the provisions of paragraph 12 of this Agreement. Therefore, the Board may terminate the President's employment by providing a minimum of sixty (60) days written notice of such termination upon an affirmative vote of a majority of the full Board, and her appointment as the University president shall end on the date specified in the resolution thus approved.

b. **Resignation.** The President may resign her appointment as the University president on a specified date, by providing a minimum of sixty (60) days written notice of such resignation to the Board. During the period from the notice of her resignation until its effective date, the President shall fulfill her duties as President and shall cooperate and provide reasonable assistance in the transition to a new University president.

c. **Capacity.** The Board reserves the right to require the President to submit to a medical examination, either physical or mental, if the Board believes the President may be incapacitated. Such examination shall be performed at Board expense by a physician licensed to practice medicine in all its branches, selected by the Board in consultation with the University Physician. If the President is determined to be unable to perform her duties under this Agreement due to disability, her appointment as University president under this Agreement shall terminate immediately, but her salary under paragraph 4 of this Agreement shall continue to be paid to her for six (6) months following such termination; provided, however, that the foregoing shall not limit the President's rights under any applicable disability insurance coverage, nor shall this provision in any way limit the authority of the Board to designate an acting University president in the event of the disability of the President as determined by the Board.

12. **Post Presidency.**

a. **Return to Faculty.** If the President chooses to return to the faculty after her service as the University president, she shall be entitled to a twelve (12) month research leave for the purpose of assisting her in her return to the faculty. During this research leave, she shall be paid 100% of her last base salary as President, she shall

continue to be provided with all fringe benefits to which officers of the University are entitled, and she shall be provided with a suitable office in a mutually agreeable University building, along with appropriate secretarial services, computer and technology equipment, technical support, a telephone, and other necessary office tools. Upon her return to the faculty, her appointment shall be on an annual year (AN) basis and her initial salary shall be 100% of her last presidential base salary for the first year and 75% of her last presidential base salary for the second and any subsequent years, thereafter subject to annual review, salary increases, and fringe benefits consistent with those available to other members of the tenured faculty. The President will be provided with a suitable office in a mutually agreeable University building, secretarial services, appropriate computer and technology equipment, technical support, a telephone, and other office tools appropriate to her work as a faculty member.

b. **Lifetime Benefits.** After the President's service as the University president under this Agreement, the Board shall provide to the President for her lifetime and to her spouse for his lifetime:

i. Two complimentary all events and all locations driving and parking passes ("red passes") as are available to her as the President;

ii. Two complimentary tickets to home football games in the Spartan Club on the 4<sup>th</sup> floor of the Stadium Tower;

iii. Two complimentary tickets to home women's basketball games in a seating location comparable to those provided for men's basketball and two complimentary courtside seats for women's volleyball;

iv. The option to purchase up to four season tickets for men's basketball with the seating assignment in the same location provided to her during the 2009-2010 basketball season or an equivalent location acceptable to the President and her spouse;

v. Tickets for bowl games and post-season play for football, men's and women's basketball, and ice hockey, and tickets for performances on campus (by way of example but not limitation at Wharton Center, the MSU Auditorium and the Breslin Center) on the same basis as such tickets are offered to University Trustees Emeriti or as such tickets are offered to donors at the President's donor status, whichever is preferable to the President;

vi. A parking pass for each home football game, home men's and women's basketball game, and home ice hockey game on the same basis such parking passes are offered to University Trustees Emeriti.

c. **President Emeritus Title.** After her service as the University president, the President shall have the title of President Emeritus in addition to her faculty title. To facilitate her activities in support of the University as President Emeritus, the President and her spouse will continue to be provided technical computer support and access to all MSU computer services including voice mail. Any costs associated with the provision of such technical support will be paid by the Office of the President.

d. The provisions of this paragraph 12 shall survive the termination of this Agreement.

13. **Miscellaneous.**

a. **Entire Agreement.** This Agreement, including its Exhibit A, constitutes the entire agreement of the Board and the President regarding the President's employment as University president, superseding any other agreements as to such employment. The President acknowledges and agrees that no prior or other written or oral representations or agreements as to such employment, if any, shall be deemed to be a part of this Agreement or otherwise binding on the Board.

b. **Amendments; Assignments; Waiver.** This Agreement may not be amended except by a writing signed by both parties. Neither party may assign rights or responsibilities under this Agreement without the express prior written consent of the other party. No waiver of rights under this Agreement shall be effective unless in a writing signed by the party against whom enforcement of the waiver is sought, and no waiver of rights at one time shall be deemed a waiver of the same or other rights in the future.

c. **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the State of Michigan.


d. **Severability of Parts.** In the event any part or provision of this Agreement is held to be illegal or unenforceable, it shall be deemed severed from this Agreement without effect on the remaining provisions of this Agreement.

e. **Tax Liability.** The President acknowledges that the Board cannot guarantee personal tax treatment of any payments or benefits under this Agreement and that she shall be responsible for any personal income tax liability incurred as a result of this Agreement. The President further acknowledges that she has not relied on the Board or its counsel or University personnel and that she has been advised to seek professional advice with regard to compensation and other matters addressed by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement, President, Michigan State University, on December 14, 2012.

  
Lou Anna Kimsey Simon

**Board of Trustees of  
Michigan State University**

By:   
Joel I. Ferguson, Chairman

MSU Human Resources >> Hiring >> Faculty Hiring >> Executive Management Benefits Summary

## Executive Management Benefits Summary

Benefit	Who Pays	Coverage Begins	Benefit Specifics
Accidental Death & Dismemberment	Employee	Date of employment if enrolled within 60 days of appointment or during the annual open enrollment period.	A voluntary AD&D plan is available through payroll deduction in increments ranging from 1 to 8 times an employee's base annual earnings up to a maximum of \$1 million dollars.
COBRA			If employment terminates or a position is reduced to less than 50% time, coverage under the health and/or dental plans may be continued in accordance with the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, for up to 18 months (29 months if disabled and receiving Social Security Disability (SSD) or deemed disabled by SSD any time during the first 60 days of COBRA coverage) by paying 102% of the monthly premium cost.
Course Fee Courtesy	University	Upon employment	Dependent children and spouses admitted to Michigan State University to pursue a curriculum leading to a first baccalaureate degree (maximum of first 120 credits attempted) or to a certificate in the Agricultural Technology Program are entitled to Course Fee Courtesy, providing credit of an amount equal to one-half of the applicable Michigan resident on-campus undergraduate course fee.
Dental Coverage	University	Date of employment if enrolled within 60 days of appointment or during the annual open enrollment period.	<p>Employees may choose dental plan coverage through Delta Dental or Aetna Dental Maintenance Organization for themselves and their dependents within 60 days of employment or during an annual open enrollment. The University currently pays the full cost of the premium for individuals working full-time. The coverage is briefly described below:</p> <p>The Delta Dental plan pays 50% of the usual reasonable and customary costs of most dental services up to a maximum payment of \$600 per person per calendar year. Orthodontia is covered for persons under age 19 with a 50% co-payment and has a \$600 lifetime maximum.</p> <p>The Aetna Dental Maintenance Organization (DMO) utilizes primary care dentists to lower the cost – it is a managed care dental plan. Members select a primary care dentist (PCD) from the provider network and visit their PCD as needed for treatment and care. There are fixed co-pays for services and there is no annual or lifetime benefit maximum or an annual or lifetime deductible.</p>
Employee-Paid Life Insurance	Employee	Date of employment if enrolled within 60 days of appointment. Enrolling after 60 days requires Statements of Insurability and waiting until the annual open enrollment period to apply.	Optional life insurance is available through payroll deduction in increments ranging from 1 to 8 times an employee's base annual earnings up to a maximum benefit of \$2 million dollars. Rates for this coverage vary depending on the employee's age.
Basic Life Plan	University	Upon employment	In case of death of an active employee (including leaves of absence for up to 180 days from the last day paid), the University provides life insurance equal to one year's annual base salary (\$50,000 maximum).
Flexible Spending Accounts (FSA)	Employee (Pre-tax basis)	The first of the month following the month of enrollment if enrolled within 60 days of appointment or during the annual open enrollment period.	Employee may enroll in a FSA by designating an amount of pre-tax dollars to be set aside for health related and/or dependent care expenses. This results in a tax savings on federal, state, city (if applicable) and social security taxes.
			Employees have the option of choosing either Blue Cross Blue Shield of Michigan Community Blue (PPO) or Blue Care Network (BCN)

Health Care Coverage	University and employee (on a pre-tax basis) make a monthly contribution toward the premium	<p>Date of employment if enrolled within 60 days of appointment or during the annual open enrollment period.</p> <p>Spouses or other eligible individuals who have access to coverage elsewhere must purchase single coverage through their own employer if the annual premium contribution toward that coverage is \$850 per year or less.</p>	<p>for themselves, their spouse or Other Eligible Individual* and their eligible dependents. Coverage through Blue Cross Blue Shield of Michigan Transition Plan is available only when there is a mix of Medicare and non-Medicare family members (if certain medical criteria are met).</p> <p>The coverages are briefly described below:</p> <p><b>Community Blue:</b></p> <p>Community Blue is a Preferred Provider Organization (PPO) and allows you to choose whether you receive health care services from an in-network or out-of-network provider. There is a nationwide network of participating PPO physicians and hospitals that allow you to choose any physician in the network without requiring a referral from a primary care physician. The in-network deductible is \$100/individually and \$200/family for the calendar year. For out-of-network services, the deductible is \$250/individually or \$500/ family for the calendar year with higher out-of-pocket costs, usually a 20% co-pay.</p> <p><b>Blue Care Network (BCN):</b></p> <p>BCN is a Health Maintenance Organization (HMO), meaning that enrollees will select and work closely with a primary care physician to manage care. MSU members can seek services from both in-network and out-of-network (non-contracted) providers. Deductibles, co-insurance and prior- authorization requirements apply in some circumstances. The in-network deductible is \$100/individually and \$200/family. The out-of network deductible is \$500/individually and \$1,000/family for the calendar year. A majority of the services are subject to a 20% co-insurance after meeting the deductible, up to a maximum of \$3,000 individually or \$6,000/family per calendar year.</p> <p><b>CVS Caremark Prescription Drug Plan</b></p> <p>The prescription drug plan is administered through CVS Caremark. CVS Caremark has a large network of over 55,000 participating retail pharmacies, including some of the largest drug store chains. Employees may choose to purchase their prescriptions at a participating retail pharmacy, at an MSU pharmacy or through CVS Caremark's mail order program. Copays are as follows:</p>
#	Drug Tier	34-Day Supply Co-Pays	90-Day Supply Co-Pays
1.	Generic drug	\$10	\$20
2.	Formulary Brand Drug (when no generic prescribing program alternatives are available) <sup>***</sup>	\$20	\$40
3.	Non-Formulary Brand Drug (when no generic prescribing program alternatives are available) <sup>***</sup>	\$40	\$80
4.	Formulary Brand Drug or Non-Formulary Brand Drug when a direct generic equivalent is available but not selected. <sup>***</sup>	\$10 PLUS 100% of the difference in cost between the brand drug and the direct generic equivalent.	\$20 PLUS 100% of the difference in cost between the brand drug and the direct generic equivalent.
5.	Formulary Brand Drug or Non-Formulary Brand Drug when a "same class" generic drug is available from the Generic Prescribing Program "Level II" drug list. ( <a href="#">Click here</a> for a more detailed description of Generic Prescribing Program Level II drugs.) <sup>***</sup>	\$10 PLUS 100% of the difference in cost between the brand drug and the average cost of all the generics available in the same class of drugs.	\$20 PLUS 100% of the difference in cost between the brand drug and the average cost of all the generics available in the same class of drugs.
6.	Bio-Tech Drugs/Specialty Drugs <sup>***</sup>	\$50	Effective 7/1/11 90-day supplies of bio-tech/specialty drugs will no longer be offered <sup>***</sup>

<b>Annual Out-of-Pocket Maximum</b>	<b>Individual \$1000</b>	<b>Family \$2000</b>
<b>CVS CVS Caremark Customer Service</b>	1-800-565-7105	<a href="http://www.cvs-caremark.com">www.cvs-caremark.com</a>

**\*Generic Prescribing Program**

Brand-name drugs available under the plan may be affected by the Generic Prescribing Program. This program includes the following provisions:

**Level I of the Program:** If you or your dependent selects a brand-name prescription drug for which a direct generic equivalent is available, in addition to the generic copay, you will also need to pay the difference in cost between the brand-name drug and the direct generic equivalent that could have been chosen.

**Level II of the Program:** For certain therapeutic classes of drugs, if you or your dependent choose a brand-name drug for which generic options exist within the same therapeutic class of drugs, in addition to the generic copay, you will also need to pay the difference in cost between the brand-name drug and the average cost of the generic alternatives available in the therapeutic class. The therapeutic classes of drugs impacted by Level II of the program include osteoporosis, nasal steroids, high cholesterol, allergies, sleep problems and GERD/acid reflux. (Effective 7/1/11, migraine medications, blood pressure drugs (ARBs and ACEs) and acne antibiotics will be part of this class of drugs.)

**Excluded-Drugs:** Under Level I and Level II of the program include: Premarin, Lanoxin, Dilantin, Coumadin and Synthroid.

**Exception-Process:** In rare cases, some people are unable to use a certain generic drug for documented medical reasons. There is an exception process through CVS Caremark that physicians can use to request an exception if there is a documented medically necessary reason that a patient needs to take a brand

medication instead of a generic. There will be no additional charge to you or your physician to file an exception (however, your physician may charge you a fee or copay for their time).

**2. Exception Request Form**

**\*\* "Bio-Tech/Specialty Drugs"** will be limited to 34-day supplies (90-day supplies will no longer be available for these drugs). In addition, effective 7/1/11 these types of drug prescriptions can only be filled by the CVS/Caremark Specialty Pharmacy. Rheumatoid arthritis prescriptions are an exception and can continue to be filled in 90-day supplies.

<b>Holidays</b>	University	Upon employment	There are nine paid holidays in any calendar year: New Year's Day, the day preceding or following New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day following Thanksgiving Day, Christmas Day and the day preceding or following Christmas Day, or as otherwise announced by the University.
<b>Jury Duty</b>	University	Upon Employment	Individuals who are called to serve on jury duty or to testify pursuant to court-issued subpoena will be compensated for the difference between pay for jury duty and regular pay if absent from work for more than 80 hours. No adjustment is required for jury duty service of 80 hours or less.
<b>Leave Without Pay</b>		Upon Employment	Leave without pay may be granted for up to two years. Extensions beyond two years may be approved by the administrative superior to whom responsibility for personnel actions has been delegated.
<b>Long Term Care Insurance</b>	Employee		<a href="http://www.hr.msu.edu/benefits/ltc.htm">http://www.hr.msu.edu/benefits/ltc.htm</a>
<b>Long-Term Disability</b>	University	Upon full-time employment	<p>Benefits normally begin on the 181<sup>st</sup> day following the completion of 180 days of continuous disability.</p> <p>The monthly income benefit is 60% of monthly base salary up to \$15,000. The LTD benefit amount is offset by any Social Security, Workers' Compensation or other applicable wage replacement benefits.</p> <p>The monthly waiver benefit will pay both the employee's 5% and the University's 10% contribution to the Base Retirement Plan of the employee. This is in addition to the monthly LTD income benefit.</p>



			Both the monthly income benefit and the monthly waiver benefit are increased each year. In addition, the University contribution toward health, dental and Employee-Paid Life benefits will continue.
Medical Leave	University	Upon Employment	Up to six months of paid leave is available if health problems prevent the individual from working. Medical leave is non-accrualable with no terminal payoff. Individuals on a Family Medical Leave (FMLA) will have their health and dental benefits continued at the same level and with the same premium contribution as prior to the FMLA leave. Any share of premiums which had been paid by the individual prior to the leave must continue to be paid during the leave, otherwise coverage will be cancelled.
Military Duty	University	Upon Employment	The University cooperates fully with individuals taking part in the reserve program of the military forces which calls for up to 15 days active duty training annually with the National Guard, Officers' Reserve Corps, or similar U.S. military organizations. The University will pay the individual the difference between military pay and allowances and normal take-home pay for up to 15 calendar days when ordered to active duty for training, and for up to 10 additional calendar days per fiscal year when ordered to active duty for the purpose of handling civil disorders.
Outside Work for Pay			Covered by the faculty policy which is described in the Faculty Handbook. The Policy provides an average of four days per month with written approval of the supervisor.
Professional Development			Support for professional development is provided to individuals serving as executive managers. The nature of such support is variable but the level provided is broadly equivalent on a pro-rated basis to the sabbatical leave program for faculty, i.e., approximately \$6,000 per year. Requires approval of the supervisor. (Degree-related tuition support in excess of \$5,250 is taxable as income per IRC 127).
Retirement Eligibility		Upon Employment	<p>To be considered a retiree from Michigan State University, an individual must have attained one of the following: 1) 15 years of service in an Executive Management position; 2) at least age 62 with a minimum of 15 years of University service; 3) 25 years of service at any age. If the condition of #1, above, is met, the individual retains eligibility for Michigan State University retiree status if assigned subsequently to a non-Executive Management position. If 15 years of executive management service is not completed at the point of transfer, the years served as an executive manager as a percentage of the 15 years for EM retirement eligibility will be applied to the 25 year eligibility requirement for all other university employees, rounded up to the next half year.</p> <p>An individual entering executive management status from an MSU position in which service credits toward retirement status have been earned shall be given immediate credit toward the fifteen year Executive Management retirement requirement in proportion to the ratio that such prior service bears to the 25 year vesting requirement for all other University employees, rounded up to the next half year.</p> <p>Access to retiree health coverage is based on employment date:</p> <p>Executive Managers hired prior to July 1, 2005 and meeting the minimum University retirement requirements will remain eligible to maintain health and dental coverage and receive a University contribution toward the premiums based on the number of full-time equivalent (FTE) service months at retirement.</p> <p>For Executive Managers hired on or after July 1, 2005 and before July 1, 2010, the University will contribute to the lowest cost health plan's single rate for which the employee/retiree is eligible. (The contribution is based on the full-time equivalent (FTE) service months at the time of retirement).</p> <p>Executive Managers appointed on or after July 1, 2010 are not eligible for a University contribution to health care benefits. Retiree health coverage is available to purchase through the University.</p>
Retirement Program	University & Employ	Offered upon employment. Individual enrollment is necessary. Enrollment must occur prior to the first of the month the application is to be effective. Required at age 35 or	A contributory tax deferred annuity program is provided. The individual contributes 5% and the University contributes 10% of the annual base salary under the 403(b) Base Retirement Program. The University also offers a voluntary 403(b) Supplemental Retirement Program and a 457(b) Deferred Compensation Plan. The MSU Human Resources Benefits Office provides detailed information about

		after 24 FTE service months, Whichever is later	retirement programs.
Salary	University	Upon Employment	All salary adjustments will be allocated on the basis of merit.  Special merit salary adjustments in recognition of superior performance or expanded responsibilities may be provided in addition to regular salary adjustments.  Regular reviews of compensation shall be conducted to ensure competitiveness with peers (salary at the midpoint of the Big Ten (CIC) universities is the accepted benchmark).
Transitional Support			The employment of an executive manager may be terminated at any time without notice or cause. An executive manager terminated as a result of reorganization or changes in program needs and directions may receive, in the President's discretion, up to three months transition pay, pay off of unused vacation days at the time of termination, and continuation of university health, prescription, and dental benefits with the usual university contribution for up to three months following termination. Transition support will not be provided if the executive manager's employment is terminated for misconduct or unsatisfactory performance. The President will consult with the Board of Trustees' Compensation Committee regarding any severance arrangements that provide more generous benefits than those described above.
Travel Accident	University	Upon employment	While traveling on University business or approved activity on or beyond campus limits, the University provides accidental death and dismemberment coverage in the principal amount of \$50,000.
Vacation	University	Upon Employment	Eligible for forty-eight (48) vacation days biennially on a fiscal year basis. Vacation days are available prospectively; they are non-accruable beyond the biennial fiscal year period. (Vacation days do not include Saturdays and Sundays or official university holidays.) Arrangements to take one's vacation entitlement should be made prior to resignation/retirement; however terminal payoff can be made by agreement with the supervisor.
Waiver of Health Care Coverage	University	Date of employment if enrolled within 60 days of appointment.	If currently covered by another health plan, employees may waive MSU's coverage in exchange for a cash payment (\$600 maximum). Employees have 60 days to enroll or during annual open enrollment. The waiver is not an option when both the employee and spouse or Other Eligible individual* are employed by MSU.

In addition, the following benefits/privileges are provided:

Social Security  
 Workers' Compensation  
 Unemployment Compensation  
 Access to University athletic, recreation and cultural facilities/events  
 Athletic event tickets at staff rates  
 Library privileges

\*Other Eligible Individual (OEI):

Under the Other Eligible Individual (OEI) program, a benefits eligible MSU employee or retiree who does not have a spouse eligible to enroll for health, dental, supplemental life insurance, and/or accidental death and dismemberment coverage may enroll one (1) OEI, but only if ALL of the following eligibility criteria are met:

The OEI currently resides in the same residence as the employee and has done so for the last 18 continuous months, other than as a tenant;

The OEI is not a "dependent" of the employee as defined by the IRS; and

The OEI is not eligible to inherit from the employee under the laws of intestate succession in the State of Michigan.

Children of an employee's OEI may be eligible for health, dental, supplemental life insurance, and/or accidental death and dismemberment coverage. Once the dependent turns age 19, detailed eligibility information is available on the HR website at [www.hr.msu.edu](http://www.hr.msu.edu).

Eligibility to continue coverage for an OEI ceases on the date the above criteria are not met. Employees and retirees must immediately notify MSU Human Resources Benefits of a change in eligibility status and complete an "Affidavit of Termination of Other Eligible Individual Partnership" form.

The following individuals do not fall within the eligibility criteria for this program:

Spouse Children and their descendants (i.e., children, grandchildren) Parents Parent's descendants (i.e., siblings, nieces, nephews)  
Grandparents and their descendants (i.e., aunts, uncles, cousins)

Renters, boarders, tenants, etc.

As a retiree, you may add your eligible OEI to your health/dental benefit plan and receive the University's contribution, if your OEI was officially registered on or before January 1, 2009, and you were retired or had met the minimum retirement eligibility criteria on or before that date. In the event of your death, your OEI may continue coverage with the MSU contribution; however, they may not add a new partner to the plan. If your OEI was not registered on or before January 1, 2009, or you were not retired/eligible to retire on that date, your OEI is eligible to enroll and purchase a health/dental plan consistent with the plan in which you are enrolled.

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## **MICHIGAN STATE UNIVERSITY**

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**FIRST AMENDMENT TO EMPLOYMENT AGREEMENT  
PRESIDENT, MICHIGAN STATE UNIVERSITY**

This First Amendment to Employment Agreement (the "First Amendment") is entered into effective December 13, 2013 by Michigan State University ("University") and Lou Anna Kimsey Simon (the "President"), to modify and supplement the Employment Agreement between them dated December 14, 2012 (the "Agreement"). All terms and conditions of the Agreement remain in full force and effect, except as modified and supplemented by this First Amendment, which shall prevail in the event of any conflict.

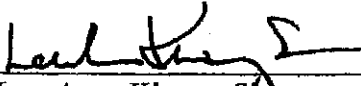
The University and the President agree as follows:

1. Section 4.b of the Agreement is replaced in its entirety by the following:

Annual Retention Bonus. The University shall pay to the President an annual retention bonus of One Hundred Twenty Five Thousand Dollars (\$125,000), provided that the President has served continuously as the President for the twelve consecutive months immediately preceding January 1<sup>st</sup> of the year in which the bonus will be paid. Such bonus will vest on the first business day following the conclusion of the twelve month period and will be paid to the President on or before the end of the month in which the bonus vests. Starting January 1, 2014, the amount of this retention bonus will be increased annually by a percentage equal to the total percentage increase available for non-union faculty raises, including percentages for college and university-wide market pool adjustments, or equivalent amounts however defined.

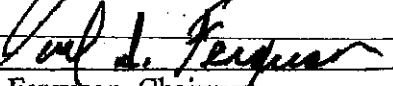
*To evidence their agreement as set forth above, the President and the MSU Board of Trustees have executed this First Amendment to Employment Agreement below.*

PRESIDENT:

  
\_\_\_\_\_  
Lou Anna Kimsey Simon

Date: 12/19/13

BOARD OF TRUSTEES OF  
MICHIGAN STATE UNIVERSITY

By:   
\_\_\_\_\_  
Joel L. Ferguson, Chairman

Date: 12/19/13

**SECOND AMENDMENT TO EMPLOYMENT AGREEMENT  
PRESIDENT, MICHIGAN STATE UNIVERSITY**

This Second Amendment to Employment Agreement (the "Second Amendment") is entered into effective January 1, 2015 by Michigan State University ("University") and Lou Anna Kimsey Simon (the "President"), to modify and supplement the Employment Agreement between them dated December 14, 2012 and amended on December 13, 2013 (the "Agreement"). All terms and conditions of the Agreement remain in full force and effect, except as modified and supplemented by this Second Amendment, which shall prevail in the event of any conflict.

The University and the President agree as follows:

1. Section 4.a of the Agreement is replaced in its entirety by the following:

Salary. For services rendered in the capacity of University president, the Board shall pay the President an annual salary of Seven Hundred Fifty Thousand Dollars (\$750,000), payable in installments at such regular intervals as the University is then using for the payment of executive manager salaries. Such installment payments shall be subject to the customary withholding tax, social security tax, and other employment taxes that may be imposed by the State of Michigan or the United States of America. The annual salary will be reviewed each year by the Board and may be increased but not decreased at the discretion of the Board.

2. Section 4.b of the Agreement is replaced in its entirety by the following:

Annual Retention Bonus. The University shall pay to the President an annual retention bonus of One Hundred Thousand Dollars (\$100,000), provided that the President has served continuously as the President for the twelve consecutive months immediately preceding January 1<sup>st</sup> of the year in which the bonus will be paid. Such bonus will vest on the first business day following the conclusion of the twelve month period and will be paid to the President on or before the end of the month in which the bonus vests.

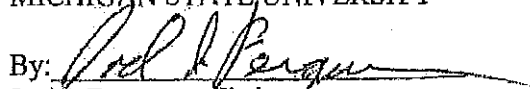
*To evidence their agreement as set forth above, the President and the MSU Board of Trustees have executed this Second Amendment to Employment Agreement below.*

PRESIDENT:

  
Lou Anna Kimsey Simon

Date: 12-16-14

BOARD OF TRUSTEES OF  
MICHIGAN STATE UNIVERSITY

By:   
Joel I. Ferguson, Chairman

Date: 12-16-14