

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), by and between Joyce Ester, Ph.D. (“Dr. Ester” or the “President”) and the Board of Trustees of Governors State University (as a body politic and corporate pursuant to 110 ILCS 670/15 “the University,” and when referred to as a board of trustees of the University itself, “the Board”).

WITNESS

WHEREAS, Dr. Ester has been appointed to the position of President of the University effective July 1, 2025;

WHEREAS, both the University and Dr. Ester desire to set forth their respective rights and obligations with respect to this appointment in this Agreement;

WHEREAS, this Agreement has been duly approved and its execution has been duly authorized on behalf of the Board;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

A. Term.

The University shall employ Dr. Ester as its President for a term of three (3) years from July 1, 2025 through July 1, 2028 (the “Term”), except as provided in Section G (“Termination”). By no later than October 31, 2027, the Board and Dr. Ester shall convey their respective intent to renew or extend the Term of this Agreement. Based on any mutual intent to extend the Term, the parties shall work in good faith to complete a writing governing such continued employment by no later than March 1, 2028. Dr. Ester hereby accepts such employment on the terms and conditions set forth in this Agreement.

B. Powers and Duties.

During the Term of this Agreement, Dr. Ester shall perform those services and duties that are consistent with her position as President of the University, that are required of the President of the University under the Governors State Board of Trustees Bylaws (“Board Bylaws”), Governors State Board of Trustees Governing Policies (“Board Policies”), Governors State Board of Trustees Regulations (“Board Regulations”), or any other rules and regulations of the University, or which may be lawfully assigned to the President by or under the authority of the Board consistent with her position as President of the University (collectively, the “Duties”); and Dr. Ester shall devote her full business time, abilities, talent, attention, skill and efforts to the faithful performance of the Duties for the University.

Dr. Ester and the Board acknowledge and agree that the Duties hereunder shall be limited to those duties customarily performed by presidents of public universities comparable in size and type to the University, such as (but not limited to):

- Creating and nurturing a campus culture consistent with the University's mission, vision, and core values;
- Creating a leadership culture of ethics, accountability, transparency, and integrity;
- Strategic and long-term planning (subject to Board approval);
- Developing and supporting diversity, equity, and inclusion initiatives subject to then-applicable federal and state laws and regulations;
- Maintaining primary control over and responsibility for University athletics;
- Fostering faculty and community relations;
- Managing public relations;
- Building relationships with federal, state, and local governments;
- Creating and managing with financial accountability;
- Developing and managing a budget;
- Overseeing fundraising, development, and alumni relations;
- Protecting freedom of expression and academic freedom;
- Ensuring access and equality of educational opportunity;
- Supervising student services;
- Supervising University buildings, grounds, and equipment;
- Overseeing the recruitment, appointment, promotion, and dismissal of all staff and faculty members; and
- Maintaining a visible presence on campus and at campus events;
- Performing such other duties as may be reasonably determined by the Board or as stated in the Board Bylaws, Policies, or Regulations.

These Duties shall be rendered at the University's Campus in University Park, Illinois and at such other place or places as the Board shall deem appropriate for the interest, needs, business, or opportunity of the institution.

In the event Dr. Ester will be absent from the University and not accessible for a period of five (5) business days or more, Dr. Ester shall disclose this information to the Board.

C. Compensation.

1. Annual Base Salary. The University shall pay to Dr. Ester an initial annualized base salary (the "Base Salary"), less applicable deductions. The Base Salary shall be \$305,000 during the 2025-2026 academic year, payable in equal monthly installments subject to the availability of funding by the State of Illinois. The Base Salary may be increased at the discretion of the Board. The Board of Trustees and Dr. Ester agree that Dr. Ester's Base Salary may increase on an annual basis by three percent (3%), if her performance in a year supports an increase for the following year. Notwithstanding the foregoing, any adjustment to Dr. Ester's Base Salary will be determined in the Board's sole and absolute discretion as part of the performance evaluation process outlined in Section D and shall further be dependent on funding by the State of Illinois. There is no guarantee of an increase and there is no minimum annual increase, but there will be no decrease, to Dr. Ester's Base Salary. Dr. Ester's salary will be paid in accordance with this Agreement and will not be subject to University-wide adjustments in salary paid to any other University employee.

2. **Performance Bonus.** Based on a fiscal year of July 1 through June 30, the University shall annually pay Dr. Ester a lump sum amount up to twenty-five thousand dollars (\$25,000.00), representing an annual discretionary “Performance Bonus” payment based on the Board’s annual evaluation of her performance as stated in Section D, and pursuant to 110 ILCS 670/15-190. It is within the sole discretion of the Board of Trustees to determine whether the Performance Bonus payment has been earned. If the Board of Trustees concludes Dr. Ester’s performance meets expectations she may receive her annual Performance Bonus, but the ultimate decision as to whether such bonus will be paid rests with the Board. All performance bonuses will be paid in a single lump sum payment within thirty (30) days of the determination to award such bonus.

The University shall endeavor to determine whether the Performance Bonus payment has been earned following the applicable University fiscal year relating to the Performance Bonus payment, beginning after July 1, 2026 no later than November 1 of the fiscal year following the fiscal year in which the Performance Payment was earned.

3. **Retirement Contribution.** By August 1 of each year of this Agreement, the University will make annual contributions to a Supplemental Executive Retirement Plan (“SERP”) for the benefit of Dr. Ester in an amount equal to five percent (5%) of her total annual compensation, which consists of Base Salary and any Performance Bonus awarded in the prior fiscal year. For the avoidance of doubt, the first such annual contribution shall be due August 1, 2026 and shall relate to the total annual compensation earned in fiscal year 2026 ending on June 30, 2026. All SERP contributions will be made consistent with the requirements of a deferred compensation 457(f) plan, which will provide for vesting and payment to Dr. Ester upon the earliest to occur of completion of the Term so long as Dr. Ester is in good standing as an employee of the University on that date, or upon termination of her employment without Cause (as defined in Section G.1 *infra*), for death, disability, or resignation for Good Reason (as defined in Section G.3 *infra*).

D. Annual Performance Evaluation.

In accordance with 110 ILCS 670/15-190, on or before September 1, 2025 and on each September 1st thereafter, Dr. Ester shall set forth goals and objectives, to be accomplished by the following June 30th, and deliver the same to the Board or its designated committee for review and approval. On or before September 1 of each year thereafter, Dr. Ester shall provide to the Board or its designated committee (1) a written self-appraisal of her performance for the previous year as compared to each of the goals and objectives determined the previous year, and (2) her goals and objectives for the then-current fiscal year. The Board or its designated committee shall then evaluate her performance and provide written feedback based on Dr. Ester’s achievement of the prior year’s goals and objectives. The Board or its designated committee shall also provide feedback for, or approve, Dr. Ester’s stated goals and objectives for the then-current fiscal year. The Parties may negotiate said goals and objectives, but they must be approved by the Board annually. To aid the Board in its operations and ongoing evaluation of Dr. Ester’s performance, Dr. Ester also agrees to furnish to the Board such additional oral or written reports as it may request.

E. Benefits and Reimbursements.

1. **Standard Benefits.** Dr. Ester shall be eligible to participate in all benefits, including health and dental care coverage, life and disability insurance, retirement and workers compensation, tuition reimbursement, and any other benefits or plans provided for senior administrative and professional employees of the University as authorized by law, and Board Policy or Board Regulations, and in accordance with the terms and provisions of any such plan or benefit program.

2. **Leave Benefits.** Dr. Ester shall receive all leave benefits, including vacation and sick leave benefits, as provided for senior administrative and professional employees of the University pursuant to the Board Bylaws, Board Regulations, and Board Governing Policies. At all times, the vacation and sick leave provided to Dr. Ester shall be in full compliance with applicable federal, state, and local laws, regulations, and ordinances. However, Dr. Ester shall not take vacation, personal, or professional leave if such leave interferes with properly discharging the duties under the terms of this Agreement, unless providing such additional leave is required by law.

3. **General Employee Benefits.** Dr. Ester shall be eligible for any other general employee benefits not contained in this Agreement afforded to administrative and professional employees of the University as authorized by law, Board Policy, Board Bylaws, or Board Regulations. Dr. Ester shall be eligible for indemnification during and after her employment with the University consistent with the State Employee Indemnification Act, 5 ILCS 350, as same may be amended from time to time. If indemnification is required, Dr. Ester's legal counsel shall be selected pursuant to the terms of any applicable insurance policy; provided that if there is no insurance policy, such counsel shall be selected by Dr. Ester subject to the approval of the Board, which approval shall not unreasonably be withheld. Reasonable grounds for denial shall include but not be limited to excessive hourly rates, reputational concerns, or lack of subject matter expertise. The provisions of this Section shall survive the termination of this Agreement.

4. **Travel, Entertainment and Other Business Expenses.** The University will provide reimbursement for all reasonable expenses incurred by Dr. Ester in her official capacity as University President consistent with the requirements of applicable Illinois and federal law, Board Policies, Board Bylaws, and Board Regulations. Dr. Ester will be required to present receipts or other reasonable supporting information requested by the University, and consistent with applicable federal and state laws and regulations, for all expenses reimbursements. Dr. Ester's travel expenses may be reviewed at least annually by the Board or its designee who does not report to Dr. Ester. Dr. Ester must exercise discretion and good judgment, in the best interests of the University, in incurring expenses on its behalf.

5. **Relocation.** The University shall pay the costs incurred and substantiated by receipts or other appropriate documentation (up to a maximum cost of \$20,000) to relocate the President and her personal property to her residence in the vicinity of the University's campus.

6. **Automobile.** The University will provide Dr. Ester with a vehicle allowance of one thousand dollars (\$1,000.00) per month in consideration of her expense of owning or leasing and maintaining a personal vehicle for the President's use for University

business and personal purposes. The automobile allowance will be taxable income to Dr. Ester. This allowance also is intended to include insurance, maintenance, fuel, and operating costs, which shall be purchased or borne by Dr. Ester without further reimbursement.

7. **Housing Allowance.** The University shall provide an annual housing allowance of thirty thousand dollars (\$30,000) to Dr. Ester for her purchase or lease and maintenance of a personal residence appropriate for her position as President. The housing allowance will be paid in equal monthly installment payments and shall be taxable income to Dr. Ester. As a condition of this benefit, Dr. Ester agrees to use her residence for University ceremonial, entertainment or business functions six times in each academic year, beginning in August 2025. The University shall be fully responsible for all costs associated with such University functions occurring at Dr. Ester's residence including event insurance, catering, associated cleaning, and entertainment expense.

8. **Professional Associations and Memberships.** Dr. Ester shall be entitled to spend up to five thousand dollars (\$5,000) annually in payment for professional activities and memberships that contribute to her abilities to fulfill her duties as President and relating to the mission of the University. These may include annual dues, membership fees and expenses for professional associations meetings and entertainment, and designated parking near events. This amount can be expended in Dr. Ester's discretion, consistent with the above parameters. Dr. Ester will be required to present receipts or other reasonable supporting information requested by the University, and consistent with applicable federal and state laws and regulations.

9. **Facilities Use and Access.** Dr. Ester will be furnished with a private office, secretarial assistance, a computer, a cellphone, and such other facilities and services reasonably necessary to the fulfillment of her duties. Dr. Ester and her immediate family shall be granted access privileges and cards to the University's buildings and facilities, including its library. The University reserves the right, in its sole discretion, to restrict access to areas it deems sensitive or that it determines should otherwise be restricted.

10. **409A Compliance.** Although the University does not guarantee the tax treatment of any payments under the Agreement, the intent of the parties is that the payments and benefits under this Agreement be exempt from, or comply with, Section 409A of the Code, and all Treasury Regulations and guidance promulgated thereunder ("Code Section 409A") and to the maximum extent permitted the Agreement will be limited, construed and interpreted in accordance with such intent. In no event whatsoever will the University or its affiliates or their respective officers, directors, employees or agents be liable for any additional tax, interest or penalties that may be imposed on Dr. Ester by Code Section 409A or damages for failing to comply with Code Section 409A.

Notwithstanding any other provision of this Agreement to the contrary, to the extent that any reimbursement of expenses constitutes "deferred compensation" under Code Section 409A, such reimbursement will be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year will not affect the amount of in-kind benefits provided in any other year.

For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), the right to receive payments in the form of installment payments will be treated as a right to receive a series of separate payments and, accordingly, each installment payment will at all times be considered a separate and distinct payment. Whenever a payment under this Agreement may be paid within a specified period, the actual date of payment within the specified period will be within the sole discretion of the University.

F. Tax Reporting.

The University shall include in the W-2 issued to Dr. Ester all payments, benefits, allowances, and reimbursements that are defined as income or otherwise required to be reported to the federal, state or local governments.

G. Termination.

1. **Termination by University For Cause.** The parties agree that the University may terminate this Agreement at any time for "Cause," in the reasonable judgment of the Board, as evidenced by a majority vote of all Trustees then in office. Any such termination for Cause shall be effective immediately and Dr. Ester shall have no right to any compensation or benefits after the effective date of termination, except for those already accrued but unpaid. Grounds for Cause termination shall be the following:

- (a) Commission of fraudulent or knowingly dishonest activity by Dr. Ester, including but not limited to misappropriation of University funds or misuse of presidential resources;
- (b) Any act or omission that is a felony or crime of moral turpitude under the Illinois or federal criminal code, fraudulent, or otherwise involves an act of serious misconduct that causes or is reasonably foreseen to cause material harm to the University; or
- (c) Dr. Ester's willful or repeated failure to perform material duties for the University (other than by reason of illness or disability) and/or comply with material rules and policies of the University, including those relating to discrimination, harassment, sexual misconduct, or improper fraternization as determined by the Board, including but not limited to fraternization with students, employees, donors, vendors, Board members, and alumni. The University will provide Dr. Ester with thirty (30) days to cure the deficiency, if curable.
- (d) A deliberate or serious violation of any written Board Policy, Board Bylaw, or Board Regulation, federal, state, or local law or regulation, which violation may, in the sole judgment of the Board, reasonably be foreseen to cause harm to the University.

2. **Termination Without Cause.** The University may terminate this Agreement upon a majority vote of the members of the Board then in office and providing thirty (30) days prior written notice to Dr. Ester. Termination of this Agreement by virtue of Dr. Ester's disability or death (as set forth in Sections G.5 and G.6 of this Agreement, respectively) shall not

be construed as termination without Cause. If the University terminates this Agreement without Cause prior to the expiration of the Term, Dr. Ester shall be entitled to, at her election, either severance pay or tenure at the level of full professor, but not both. The Board, in its sole discretion, may offer both options or only the option of severance pay. If severance pay is offered and is the selected option of Dr. Ester, it will be provided in an amount equal to twenty (20) weeks' ("severance period") pay at Dr. Ester's then-applicable Base Pay (but no pro rata portion of her Incentive Compensation or SERP contribution). Severance payments shall also include payment of COBRA premiums for healthcare continuation for the severance period. Dr. Ester will also receive any other payments as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment. If, on the other hand, a tenured position is offered, the position will be in a University academic department applicable to Dr. Ester's expertise, as determined by the Board and consistent with Dr. Ester's academic background, and at a salary rate of the highest paid professor of the University. If Dr. Ester is offered and accepts a tenured position, she must work and meet the duties expected of tenured professors in that academic department. Her compensation, terms, and conditions of employment shall be governed by the Board Regulations, Board Bylaws, Board Policies, the Faculty Handbook, the faculty collective bargaining agreement between the University and the University Professionals of Illinois that is in effect at the time, and as the same may be amended, modified, or replaced from time to time.

3. **Resignation for Good Reason.** Dr. Ester may resign for Good Reason by providing sixty (60) days' written notice following an event constituting Good Reason. For purposes of this Agreement, "Good Reason" shall mean an action by the University which (i) materially reduces or otherwise adversely affects the President's title, status, duties or responsibilities with the University or (ii) fails to pay the President's compensation under this Agreement in violation of this Agreement. The University shall have thirty (30) days to cure such condition constituting Good Reason, if curable, following receipt of the written notice from Dr. Ester. Upon a resignation for Good Reason, Dr. Ester will be entitled to severance payments and benefits in the same manner as though the President's employment were terminated without Cause by the University.

4. **Resignation without Good Reason.** This Agreement may also be terminated without Good Reason by Dr. Ester giving the University one hundred and eighty (180) days' advance written notice of termination. Such notice must provide the final date of employment, after which time she shall not be entitled to any further compensation or benefits as President, except for (i) any unpaid wages through the date of termination; (ii) any unreimbursed expenses pending as of the effective date of termination; and (iii) any other payments as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment or as otherwise required by law.

5. **Disability.** This Agreement shall terminate immediately if, as a result of her disability caused by any physical or mental injury, illness or incapacity, Dr. Ester is unable, or is projected in good faith by the Board to be unable, to effectively perform the essential functions of her duties, whether with or without a reasonable accommodation, for a continuous period of more than ninety (90) calendar days, or for a period aggregating ninety (90) calendar days in a twelve (12) month period, as determined by Dr. Ester's physician or a physician chosen

jointly by the University and Dr. Ester; provided, however, that this period may be extended in the sole discretion of the Board, and in all cases the University shall comply with applicable law.

6. **Death.** In the event of the death of Dr. Ester during the Term of this Agreement, her compensation and benefits shall cease immediately, and this Agreement shall terminate effective on the date of death. Dr. Ester's designated beneficiary or beneficiaries shall be entitled to receive any amounts earned but unpaid or due pursuant to the terms of benefit plans or applicable law provided by the University to Dr. Ester.

7. **Mutual Agreement.** The parties may mutually agree in writing to terminate this Agreement at any time for reasons satisfactory to both parties. In such event, the terms and conditions associated with such early termination will be set out via mutual agreement between the parties.

H. Outside Activities.

The University recognizes that it is both appropriate and beneficial for the President to engage in outside activities, such as serving on for-profit and nonprofit boards of directors, consulting, delivering speeches, and writing, provided such activities do not interfere with her duties as President. The President shall obtain prior approval from the Board before agreeing to serve on the board of directors of any for-profit or nonprofit corporation, which approval shall not unreasonably be withheld. The President may not engage in any outside activity that conflicts with her duties to and responsibilities for the University, that are competitive with or adverse to the best interests of the University, or that violate any federal or state law.

All income or other compensation earned by Dr. Ester in connection with her outside activities, if any, shall have no effect on the amount of salary, benefits, or other compensation to which she may be entitled to under this Agreement and shall be paid to and retained by Dr. Ester.

Dr. Ester acknowledges that: (1) any such outside activities are not being undertaken on behalf of the University; (2) such activities shall not be covered by any of the University's insurance policies; (3) the University shall not indemnify the President for any liability that arises in connection with any such outside activity; and (4) absent good cause and a showing that it will not adversely impact her duties and obligations to the University, Dr. Ester shall not engage in more than two (2) outside activities at any given time.

I. Dispute Resolution.

The parties agree that any controversy or claim that either party may have against the other arising out of or relating to Dr. Ester's employment or association with the University, Dr. Ester's compensation, the construction, application or enforcement of this Agreement, as well as any controversy or claim based upon the alleged breach of any legal right relating to or arising from Dr. Ester's employment and/or termination of her employment shall be submitted to non-binding mediation. Within fifteen (15) days after delivery of a written notice of request for mediation from one party to the other, the dispute shall be submitted to a single mediator chosen by the parties and shall be mediated in Chicago, Illinois. The mediation will occur at a time and place convenient to the mediator and the parties. The costs and fees associated with mediator shall be paid equally

by the University and Dr. Ester. The parties shall pay their own attorneys' fees. Participation in mediation does not toll any applicable statute of limitations, unless otherwise agreed upon by the Parties.

In the event the mediation is not successful, the Illinois Court of Claims shall have jurisdiction and venue to hear any claim related to this Agreement. Nothing in this provision waives any claims of sovereign immunity that the University may bring in connection with such a lawsuit.

J. Notice.

All notices required or allowed by this Agreement shall be hand delivered or mailed by certified mail, postage prepaid, return receipt requested. Unless and until changed by a party giving written notice to the other, the addresses below shall be the addresses to which all notices required or allowed by this Agreement shall be sent:

If to the University or the Board:

Office of General Counsel
Governors State University
1 University Parkway
University Park, IL 60484

If to Dr. Ester:

Dr. Joyce Ester
(Address then-listed on file with the University)

With copy not constituting notice to:

Tyrone Thomas, Esq.
Holland & Knight LLP
800 17th Street NW
Suite 1100
Washington, DC 20006

K. Board Policy, Regulations, Bylaws.

Reference in this Agreement to Board Policy, Board Bylaws, or Board Regulations shall be deemed to include an incorporate any amendments, modifications or replacements that may be enacted from time to time.

L. Severability and Waivers.

If any portion of this Agreement shall be held to be invalid, inoperative, or unenforceable, then, so far as possible, effect shall be given to the intent manifested by the portion held invalid, inoperative, or unenforceable, and the remainder of this Agreement not found invalid, inoperative, or unenforceable shall remain in full force and effect. No waiver or failure to enforce any or all rights under this Agreement by either party on any occasion shall constitute a waiver of that party's right to assert the same or any other rights on that or any other occasion.

M. Governing Law.

This Agreement shall be governed and construed in accordance with the laws of the State of Illinois, without regard to conflict of law principles, which shall be the forum for any lawsuit arising from or incident to this Agreement.

N. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute but one of the same instrument. Signatures delivered by facsimile and by email shall be deemed to be an original signature for all purposes, including for purposes of applicable rules of evidence.

O. Complete Agreement.

This Agreement constitutes the entire agreement between the parties and fully supersedes any and all prior agreements or understandings, whether written or oral, between the parties pertaining to the matters set forth herein. This Agreement shall not be amended, modified, or changed other than by written agreement executed by Dr. Ester and the University.

P. Waiver.

No delay or failure to enforce any provision of this Agreement shall constitute a waiver or limitation of rights enforceable under this Agreement.

Q. Disclosure of Terms and Conditions.

The Parties acknowledge that applicable law, including the Freedom of Information Act (5 ILCS 140/) will govern the disclosure of the existence and terms of this Agreement.

R. Miscellaneous.

The headings in this Agreement are for convenience only and shall not be used in construing or interpreting this Agreement. The terms "Board," "Board of Trustees," and "University" as used in this Agreement, where applicable or appropriate, shall be deemed to include or refer to any duly authorized board, committee, officer, or employee of said entity. Whenever the context requires, the masculine shall include the feminine and neuter, the singular shall include the plural, and conversely.

BOARD OF TRUSTEES OF GOVERNORS
STATE UNIVERSITY

JOYCE ESTER, PH.D.

By: _____

James Kvedaras, Board Chair

Date: _____

Date: _____

DRAFT