

**MIAMI UNIVERSITY
PRESIDENTIAL EMPLOYMENT AGREEMENT**

This Presidential Employment Agreement (this "Agreement"), effective July 1, 2008, (the "Effective Date") evidences that Miami University (the "University") and David C. Hodge, Ph.D. ("Dr. Hodge"), entered into this Agreement to provide the terms and conditions of Dr. Hodge's employment as President and faculty member of the University.

1. **Term.** The University currently employs Dr. Hodge as its President. This Agreement extends Dr. Hodge's employment as President of Miami University for a term beginning July 1, 2008 and ending June 30, 2013 (the "Term"), subject to the terms and conditions set forth herein. Dr. Hodge hereby accepts such employment on the terms and conditions set forth in this Agreement.

2. **Renewal/Extension.** The Board of Trustees of the University (the "Board"), or its designee, and Dr. Hodge shall meet for the purpose of discussing renewal, extension or nonrenewal of this Agreement past its Term, no later than June 30, 2011.

3. **Powers and Duties.** Dr. Hodge shall perform those services and duties that are incident to the Office of the President, as the Chief Executive Officer of the University, including, without limitation, the duties set forth in the Regulations of the Board of Trustees and other actions of the Board (collectively, the "Duties"). Dr. Hodge shall devote his full-time business time, attention, skill, and efforts to the faithful performance of the Duties for the University, except as set forth in Section 10 ("Outside Activities"). Dr. Hodge and the Board acknowledge and agree that the Duties hereunder shall be to supervise the entire program of activities of the University and shall be consistent with those customarily performed by presidents of colleges and universities comparable in size and type to the University, including, without limitation: (a) institutional, faculty, and educational leadership and management; (b) fostering positive external relationships with federal, state and local government; (c) fundraising, development, public and alumni relations; (d) long range and strategic planning and budget formulation; (e) recruitment, appointment, promotion and dismissal of faculty and staff members; and (f) such other duties as may be mutually agreed upon by Dr. Hodge and the Board or assigned to Dr. Hodge by the Board. Dr. Hodge also serves as an ex-officio member of the Miami University Foundation's Board of Trustees. Should Dr. Hodge's employment as President end for any reason, Dr. Hodge's service as a member of the Miami University Foundation Board of Trustees will also end.

The Board expects Dr. Hodge to develop and maintain personal relationships with alumni, donors and potential donors as part of his fundraising, development, and alumni relations duties. Such efforts will require Dr. Hodge to be a guest in the homes of alumni, donors and potential donors and will require Dr. Hodge to participate in social and recreational activities with these individuals. The Board believes that such relationships are critical to the University's fundraising, development and alumni relations efforts and expects Dr. Hodge to participate in such activities.

4. **Compensation.**

a. **Annual Base Salary.** As compensation for the services to be performed by Dr.

Hodge pursuant to this Agreement, the University shall pay Dr. Hodge an annualized base salary of \$380,000, (the "Base Salary"), less applicable deductions. During the Term of this Agreement, Dr. Hodge's Base Salary may be increased, but not decreased. Any increases in the Base Salary shall be within the Board's sole discretion and shall be based upon Dr. Hodge's performance during the previous 12 months in connection with the annual evaluation of Dr. Hodge's performance, as set forth in Section 5 of this Agreement.

b. Internal Revenue Code § 457(f) Plans. The University shall establish a nonqualified (ineligible) deferred compensation plan under Section 457(f) of the Internal Revenue Code of 1986, as amended, and any regulations there under (the "Code") for Dr. Hodge's benefit (the "Plan" or the "457(f) Plan"). The University shall create a bookkeeping account under the Plan (the "Account"). All accrued deferred compensation in the Account shall be paid out in accordance with the terms of the Plan. The Plan shall include a substantial risk of forfeiture provision in which amounts deferred under Dr. Hodge's Account vests. The University also has established a prior deferred compensation agreement that was effective July 1, 2006 (the "Prior Deferred Compensation Agreement"). The Prior Deferred Compensation Agreement shall continue to remain in effect in addition to the 457(f) Plan. Both parties acknowledge that future guidance issued by the Internal Revenue Service with respect to Section 409A of the Code or Section 457(f) of the Code may necessitate an amendment of this Section 4(b) and the parties mutually agree to amend this Section 4(b) to comply with such guidance.

c. Annual Bonus. Dr. Hodge shall be eligible for a bonus for exceptional performance for the year beginning September 1, 2008. The amount of any performance bonus shall be within the Board's sole discretion but will not exceed twenty percent (20%) of Dr. Hodge's then annual Base Salary. The bonus shall be based upon Dr. Hodge's performance during the previous year and determined in connection with the annual evaluation of Dr. Hodge's performance, as set forth in Section 5 of this Agreement.

d. Strategic Bonus. If Dr. Hodge completes the full Term of this Agreement, he shall be eligible for a strategic accomplishment bonus. Such bonus shall be based upon Dr. Hodge's successful completion of performance goals specified by the Board. The amount of such bonus shall be within the Board's sole discretion, up to a maximum amount of \$200,000.

5. Annual Evaluation. On or before August 15th each year, Dr. Hodge shall provide to the Chair and Vice Chair of the Board (the "Chair") a list of proposed goals and objectives for the year period beginning on September 1st. The Board or its designee (referred to in this Section 5 as the "Board"), and Dr. Hodge shall discuss Dr. Hodge's goals and objectives, after which time the Board and Dr. Hodge shall agree upon goals and objectives for the year period. On or before July 1 of each calendar year, Dr. Hodge shall initiate the evaluation process for the period that began on September 1 of the previous calendar year by submitting to the Board a self-appraisal of said period's performance. This appraisal shall address Dr. Hodge's performance related to each of the goals and objectives determined the preceding September. After Dr. Hodge has submitted this self-appraisal, the Board shall evaluate Dr. Hodge's performance during the previous academic year based on Dr. Hodge's achievement of the mutually agreed upon specified goals and objectives and such other criteria as the Board deems appropriate. To aid the Board in its annual evaluation, Dr. Hodge agrees to furnish to the Board such additional oral or written reports as it may request.

6. **Benefits and Reimbursements.** During the Term of this Agreement, the University shall provide Dr. Hodge with the following benefits and reimbursements:

a. **Standard Benefits.** Dr. Hodge shall be eligible to participate in such University benefits as are generally available to full-time employees, subject to such eligibility requirements, terms and costs as are applicable, including medical, dental and life insurance, 22 days vacation and 15 days sick leave.

b. **Additional Life Insurance.** In addition to the group life insurance provided by Section 6(a), the University shall provide Dr. Hodge with a term life insurance policy which in combination with the University's group life insurance plan, provides Dr. Hodge with a death benefit of two times Dr. Hodge's Base Salary and shall pay such premiums. The premiums paid for this additional life insurance will be considered taxable income.

c. **Travel, Entertainment and Other Business Expenses.** Dr. Hodge's reasonable travel, entertainment and other business expenses incurred in Dr. Hodge's capacity as President of the University shall be paid for on a cost reimbursement basis through the University's annual operating budget. The University will pay or reimburse the reasonable cost of all official entertainment and business-related travel for Dr. Hodge and, as appropriate, for his spouse in accordance with standard university policies. The University will establish an annual budget for entertainment and travel based on the needs of Dr. Hodge's responsibilities.

d. **Automobile.** The University shall provide Dr. Hodge with an automobile suitable for Dr. Hodge's position as President. The University shall provide insurance, maintenance, and other operating costs of the vehicle, including but not limited to, the cost of fuel, taxes, licenses, registration, and other similar agreements. Dr. Hodge must report any personal use in accordance with Internal Revenue Service rules and regulations then in effect. Personal use is subject to taxation as income.

e. **Health Care Coverage.** If Dr. Hodge's employment as President of the University terminates for any reason on or after June 30, 2012, the University will provide directly, or by reimbursing Dr. Hodge for, the monthly premium for continuation coverage under the University's health plans, to the same extent that such insurance is provided to persons currently employed by the University, provided that Dr. Hodge make a timely election for such continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). The "qualifying event" under COBRA shall be deemed to have occurred on the last day of Dr. Hodge's employment with the University. The University's obligation under this paragraph shall end 12 months after the last day of Dr. Hodge's employment or at such earlier date as Dr. Hodge become eligible for comparable coverage under another employer's group coverage.

f. **Faculty Appointment.** Dr. Hodge is a tenured member of the faculty Department of Geography. During Dr. Hodge's presidency, Dr. Hodge shall not receive any additional compensation for Dr. Hodge's faculty appointment. At the conclusion of Dr. Hodge's presidency, Dr. Hodge's employment as a tenured professor shall continue at Dr. Hodge's option pursuant to Section 9(b) of this Agreement. This Agreement, including, without limitation, Sections 6(f) and 9, supersedes and replaces in their entirety all terms and conditions of the Regulations of the Board of Trustees or the Miami University Policy and Information Manual that would otherwise apply to such faculty appointment relating to tenure rights,

evaluation, compensation, benefits, leave, discipline, suspension, termination, and complaint, grievance or appeal procedures, and also supersedes and replaces any other provisions of the Regulations of the Board of Trustees and other applicable University policies to the extent they conflict with the terms of this Agreement.

g. Club Membership. The University shall pay for Dr. Hodge's membership in two clubs or organizations that Dr. Hodge and the Board agree will be helpful to Dr. Hodge in carrying out Dr. Hodge's duties as President of the University.

h. Financial Advisor. The University shall reimburse Dr. Hodge for up to \$5,000 per contract year for an appropriately qualified expert to provide financial, tax, and estate planning advice.

i. Physical Examination. The University shall reimburse Dr. Hodge for costs not reimbursed by the health care insurance provided in Section 6(a) for an annual medical examination during each year of this Agreement. Dr. Hodge is under no obligation to report the results of Dr. Hodge's examination or to provide a medical certification of fitness for duty.

j. Sabbatical. If Dr. Hodge remains continuously employed as President of the University through June 30, 2012, the University shall provide Dr. Hodge with a three-month sabbatical at such time mutually agreed upon by Dr. Hodge and the University. If Dr. Hodge remains continuously employed as President of the University through June 30, 2013, the University shall provide Dr. Hodge with an additional three month sabbatical (total six months) at such time as mutually agreed upon between Dr. Hodge and the University. Dr. Hodge shall use the sabbatical period to arrange his presidential papers, assist in the transition of the incoming president and complete any assigned fundraising efforts.

k. Compliance with Section 409A of the Code. The University shall make the reimbursements under Section 6 of this Agreement in a manner that is compliant with Section 409A of the Code. As such, the amount of expenses reimbursed during one taxable year shall not affect the amount of expenses eligible for reimbursement in any other taxable year. Any reimbursement of expenses shall be made on or before the last day of the taxable year following the year in which the expense was incurred. The right to reimbursement of expenses shall not be subject to liquidation or exchange for another benefit.

7. Housing. During the Term of this Agreement, for the benefit and convenience of the University in having the functions of the Office of President efficiently discharged and as a condition of Dr. Hodge's employment as President of the University, Dr. Hodge shall reside in the on-campus presidential residence, Lewis Place, provided for Dr. Hodge at the University's expense. The University shall pay for all maintenance and operating expenses at Lewis Place, including grounds keeping, general maintenance, housekeeping, and all utilities including local and long distance telephone (except for personal use), cable (including internet), electric, gas and water. During the Term, Dr. Hodge shall seek prior approval from the Chair of the Board or appropriate Board committee for any capital improvements to the home or its grounds.

For convenience of the University, the President's residence shall be available, and shall be used, for University-related business and entertainment on a regular and continuing basis. Costs associated with such University events shall be paid by the University.

In the event of Dr. Hodge's death during the Term, Dr. Hodge's family shall be permitted to occupy the residence under the same terms and conditions for no less than 90 days from the date of Dr. Hodge's death.

In all other circumstances, Dr. Hodge and Dr. Hodge's family shall vacate the President's residence no later than 30 days following the effective date of termination or expiration of this Agreement.

8. Tax Reporting. The University shall include in the W-2 issued to Dr. Hodge all payments, benefits, allowances, and reimbursements that are defined as income or otherwise required to be reported by federal, state or local governments. Except as provided in this Agreement, Dr. Hodge shall be responsible for the payment of all personal taxes due and shall make such payments on a "when due" basis.

9. Termination.

a. Termination For Cause. The University may terminate this Agreement at any time for cause upon written notice to Dr. Hodge. For purposes of this Agreement, "Cause" shall mean conduct reasonably determined by the Board of Trustees to be contrary to the best interests of the University, including, without limitation: (i) gross negligence or willful malfeasance by Dr. Hodge in the performance of Dr. Hodge's duties; (ii) actions or omissions by Dr. Hodge that are undertaken or omitted knowingly and are criminal or fraudulent or involve dishonesty or moral turpitude; or (iii) any material breach of this Agreement. In the event Dr. Hodge is terminated for Cause, Dr. Hodge's employment as President shall cease immediately, and Dr. Hodge shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment. In the event of termination for Cause, Dr. Hodge shall have no rights to the tenured faculty appointment provided by paragraph 6(f).

b. Termination Without Cause. The University may terminate this Agreement without Cause at any time for the convenience of the University upon ninety (90) days prior written notice to Dr. Hodge. Termination of this Agreement by virtue of Dr. Hodge's Permanent Disability or death (as set forth in Sections 9(d) and 9(e) 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. Hodge shall be entitled to either (i) receive payments equal to Dr. Hodge's then Annual Base Salary and health and dental benefits for one (1) year from the date of termination; or (ii) return to the faculty at the average salary for full professors in the Department of Geography. If Dr. Hodge elects to receive payments pursuant to (i), Dr. Hodge must resign from Dr. Hodge's tenured faculty position on the effective date of Dr. Hodge's termination. Dr. Hodge shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans, including the 457(f) Plan, with respect to vesting and rights. No payments shall be made under this Section 9(b) unless Dr. Hodge provides to the University, and does not revoke, a general release of claims in a form satisfactory to the University.

c. Resignation. Dr. Hodge may resign from the Presidency by providing at least ninety (90) days written notice. Dr. Hodge's employment as President shall cease on the effective date of Dr. Hodge's resignation, and Dr. Hodge shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit

plans with respect to vesting and rights after termination of employment.

d. Permanent Disability. If Dr. Hodge shall become permanently disabled during Dr. Hodge's service as President, this Agreement shall terminate effective on the date of permanent disability and Dr. Hodge shall receive all benefits to which Dr. Hodge is entitled pursuant to the University's disability insurance plan in which Dr. Hodge participates, as set forth in Section 6(a) as well as the benefits provided by the 457(f) Plan.

For purposes of this Agreement, "Permanent Disability" shall mean Dr. Hodge's inability to perform the essential functions of the job for a period of 180 continuous days, with or without reasonable accommodations.

e. Death. In the event of Dr. Hodge's death during the Term of this Agreement, Dr. Hodge's Base Salary shall cease immediately and this Agreement shall terminate effective on the date of death. Dr. Hodge's designated beneficiary shall be entitled to receive all benefits to which Dr. Hodge is entitled under the University's various insurance plans and the benefits provided by the 457(f) Plan only.

10. Outside Activities. The University recognizes that it is both appropriate and beneficial for Dr. Hodge to engage in outside activities, such as serving on for-profit and nonprofit boards of directors, consulting, delivering speeches, and writing. However, Dr. Hodge shall seek prior approval from the Chair of the Board before agreeing to serve on the board of directors of any for-profit or nonprofit corporation. In addition, other outside commitments that may require a substantial amount of Dr. Hodge's time must be approved by the Chair of the Board. Dr. Hodge may not engage in any outside activity that conflicts with Dr. Hodge's duties to and responsibilities for the University or Ohio's Ethics Law.

All income or other compensation earned by Dr. Hodge in connection with Dr. Hodge's outside activities shall be paid to and retained by Dr. Hodge and reported in accordance with applicable tax law and established University policy. Such income, if any, shall have no effect on the amount of salary, benefits, or other compensation to which Dr. Hodge may be entitled to under this Agreement.

11. Compliance with Ohio Law. Dr. Hodge's appointment as President is subject to all applicable laws and regulations including full compliance with Ohio's Ethics laws. In compliance therewith, the University is providing Dr. Hodge with the enclosed copy of the relevant Ethics laws.

12. Acknowledgment of Policy Prohibiting Harassment and Discrimination. All University faculty and staff are required to acknowledge receipt, review, and understanding of the University's Policy Prohibiting Harassment and Discrimination. Please acknowledge Dr. Hodge's receipt, review, and understanding by signing and returning the enclosed policy.

13. Mediation. If the parties mutually agree any controversy or claim that either party may have against the other arising out of or relating to 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. Hodge's employment and/or termination of Dr. Hodge's employment may be submitted to non-binding mediation. The costs and fees associated with mediation shall be borne by the University.

14. 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:

Chair, Board of Trustees
Miami University
c/o Secretary to the Board of Trustees
212 Roudebush Hall
Oxford, Ohio 45056

If to the President:

Dr. David C. Hodge
Lewis Place
310 E. High St.
Oxford, Ohio 45056

15. 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.

16. Governing Law. This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the State of Ohio, excluding its choice of law rules. Dr. Hodge's appointment as President is specifically subject to and may be superseded by the fiscal watch provisions of Ohio Revised Code Chapter § 3345, including the performance evaluation, suspension of authority, duties, and pay, and termination provisions required by Ohio Revised Code § 3345.77.

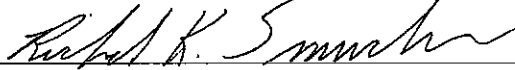
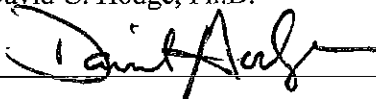
17. Counterparts. This Agreement may be executed in counterparts, and by the parties on separate counterparts each of which, when so executed, shall constitute but one of the same instrument.

18. Complete Agreement. This Agreement and the deferred compensation agreement contemplated by Section 4(b) constitute the entire agreement between the parties and fully supersede any and all prior agreements or understandings, written or oral, between the parties pertaining to the matters set forth herein. As such, as of the Effective Date, this Agreement supersedes and replaces the prior employment agreement between Dr. Hodge and the University that was effective July 1, 2006; provided, however, that amounts of deferred compensation payable under the Prior Deferred Compensation Agreement will continue to be payable under the terms of the Prior Deferred Compensation Agreement. This Agreement shall not be amended, modified, or changed other than by written agreement by Dr. Hodge and the University.

19. **Personal Contract.** Dr. Hodge's obligations and duties shall be personal and not assignable or delegable in any manner whatsoever. This Agreement shall be binding upon and inure to the benefit of Dr. Hodge and Dr. Hodge's executors, administrators, heirs, successors, and permitted assigns, and upon the University and its successors and assigns.

20. **No Trust Fund.** Nothing contained in this Agreement and no action taken pursuant to the provisions of this Agreement shall create or be construed to create a trust of any kind. To the extent that Dr. Hodge acquire a right to receive payments from the University under this Agreement, such rights shall be no greater than the right of any unsecured, general creditor to the University.

21. **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.

	Miami University <hr/>
	Richard Smucker Chair, Miami University Board of Trustees  Date: <u>JAN 30, 2008</u>
	David C. Hodge, Ph.D.  Date: <u>1/30/08</u>