

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

In re: GEORGE REID,) OEIG Case #12-00140

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report’s factual allegations or legal conclusions before the Commission.

The Commission received a final report from the Governor’s Office of Executive Inspector General (“OEIG”) and a response from the agency in this matter. The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor’s Executive Inspector General and to George Reid at his last known addresses.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

I. ALLEGATIONS

Between January and August, 2012, the Office of Executive Inspector General (OEIG) received five complaints alleging misconduct by then-Illinois Board of Higher Education (IBHE or Board) Executive Director Dr. George Reid and others.¹ Among other things, it was alleged that Dr. Reid misused the IBHE State-owned vehicle.²

¹ The first complaint was assigned unique case number 12-00140. Each subsequent complaint was assigned its own number but was ultimately consolidated with 12-00140 in accordance with 2 Ill. Admin. Code 1620.330(a).

² It was also alleged that Dr. Reid improperly promoted an employee; used IBHE funds to purchase plane tickets to Maryland, where he lived; claimed to attend conferences that he did not attend; submitted false documents to the Department of Central Management Services to obtain a personally assigned State vehicle; and improperly received speaking fees from an entity that conducted business with IBHE. There were additional allegations relating to Dr. Reid. However, after investigating all of these allegations, the OEIG determined that there was insufficient evidence to support them.

In October 2012, during the course of the OEIG investigation, Dr. Reid executed a Letter Agreement³ (the Letter Agreement) that ended his IBHE employment. The Letter Agreement provided Dr. Reid a “severance payment” of one month’s salary (severance payment) and “additional payments” of two months’ salary. As a result, Dr. Reid was paid approximately \$48,000 in State funds after he departed IBHE, plus outstanding vacation pay. In light of its mandate to investigate “fraud, waste, abuse, [and] mismanagement . . . ,”⁴ the OEIG attempted to take steps to review the IBHE Board’s decision to pay Dr. Reid the additional payments.

II. STATEMENT OF FACTS

A. Illinois Board of Higher Education

IBHE was established to provide oversight of higher education programs and initiatives in Illinois.⁵ IBHE is directed by a sixteen-member unpaid appointed Board. The Illinois Board of Higher Education Act sets forth the duties of IBHE and the Board, which includes the Board’s responsibility to:

“receive . . . hold in trust, expend and administer . . . funds and other aid made available by the Federal Government, or by other agencies public or private.”⁶

In addition, the Board is responsible for hiring professional and clerical staff,⁷ such as the Executive Director.

On February 13, 2007, then-Governor Rod Blagojevich appointed Carrie Hightman as the IBHE Board Chair. Ms. Hightman held that position until June 4, 2013.

B. IBHE Board’s Selection Process for its Executive Director

Effective August 15, 2010, the then-IBHE Executive Director Judy Erwin resigned her position after having been found to have engaged in misconduct.⁸ Thereafter, IBHE Board began its search for a new Executive Director and posted announcements in numerous nationally-circulated publications. According to the posting, “applications and nominations” for the Executive Director position were due by October 8, 2010.⁹

³ The Letter Agreement is included as Attachment A to this report.

⁴ 5 ILCS 430/20-10(c).

⁵ Pursuant to the State Officials and Employees Ethics Act, the ultimate jurisdictional authority for employees of IBHE, including IBHE’s Board Members, is the Governor. 5 ILCS 430/1-5. (Ultimate jurisdictional authority (8)).

⁶ 110 ILCS 205/9.09.

⁷ 110 ILCS 205/4.

⁸ *Meza v. Erwin*, 11-EEC-005 (February 18, 2011), available at <http://www2.illinois.gov/eec/Documents/02.18.11%20Erwin%20Published%20Report.pdf> (last viewed 10/9/2013).

⁹ On September 26, 2010, IBHE received a nomination letter on behalf of Dr. George Reid and on October 10, 2010, or two days after the application due date, Dr. Reid submitted his materials. Dr. Reid was one of two candidates who submitted application materials *after* the published due date.

The content of submitted applications was summarized and provided to IBHE Board Chair Hightman. Thereafter, Ms. Hightman narrowed the Executive Director candidate pool to seven applicants, one of which was Dr. Reid, who were interviewed by Ms. Hightman and four other Board Members. During its December 7, 2010 meeting, the entire Board interviewed three finalists, one of which was Dr. Reid.

C. Dr. George Reid's Employment History

Dr. George Reid's IBHE application materials stated that he had worked in higher education in various capacities for over 20 years. His application materials identified two positions in which he was his employer's chief executive, including having served as the President of Kentucky State University ("KSU") from 1998 to 2002.

In June 2002, the KSU Board of Regents terminated Dr. Reid, citing performance "deficiencies."¹⁰ Dr. Reid wanted to stay on at KSU or get paid \$3 million to settle.¹¹ Dr. Reid and KSU agreed upon a severance package that obligated KSU to pay him at least \$170,000.¹²

D. IBHE's December 7, 2010 Actions Involving the Selection of Dr. George Reid as Executive Director and Terms of the Employment Agreement

During the Board's closed Executive Session portion of its December 7, 2010 Board meeting, it authorized Ms. Hightman to offer Dr. Reid the Executive Director position at an annual salary of \$190,000. Although the closed Executive Session meeting and discussion regarding the selection of Dr. Reid was audio recorded, as set forth below, on September 25, 2012, the IBHE Board met for its regularly scheduled meeting and voted to destroy the verbatim recordings of the December 7, 2010 meeting.

On December 20, 2010, Dr. Reid executed his Executive Director Employment Agreement accepting the Executive Director position. On the same day, Ms. Hightman signed on behalf of the Board. The Employment Agreement took effect December 27, 2010 and did not entitle Dr. Reid to a personally-assigned State-owned vehicle.¹³ In addition, the Employment Agreement's provisions relating to Dr. Reid's departure from IBHE, included a provision that stated that, absent any additional written agreement between Dr. Reid and IBHE, Dr. Reid was *not* entitled to any future payments, beyond outstanding travel expenses and benefit time, if:

- he resigned his position;
- he and IBHE mutually agreed to terminate his employment; or
- IBHE terminated him for cause, which was defined as "fraud, misappropriation of funds or other such acts of dishonesty"

¹⁰ *Kentucky State fires president who led university during Kincaid yearbook censorship case*, Student Press Law Center, June 24, 2002, available at <http://www.splc.org/news/newsflash.asp?id=445> (last visited 3/27/2014).

¹¹ Mark R. Chellgren, *Kentucky State's president told he's out by month's end*, Cincinnati Enquirer, June 18, 2002, available at http://www.enquirer.com/editions/2002/06/18/loc_kentucky_states.html.

¹² *KSU's Troubles*, Lexington Herald-Leader, Sept. 23, 2002, at D1. Available on Westlaw at 2002 WLNR 2093227.

¹³ The Employment Agreement is included as Attachment B to this report.

The Employment Agreement also contained a clause that stated if IBHE terminated Dr. Reid for any reason *other than cause*, Dr. Reid would be entitled to the lesser of:

- his remaining unpaid base salary; or
- one month of his annual salary.

Finally, the Employment Agreement contained a clause requiring Dr. Reid to execute and deliver to IBHE a release of liability from any cause of action arising from his IBHE employment and/or termination in order to receive payment after being terminated for any reason “other than cause.”

E. Dr. George Reid’s Departure from IBHE

i. IBHE Employee Evaluations and the September 25, 2012 Board Meeting

In September 2012, less than two years after hiring Dr. Reid as IBHE Executive Director, Chair Hightman requested that IBHE’s senior management provide her with evaluations of Dr. Reid’s performance. Following this request, IBHE employees completed the requested evaluations which included, among other things, statements that Dr. Reid:

- drove talented staff away “[r]unning;”
- was “combative” and “rude” to IBHE staff;
- did not maintain positive relationships with leadership of other State agencies;
- supervised management employees who did not want to report to him “one day more than is necessary;” and
- did not demonstrate an understanding of important IBHE programs and initiatives.

After IBHE staff had been asked to evaluate Dr. Reid, the IBHE Board met for its regularly scheduled September 25, 2012 meeting. The publicly available minutes from that meeting revealed that the IBHE Board:

- voted to destroy the verbatim recordings of the December 7, 2010 meeting—the meeting in which IBHE Board members discussed and voted to authorize Ms. Hightman to hire Dr. Reid as IBHE Executive Director; and
- discussed an “employment matter.”¹⁴

ii. IBHE’s and Dr. Reid’s Letter Agreement Negotiation, Execution of the Agreement, and Exhibits Attached to the Agreement

After the September 25, 2012 IBHE Board Meeting and as set forth below, IBHE Chair Hightman and IBHE private counsel (non-state employee) met with Dr. Reid regarding his continued service as Executive Director. Then, beginning on October 3, 2012, Dr. Reid’s private counsel and IBHE’s private counsel exchanged a series of communications regarding a Letter

¹⁴ As set forth below, the OEIG learned that this “employment matter” was, in fact, Dr. Reid’s departure from IBHE.

Agreement which would subsequently govern Dr. Reid's IBHE departure. Specifically, on October 3, 2012, Dr. Reid's private counsel wrote IBHE's private counsel the following:

We have been told that the Board has informed Dr. Reid that his employment will be terminated if he does not immediately resign from his position as Executive Director. As you are aware, Dr. Reid has certain protections under his Employment Agreement with the Board, along with other remedies available to him pursuant to federal and state law. We find the Board's actions to be highly inappropriate under the circumstances and seek to pursue a fair and equitable solution on behalf of Dr. Reid.

Between October 18 and 29, 2012, IBHE's private counsel and Dr. Reid's counsel exchanged drafts of a Letter Agreement. Each draft included a provision that required IBHE to pay Dr. Reid *three months* of his annual salary.

On October 29, 2012, IBHE's private counsel sent Dr. Reid's private counsel an email in which IBHE's private counsel wrote the following:

Would you be opposed to me adding a sentence to Paragraph 6 of the Separation Letter that would provide as follows:

"In further consideration of the Additional Severance Payments, you agree to make yourself available during the three month period following your Termination Date, to assist in the transition to a new executive director, upon the reasonable request of the IBHE; provided, however, nothing in this sentence shall be construed as requiring you to travel or to perform any services other than providing consultation services by telephonic means."

I want to make sure there are no press issues that he is being paid for services not performed.

(emphasis added).¹⁵ As it turns out, the above-referenced quoted language was in fact included in the final version of the executed Letter Agreement which IBHE's private counsel sent to Dr. Reid's private counsel later that day.¹⁶

The next day, October 30, 2012, Dr. Reid and Ms. Hightman each signed the final Letter Agreement which stated that it was a "mutual agreement between [Dr. Reid] and IBHE regarding the terms of [his] remaining period of employment and of [his] separation from employment." It further stated that following his departure, Dr. Reid would be paid:

- a severance payment of approximately \$16,000, the equivalent of one month's salary, in accordance with Section 6.3.1 of his Employment Agreement;¹⁷ and

¹⁵ The October 29, 2012 email exchange is included as Attachment C to this report.

¹⁶ In the executed Letter Agreement, which is Attachment A to this report, the quoted language was slightly modified to read (additions indicated by bold and italics): "nothing in this sentence shall be construed as requiring you to travel or to perform any services other than providing consultation services by telephonic means ***or in writing if you deem such a response more appropriate.***"

¹⁷ That section of the Employment Agreement related to IBHE terminating Dr. Reid for reasons other than cause and required him to execute a waiver of liability before receiving that payment.

- additional payments of approximately \$32,000, the equivalent of two months' salary, for executing a release of liability for IBHE *and* making himself available, as needed, at the Board's request.

(emphasis added). As noted above, the initial Employment Agreement between Dr. Reid and IBHE already required Dr. Reid to execute a release of liability, but it *did not* require him to make himself available, as needed, post-termination. The Letter Agreement also included Exhibit 2 titled, "Statement Pertaining to Separation," which included the following language:

Dr. George Reid . . . has decided to *step down for personal reasons*. Dr. Reid acknowledged that while business travel is certainly expected and acceptable, he has decided that it was time to reduce his personal time on the road and to increase his time with family.

(emphasis added).¹⁸ On October 31, 2013, one day after the Letter Agreement was executed, IBHE issued a news release which was identical to the language in Exhibit 2 to the Letter Agreement, including the following statement:

Carrie Hightman, Chairwoman of the Board of Higher Education said, "The Board is proud of the work of IBHE during Dr. Reid's tenure. The Board thanks Dr. Reid for his contributions in Illinois and wishes him all the best for future success."¹⁹

On November 2, 2012, Dr. Reid signed and delivered to the Board a release that absolved IBHE's officers and employees from liability for any cause of action that may have derived from his IBHE employment. In accordance with the Letter Agreement, on November 26, 2012, IBHE paid Dr. Reid approximately \$48,000, plus unused vacation.

IV. INVESTIGATION

A. Dr. George Reid's Hiring as IBHE Executive Director

i. *Interview of then-IBHE Board Chair Carrie Hightman*

On November 21, 2012, investigators interviewed then-IBHE Board Chair Carrie Hightman²⁰ regarding several topics, including Dr. Reid's hiring.²¹ Ms. Hightman said that she was one of the Board Members responsible for hiring Dr. Reid. During her interview, Ms.

¹⁸ Exhibit 1 to the Letter agreement was titled, "General Release." The Letter Agreement, with Exhibits 1 and 2, is included as Attachment A to this report.

¹⁹ The news release is included as Attachment D to this report and is available online at <http://www.ibhe.state.il.us/Media%20Center/2012/ASP/release103112.asp>.

²⁰ Ms. Hightman's interview statements are based on investigator notes. Prior to her interview, Ms. Hightman and her then private counsel were offered the opportunity to have the interview audio recorded, which she declined. However, during the course of the interview, Ms. Hightman's private counsel voiced an objection as to how the OEIG was characterizing Ms. Hightman's response to questions. Then private counsel stated she had *wished* the interview had been recorded. In light of then private counsel's comment, and in an effort to make certain none of Ms. Hightman's responses would be "mischaracterized," investigators offered Ms. Hightman and her private counsel the opportunity to re-start the interview and have the interview audio recorded. They declined.

²¹ Ms. Hightman's statements regarding other topics are discussed in the sections below.

Hightman said she accepted Dr. Reid’s application materials after the published due date because she was impressed with his credentials and further said, “no one got harmed by” allowing Dr. Reid to submit his application late.

Ms. Hightman also stated that, before IBHE hired Dr. Reid, she was “well aware” that he had been accused of misconduct while serving as KSU President and recalled that other Board Members informed her of these accusations and directed her to news articles regarding his alleged misconduct. Specifically, Ms. Hightman said that she knew Dr. Reid had been:

- subject to a KSU Board of Regents vote of no confidence;
- accused of using KSU funds to purchase personal items; and
- ultimately terminated.

According to Ms. Hightman, she contacted Dr. Reid’s references before hiring him, one of which was the former Chair of the KSU Board of Regents, who informed her (Ms. Hightman) that Dr. Reid had never been subject to a “judicial” finding. Ms. Hightman said that, during the Executive Session portion of the IBHE Board Meeting in which the Board discussed the final three candidates for the Executive Director position, she informed the Board of her findings relating to Dr. Reid’s background.²² She told investigators that the IBHE Board was not concerned with this information.²³

ii. Interview of a Former IBHE Board Member Regarding Dr. Reid’s Hiring

On December 20, 2012, investigators interviewed a former IBHE Board Member who was one of the five Board Members who served on the hiring committee when Dr. Reid was selected as one of the final three candidates. The former Board Member stated that, before the December 7, 2010 Board Meeting, he researched Dr. Reid’s work history online and learned that KSU terminated him for, among other reasons, misusing State funds. The former Board Member said that he informed Ms. Hightman of this information and said he could not support Dr. Reid for the Executive Director position.

The former Board Member also said that he informed Ms. Hightman that “within eighteen months,” the Board would have to fire Dr. Reid and he would sue. According to the former Board Member, Ms. Hightman responded that Dr. Reid would be IBHE’s next Executive Director. The former Board Member said he did not vote in favor of hiring Dr. Reid.

B. Dr. George Reid’s Conduct as IBHE’s Executive Director

i. IBHE Employee Vehicle Records

²² Since these conversations occurred during the Executive Session portion of the December 7, 2010 Board meeting for which the Board voted to destroy the meeting records, investigators are unable to confirm this statement.

²³ As with other closed Executive Session meeting conversations, since the audio recording is no longer available, investigators are unable to confirm Ms. Hightman’s statements. However, as set forth below, at least one IBHE Board member appears to dispute the fact that the IBHE Board was not concerned with Dr. Reid’s background.

IBHE has one State-owned vehicle. Investigators obtained and reviewed records reflecting IBHE employee use of the IBHE State-owned vehicle, IBHE employee rentals at Enterprise Rent-A-Car, Inc., and Dr. Reid's travel records for the time period between January 1, 2011 and April 30, 2012.

The analysis of these records revealed that on multiple occasions, there was no record of the IBHE State-owned vehicle being used, yet at least one IBHE employee rented a vehicle to travel for official business. These vehicle rentals exceeded \$4,000.

ii. Interviews Regarding Dr. Reid's Use of the IBHE State-Owned Vehicle

Investigators interviewed current and former IBHE employees regarding, among other topics, Dr. Reid's use of the IBHE State-owned vehicle.

All but one present or former IBHE employee interviewed stated that he or she was required to rent a vehicle at IBHE's expense to travel for official business because Dr. Reid kept the IBHE State-owned vehicle to himself. One employee said that, during Dr. Reid's tenure, employees who wanted to use the agency vehicle contacted the Executive Director's Assistant to see if the agency vehicle was available. This employee said that he requested to use the agency vehicle about every two months and it was available one or two times.

Every IBHE employee said he or she did not travel in the IBHE State-owned vehicle with Dr. Reid to or from any Board meetings. In fact, five employees stated that, on several occasions, Dr. Reid flew to and from Board meetings on the State airplane but they did not know what he did with the IBHE State-owned vehicle when he traveled on the State airplane.

In addition, one employee said that Dr. Reid referred to the IBHE State-owned vehicle as "his" vehicle and when he was asked about "his" use of the vehicle, Dr. Reid responded that it was "not [the asking employee's] concern" and that the use of the IBHE State-owned vehicle was provided for "in [his] contract."²⁴ Several witnesses also stated that Dr. Reid did not maintain records reflecting his daily use of the IBHE State-owned vehicle and often kept the IBHE State-owned vehicle at his apartment during working hours.

iii. Attempts to Interview Dr. George Reid

Between November 29 and December 14, 2012, investigators contacted Dr. Reid, who then resided in Maryland, by telephone in order to attempt to schedule an interview regarding his use of the IBHE State-owned vehicle and other matters. On December 4, 2012, Dr. Reid left the OEIG a voicemail stating he did not wish to be interviewed.

On December 7, 2012, the OEIG sent Dr. Reid an email stating the following:

As we understand, you entered into a Letter Agreement with Illinois Board of Higher Education (IBHE), dated October 29, 2012. The agreement requires you to periodically make yourself available to assist the IBHE in the transition to a new

²⁴ As set forth above, the Employment Agreement did not provide Dr. Reid with a personally assigned vehicle.

Executive Director for a period of three months after your separation date of October 31, 2012. In exchange for your agreement you received the equivalent of three months' salary of your \$193,000 annual salary or about \$66,000.

In light of your obligation to the IBHE during this time period and in order to facilitate a timely resolution of our Office's investigation of matters relating to IBHE during the time period you were Executive Director, we are asking you to reconsider your refusal to meet with us especially since, other than several hours, you will not be required to incur any expense.

We would appreciate a written response to our request by December 12, 2012. If we do not receive a response by that date, we will call you thereafter and we hope you might provide us with your response then.

Dr. Reid did not respond to the OEIG's email nor was the email returned as undeliverable. On December 14, 2012, investigators again tried to contact Dr. Reid by telephone to schedule an interview and left a voice message when he did not answer. To date, Dr. Reid has not responded.

iv. Interview of then-IBHE Board Chair Carrie Hightman Regarding Dr. Reid's Use of the IBHE State-Owned Vehicle and Management of IBHE

During her interview, relating to Dr. Reid's use of the IBHE State-owned vehicle, Ms. Hightman initially said she "might've known" that Dr. Reid treated the IBHE State-owned vehicle as if it was personally assigned to him. However, she later stated that she had no way of knowing how Dr. Reid used the IBHE State-owned vehicle. Ms. Hightman also said that Dr. Reid was ultimately responsible to ensure that IBHE funds were effectively utilized. Ms. Hightman added that Dr. Reid's use of the IBHE State-owned vehicle was a secondary concern, relative to the "dysfunctional" office that he created early in his tenure. Ms. Hightman explained that within the first three or four months of Dr. Reid's tenure, IBHE lost many long-time employees. Ms. Hightman recalled that, when she asked those employees why they were resigning, she learned that Dr. Reid distanced himself from day-to-day office operations, yelled at employees, and did not hold staff meetings, which caused tension within the office.

Ms. Hightman also told investigators that, in light of the information she received from IBHE management regarding Dr. Reid, she assigned then-IBHE Board Member Frances Carroll to serve as his mentor. In addition, Ms. Hightman said that the Board established performance goals relating to Dr. Reid's management to provide him the opportunity to improve.

v. Interview of Former IBHE Board Member Dr. Frances Carroll

On September 11, 2013, investigators interviewed former IBHE Board Member Dr. Frances Carroll. Dr. Carroll confirmed that Ms. Hightman assigned her to serve as Dr. Reid's supervisor. Dr. Carroll stated, however, that her mentorship was limited to introducing Dr. Reid to higher education leaders in Illinois. Dr. Carroll added that she was not involved in Dr. Reid's

day-to-day administration of IBHE or Dr. Reid's use of IBHE's State-owned vehicle and was never directed to so involve herself.

Dr. Carroll stated that Dr. Reid adequately performed the duties of his position, based on her limited observation of him. When provided copies of the evaluations, Dr. Carroll responded that the evaluations were contrary to her observations. When asked if she knew of any information that would support the statements made in evaluations of Dr. Reid, Dr. Carroll responded that, based on her experience, many high ranking officials can display racist attitudes towards African-American leaders, although she never observed any such behavior from IBHE employees.

C. Dr. George Reid's Departure from IBHE

i. Interview of then-IBHE Board Chair Carrie Hightman Regarding the Circumstances of Dr. Reid's Departure

During her interview, Ms. Hightman told investigators that, in September 2012, she asked Dr. Reid's subordinates to evaluate him.²⁵ Ms. Hightman recalled that the evaluations indicated that Dr. Reid was not an effective manager. According to Ms. Hightman, during its September 25, 2012 meeting, the IBHE Board reviewed the evaluations and decided Dr. Reid could not be shaped into an effective manager. Following the IBHE Board Meeting, Ms. Hightman said she and IBHE's private counsel met with Dr. Reid and presented him with the staff evaluations. According to Ms. Hightman, Dr. Reid was "shell shocked" by them, but did not refute the contents of the evaluations. Ms. Hightman said that, during this meeting, she informed Dr. Reid that the Board wanted to go in a different direction. In response, Dr. Reid asked her and IBHE's private counsel to contact his private counsel and as noted below Dr. Reid did eventually depart IBHE.

Ms. Hightman explained that, had Dr. Reid *not resigned*, IBHE would have terminated him under the provision of the Employment Agreement that allowed IBHE to terminate him for reasons other than cause. Ms. Hightman added that the IBHE Board was concerned that Dr. Reid would sue them and claim racial or age discrimination.²⁶ When asked if there was any evidence or indication that IBHE ever discriminated against Dr. Reid, Ms. Hightman responded that there was none.²⁷ However, Ms. Hightman said that it would have "looked bad" for the Board to fire IBHE's first African-American Executive Director. Ms. Hightman also told investigators that the Board wanted Dr. Reid available to answer questions the new Executive Director may have. In addition, Ms. Hightman said that at least one Board Member was concerned that the Board had not sufficiently documented its basis for terminating Dr. Reid and, according to this particular Board Member, the Board could be exposed to liability as a result.

²⁵ This was about 18 months after Ms. Hightman first learned that Dr. Reid created a "dysfunctional" office.

²⁶ Dr. Reid is African-American and was 67 years old at the time of his departure from IBHE.

²⁷ As noted above, and consistent with what Ms. Hightman had told investigators, IBHE Board member Dr. Carroll and each of the IBHE employees interviewed also said that he or she never observed anything that would support a claim by Dr. Reid that he had been discriminated against based on his race or age. However, as set forth below, in light of the fact that other IBHE Board members did not agree to be interviewed regarding IBHE's decision to hire or terminate Dr. Reid, investigators were unable to obtain additional information.

In addition, Ms. Hightman stated that it appeared that Dr. Reid was not “going to go away without anything.” According to Ms. Hightman, Dr. Reid initially demanded a larger settlement than he received and other Board Members supported a larger settlement.²⁸ Ms. Hightman said that, in light of these concerns, she decided it was “imminently prudent” to settle with Dr. Reid to avoid such a suit. Ms. Hightman also told investigators that IBHE’s private counsel did contact Dr. Reid on several occasions regarding IBHE’s daily operations after his departure.

ii. Documents requested from IBHE regarding contact with Dr. Reid after his Departure

On January 30, 2013, investigators sent a request for documents to IBHE requesting all documents sent to, received from, or reflecting conversations with Dr. Reid between October 27, 2012, and January 28, 2013, which included the three-month period Dr. Reid agreed to be available to IBHE for questions *after* his departure.

In response, a private attorney who indicated he was legal counsel for IBHE’s private counsel informed investigators that Ms. Hightman had no documents responsive to the request. However, the private attorney representing IBHE’s private counsel did provide investigators with five email communications between IBHE’s then private counsel and Dr. Reid’s attorney, the topics of which addressed when Dr. Reid would receive his final checks and the amount of Dr. Reid’s use of the IBHE vehicle during 2012. There was no evidence of any communication with Dr. Reid or his attorney regarding daily IBHE operations or communications that would appear to assist a new IBHE executive director.

iii. Interview of IBHE’s Private Counsel Regarding Dr. Reid’s Departure

On June 25, 2013, investigators interviewed IBHE’s then private counsel regarding Dr. Reid and the Letter Agreement and asked her what provision of the Employment Agreement necessitated including the “additional payments” section of the Letter Agreement. On the advice of her private attorney,²⁹ IBHE’s private counsel refused to answer on the grounds that her response implicated attorney-client privilege. IBHE’s then private counsel was also asked if Dr. Reid had been available to the Board, as his Letter Agreement required. Again, on advice of her private attorney, IBHE’s then private counsel refused to answer, citing attorney-client privilege.

Investigators then showed IBHE’s then private counsel a copy of her October 29, 2012 email to Dr. Reid’s counsel, in which she had written, among other thing, “*I want to make sure there are no press issues that he is being paid for services not performed,*” and asked her what she meant by the statement. In response, IBHE’s private counsel said that Dr. Reid’s attorneys were primarily concerned about his reputation and sought to avoid publicly embarrassing him. IBHE’s then private counsel said that Ms. Hightman was also concerned that IBHE would be unable to find a replacement and wanted Dr. Reid to be available to answer Board questions.

²⁸ Again, in light of the fact that other IBHE Board members did not agree to be interviewed regarding IBHE’s decision to hire or terminate Dr. Reid, investigators were unable to obtain additional information.

²⁹ IBHE’s then private counsel had her own private attorney as her representative during her OEIG interview.

iv. Attempts to Obtain IBHE Board Information Relating to Dr. Reid's Hiring and Departure and Re-interview of then-IBHE Board Chair Hightman

Beginning in November 2012, investigators began requesting records from IBHE relating to the Board's decision to hire Dr. Reid, pay him an additional \$32,000 in State funds upon departure, allow him to resign for "personal reasons," (as set forth in the press release) and the circumstances under which IBHE issued its press release regarding the circumstances of Dr. Reid's departure. In addition, in light of information investigators received after Ms. Hightman's initial interview, investigators sought to re-interview Ms. Hightman.³⁰

In response to investigator requests, the IBHE Board, through its new private counsel, provided investigators some documents relating to communications between IBHE's private counsel and Dr. Reid's counsel, as discussed and set forth above. However, in February 2013, IBHE's new private counsel³¹ informed investigators that IBHE would not produce Board Meeting minutes from the Executive Sessions of Board Meetings in which the IBHE Board discussed these topics because:

- the meeting minutes were protected from disclosure by the Illinois Open Meetings Act;³²
- the Board was unwilling to produce executive session meeting minutes; and
- the Board was unwilling to waive attorney-client privilege applicable to the meetings.

In light of the Board's decision, other than already obtained interview statements and documents produced, investigators were unable to obtain additional information relating to the reason or basis upon which the IBHE Board agreed to pay Dr. Reid an additional \$32,000 in State funds in order for him to depart IBHE, or why IBHE issued a press release indicating that Dr. Reid was departing for personal reasons when it appeared he had been asked to resign or would have been terminated had he not resigned.

V. ANALYSIS

A. The Illinois Board of Higher Education Act

³⁰ As noted above, investigators obtained additional information regarding Dr. Reid's departure after Ms. Hightman's initial interview and informed Ms. Hightman, through her counsel, that they wished to re-interview her "for the purpose of following-up with her on investigative facts regarding IBHE's hiring of former Executive Director George Reid that our Office discovered *after* Ms. Hightman's initial interview." (emphasis in original). Specifically, investigators learned, and sought to re-interview Ms. Hightman relating to, the following facts:

- that at least one former IBHE Board Member opposed Dr. Reid's hiring, even though she stated otherwise;
- that none of the IBHE employees interviewed noted anything that could support Dr. Reid's purported discrimination claim, although Ms. Hightman stated that it would be "imminently prudent" to avoid a discrimination suit by Dr. Reid; and
- that the Letter Agreement term relating to Dr. Reid's continued availability during the three month period, was, according to an email from IBHE's private counsel, added in order to avoid "press issues," even though Ms. Hightman said the Board wanted Dr. Reid available to answer questions.

On March 19, 2013, Ms. Hightman, through counsel, indicated that she did not wish to be re-interviewed and was not re-interviewed.

³¹ IBHE's new private counsel was the law partner of IBHE's previous private counsel.

³² 5 ILCS 120 *et seq.*

The Illinois Board of Higher Education Act established IBHE, its Board, and the duties of both. This includes the Board's duty to "hold in trust . . . funds and other aid made available by the Federal Government, or by other agencies public or private."³³

B. The Circumstances under which Dr. Reid was Hired and Departed IBHE

The OEIG investigation revealed that the IBHE Board hired Dr. Reid with knowledge of his background and later clearly sought to terminate him because of his alleged substandard performance. Specifically, about eighteen months after hiring him and after having learned that Dr. Reid's management practices caused many long-term employees to resign within three or four months of the start of his tenure, Ms. Hightman said she and the IBHE Board solicited evaluations from IBHE staff. In response, they allegedly discovered that Dr. Reid could not be shaped into an effective manager.

In any event, even though the Employment Agreement between Dr. Reid and IBHE included provisions relating to his departure and one provision that allowed the IBHE Board to terminate Dr. Reid for reasons "other than cause,"³⁴ thus limiting IBHE's financial obligation to Dr. Reid to no more than one month's salary, the IBHE Board paid him an additional \$32,000 in State funds.

As set forth in the so-called Letter Agreement, Dr. Reid was paid an additional two months' salary in consideration for his execution of a release of liability *and* his agreement to be periodically available during the three month period following his termination so that he could assist in the transition to a new executive director. Below is a review of these two matters.

i. The Employment Agreement Terms Between IBHE and Dr. Reid

The Employment Agreement between IBHE and Dr. Reid contained terms relating to IBHE financial obligations toward Dr. Reid should the two parties wish to separate. Specifically, the IBHE Board agreed to pay Dr. Reid if he:

- was terminated for any reason other than cause; *and*
- executed a release that absolved IBHE from all liability arising from his employment.

Under the above circumstances, the Employment Agreement obligated the Board to pay Dr. Reid one month's salary, or approximately \$16,000 and whatever other outstanding travel expenses and benefit time to which he was entitled. The Employment Agreement terms did not obligate IBHE to provide Dr. Reid with any severance payment or additional payments if he was terminated for cause,³⁵ resigned, departed based on a mutual agreement with IBHE, or failed to execute the above-referenced release (hereinafter "Termination Agreement Provisions").

³³ 110 ILCS 205/9.09.

³⁴ The OEIG investigation revealed no evidence that the Board could have terminated Dr. Reid "for cause," which was defined in his Employment Agreement as "fraud, misappropriation of funds or other acts of dishonesty . . ."

³⁵ As set forth below, even though Dr. Reid's management of the IBHE State-owned vehicle caused IBHE to waste over \$2,000 in State funds, this misconduct would not have supported termination "for cause" as defined in the Employment Agreement.

Accordingly, there was no contractual provision that obligated IBHE to pay Dr. Reid more than \$16,000 or one month's salary, as opposed to one month plus two months' salary as finally agreed to in the Letter Agreement.

- ii. *IBHE's Agreement to Pay Dr. George Reid \$32,000 in Order for him to be Available for Three Months of Consultation was only Added to Avoid the Appearance that he was being paid for "services not performed"*

As noted above, IBHE terminated Dr. George Reid under the "mutual agreement" provision of the Employment Agreement in the form of the so-called Letter Agreement. Under the terms of the Letter Agreement, IBHE stated that it agreed to pay Dr. Reid an additional \$32,000. Dr. Reid was apparently paid the additional \$32,000 in consideration for his execution of a release of liability *and* his agreement to be periodically available during the three month period following his termination so that he could assist in the transition to a new executive director. Specifically, the following clause was added to the Letter Agreement:

"In further consideration of the Additional Severance Payments, you agree to make yourself available during the three month period following your Termination Date, to assist in the transition to a new executive director, upon the reasonable request of the IBHE; provided, however, nothing in this sentence shall be construed as requiring you to travel or to perform any services other than providing consultation services by telephonic means."

However, despite the Letter Agreement's inclusion of the above referenced clause relating to Dr. Reid being periodically available during the three month period following his termination, the investigation revealed that this clause was added the day before the Letter Agreement was finalized and appears to only have been added at the request of IBHE counsel (as set forth in the email) in order to "*make sure there are no press issues that he is being paid for services not performed.*" In fact, there is no evidence that reveals IBHE staff or the Board *ever sought* assistance from Dr. Reid in terms of transitioning to a new executive director.³⁶

Other than Ms. Hightman's statement that it was imminently prudent to settle with Dr. Reid, investigators were unable to obtain information from other IBHE Board Members regarding reasons they considered in arriving at their decision to allow the State (IBHE Board) to pay Dr. Reid the additional \$32,000. The OEIG concludes that IBHE's inclusion of the above-referenced clause regarding the transitioning to a new executive director was included in the Letter Agreement in order to at least partially justify the extra \$32,000. In addition, the OEIG concludes that the Statement Pertaining to Separation, to which the IBHE Board agreed, and in which it was stated that: "Dr. George Reid . . . has decided to step down *for personal reasons* . . . ," was inaccurate and was not the true reason Dr. Reid departed.

In any event, investigators are unable to conclude that other reason(s) existed that may have justified and supported Ms. Hightman's statement that it was "imminently prudent" to pay

³⁶ There were five communications during the three month period between IBHE's private counsel and Dr. Reid's attorney, but they concerned Dr. Reid's final checks and his use of the IBHE vehicle during 2012.

Dr. Reid the extra two months' salary. Although Ms. Hightman suggested that the decision to award Dr. Reid the additional \$32,000 was due, in part, to her concern that Dr. Reid had threatened to file a discrimination lawsuit, neither Ms. Hightman nor any of IBHE employees interviewed could supply any evidence or note any circumstance that would support a claim of discrimination. Furthermore, because of IBHE Board's decision to deny OEIG investigators with access to Executive Session recordings, it was unable to conclude that the possibility of a lawsuit indeed was the reason the Board agreed to pay Dr. Reid the extra two months' salary.

C. Dr. George Reid's Use of the IBHE State-Owned Vehicle Caused IBHE to Waste State Funds

The Illinois Fiscal Control and Internal Auditing Act requires the Chief Executive Officer of each State agency to effectively manage that agency and certify that, among other things, the agency has sufficient internal controls in place to "[a]ssure that funds, property, and other assets and resources are safeguarded against waste"³⁷

According to every IBHE employee interviewed, Dr. George Reid monopolized the use of the IBHE State-owned vehicle. This caused IBHE to waste State funds on unnecessary employee vehicle rentals. As IBHE's Chief Executive Officer, Dr. Reid was required to assure that IBHE resources were efficiently used and that State funds were guarded against waste. However, Dr. Reid caused IBHE to unnecessarily expend State funds on employee vehicle rentals. Between February 1, 2011 and April 30, 2012, IBHE employees were required to rent vehicles on 37 occasions, despite IBHE having records indicating that the IBHE State-owned vehicle was not being used at those times. These rentals cost IBHE \$2,548.10. All of these rentals could have been avoided had Dr. Reid made the IBHE State-owned vehicle available to the employee renting a vehicle. Therefore, the allegation that Dr. George Reid did not protect State funds from waste is **FOUNDED**.

D. Dr. George Reid Did Not Keep Sufficient Records Reflecting the Use of the IBHE State-Owned Vehicle

Between January 1 and September 30, 2011, IBHE did not maintain records reflecting the day-to-day use of the IBHE State-owned vehicle. During that time period, Dr. Reid indicated on his travel records that he used the IBHE State-owned vehicle on some occasions. IBHE rented vehicles on multiple occasions for which there was no record of Dr. Reid using the IBHE State-owned vehicle to travel on official business. These rentals cost IBHE in excess of \$4,000. According to several witnesses, Dr. Reid monopolized the use of the IBHE State-owned vehicle and, when asked about his use, he responded that it was "not [the asking employee's] concern" and it was provided for in his Employment Agreement.

Although Dr. Reid's Employment Agreement did not provide him with exclusive use of the IBHE State-owned vehicle, as the Board's Chief Executive Officer, he was required to certify that IBHE had sufficient internal controls in place to prevent the loss of State funds. It is impossible to determine whether anyone used the IBHE State-owned vehicle on specific dates and that further prevents the OEIG from finding that IBHE's paying for those vehicle rentals

³⁷ 30 ILCS 10/3001(3); 30 ILCS 10/3002.

constituted a waste of State funds. However, this impossibility is the direct result of Dr. Reid's substandard record keeping which, in turn, shows that Dr. Reid did not have sufficient safeguards in place to protect State funds from waste. Accordingly, the allegation that Dr. George Reid violated the Illinois Fiscal Control and Internal Auditing Act is **FOUNDED**.

VII. FINDINGS AND RECOMMENDATIONS

Following due investigation, the OEIG issues these findings and recommendations:

- **FOUNDED** – Dr. George Reid violated the Illinois Fiscal Control and Internal Auditing Act by causing IBHE to unnecessarily expend state funds on rented vehicles.
- **FOUNDED** – Dr. George Reid violated the Illinois Fiscal Control and Internal Auditing Act by failing to establish sufficient safeguards to protect IBHE funds from waste.

In light of the fact that Dr. George Reid has left State employment, the OEIG recommends that a copy of this report be placed in his IBHE personnel file.

With regard to the Letter Agreement and Statement Pertaining to Separation, the OEIG recommends that the IBHE Board avoid agreeing to public statements in connection with a settlement agreement that are not accurate and may be misleading. Although this type of compromise may be commonplace in the private sector, we suggest it is not appropriate conduct for publicly funded entities.

In addition, although our Office was unable to obtain sufficient evidence to determine whether the Letter Agreement with Dr. Reid reflected a waste of public resources, we recommend that the Governor's Office develop a policy applicable to all entities under its jurisdiction that establishes parameters for employee separation agreements and settlements, and that would require review of such agreements by the Governor's Office prior to being executed.

No further investigation is needed and this matter is considered closed.

Date: **April 3, 2014**

Office of Executive Inspector General
for the Agencies of the Illinois Governor

Laura Bautista
Deputy Inspector General &
Chief of Springfield Division

Melissa Schaefer
Investigator #162

Attachment

A



ILLINOIS BOARD OF HIGHER EDUCATION

431 EAST ADAMS STREET, 2ND FLOOR
SPRINGFIELD, ILLINOIS 62701-1404

EXECUTION COPY

Pat Quinn
Governor

Carrie J. Hightman
Chicago
Chairwoman

October 29, 2012

Via Electronic Transmission

Members

Jay D. Bergman
Joliet

Frances G. Carroll
Chicago

Alexi Giannoulis
Chicago

Heba Hamouda
Chicago

Kryn Hubbard
Chicago

Allan Kames
Carbondale

Paul L. Langer
Lincolnwood

Proshanta K. Nandi
Springfield

Santos Rivera
Chicago

Robert J. Ruiz
Oak Lawn

Elmer L. Washington
Park Forest

Addison E. Woodward, Jr.
Palos Park

Student Members
Justin McDermott
Crystal Lake

Ari Shroyer
Chicago

Executive Director
G. W. Reid

Dr. George Reid
Illinois Board of Higher Education
431 East Adams
2nd Floor
Springfield, IL 62701-1404

Dear Dr. Reid:

This Letter Agreement confirms our agreement concerning the terms governing your separation from the Illinois Board of Higher Education ("IBHE"). If you sign this Letter Agreement, it will constitute the mutual agreement between you and IBHE regarding the terms of your remaining period of employment and of your separation from employment. The terms of this Letter Agreement shall supersede and replace any and all agreements and understandings between you and IBHE concerning the terms of your employment, including the Employment Agreement dated December 20, 2010 (the "Prior Agreement").

1. Employment Status

You will continue to hold the title and be compensated on a full-time basis as the Executive Director of IBHE until October 31, 2012 ("Separation Date"). You will continue to receive your current annual base salary of \$193,000 and all of your current benefits through the Separation Date. Any period between the date of execution of this Letter Agreement and the Separation Date shall not be construed as vacation time to you. On your Separation Date and in consideration of the severance benefit stated in Section 6.3.1 of the Prior Agreement, you will be paid a lump sum payment equal to one (1) month of your current annual base salary (which lump sum amount is \$16,083.33), subject to legally-mandated deductions for federal, state and local taxes and pension contributions (the "Severance Payment"). The distribution of the Severance Payment shall be made on the date that is no later than seven (7)

days after your execution of this Agreement and will be transmitted on your behalf directly to your legal counsel, Mintz Levin Cohn Ferris Glovsky & Popeo, P.C., Attn: Raymond D. Cotton, Esq., 701 Pennsylvania Avenue NW, Suite 900, Washington, DC 20004. Following the conclusion of your employment, IBHE agrees not to contest any claim you make relating to unemployment benefits.

2. Vacation

Upon the termination of your employment you will receive a lump sum payment representing compensation for your accrued and unused vacation as of your Separation Date, which amount is 24.3 days, in accordance with IBHE's vacation policy and Illinois law. Based upon your current annual base salary of \$193,000, the total amount payable for the 24.3 accrued and unused vacation days is approximately \$17,370.00, subject to legally-mandated deductions for federal, state and local taxes and pension contributions. This payment will be made no later than the first regularly scheduled payroll date of IBHE which follows the Separation Date.

3. COBRA Coverage

You will continue to participate in the group health, dental, vision and other welfare plans as a full-time active employee of IBHE through your Separation Date, at which time your coverage as an active employee will cease. At that time, the termination of your employment will be a qualifying event under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The State of Illinois Central Management Services will notify you and/or your dependents of the insurance coverage which you may continue on a self-pay basis as provided by COBRA upon termination of your employment.

4. Return of Property.

You agree to return to IBHE any and all of its property, including but not limited to, keys, employee identification or security access cards, telephones, computing equipment, and credit cards on or before the Separation Date.

5. Confidentiality

You acknowledge that, in the course of your employment with IBHE, you gained access to certain information that is not publicly available and is proprietary to IBHE, including, but not limited to, confidential management and operational information, confidential personnel information, confidential financial information and projects, and confidential technical information (collectively, "Confidential Information"). You agree that you shall not disclose, whether publicly or privately, to any person or entity any such

Confidential Information that was obtained by you in the course of your employment without the prior written consent of IBHE, such consent to be given at IBHE's sole discretion. However, nothing in this Paragraph 5 shall prohibit your disclosure of Confidential Information pursuant to applicable law, a court order, a governmental or administrative directive or a lawful subpoena. In the event you are required to make such disclosure, you will give IBHE prompt notice, if allowed, that you have been required to disclose Confidential Information, and if practicable prior to the disclosure thereof.

Moreover, you agree that upon termination of your employment, you will promptly deliver to IBHE all documentation and other materials relating to IBHE's business which are in your possession or under your control, whether in written or electronic data form, and you will delete, destroy or discard all copies of such Confidential Information remaining in your possession. You will be allowed to make copies or keep duplicate copies of all documentation or other materials relating to IBHE's business that are matters of public record or relate to your personnel file or benefits.

You further acknowledge and agree that IBHE's remedy in the form of monetary damages for any breach by you of any of the provisions of this section may be inadequate and that, in addition to any monetary damages for such breach, IBHE may seek to institute and maintain any appropriate proceeding or proceedings, including an action for specific performance and/or injunction.

6. Additional Payments

In consideration of your execution and delivery of the General Release attached hereto as Exhibit 1 (which shall not be executed before November 1, 2012), you will receive an additional lump sum severance payment in an amount equal to two (2) months of your current annual base salary (which lump sum amount is \$32,166.66), subject to legally-mandated deductions for federal, state and local taxes (the "Additional Severance Payment"). In further consideration of the Additional Severance Payment, you agree to make yourself periodically available during the three month period following your Termination Date to assist in the transition to a new executive director, upon the reasonable request of the IBHE; *provided, however*, nothing in this sentence shall be construed as requiring you to travel or to perform any services other than providing consultation services by telephonic means or in writing if you deem such a response more appropriate. The Additional Severance Payment, together with the Severance Payment referenced in Paragraph 1, shall be made in a lump sum payment on the date that is no later than seven (7) days after receipt by the IBHE of your signed General Release and will be transmitted on your behalf directly to your legal counsel, Mintz Levin Cohn Ferris Glovsky & Popeo, P.C., Attn: Raymond D. Cotton, Esq., 701 Pennsylvania Avenue NW, Suite 900, Washington, DC 20004.

7. Mutual Release

In consideration of the payment and benefits described above, you, on behalf of yourself and your heirs, executors, and administrators, fully and finally settle, release, and waive any and all rights or claims you may have, known or unknown, under the Prior Agreement, the termination of the employment relationship between you and IBHE and any and all claims, known or unknown, arising from any and all local, state (including but not limited to the Illinois Human Rights Act), and federal civil, common, contractual and statutory law (including, but not limited to, the **Age Discrimination in Employment Act of 1967**, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and the Family and Medical Leave Act of 1993 ("FMLA"), as those Acts are amended), and equitable claims against IBHE and all of IBHE's divisions, board members, directors, officers, agents, managers, supervisors, employees, representatives and their successors and assigns and all persons acting by, through, under or in concert with any of them (collectively, "IBHE Released Parties"), occurring or arising prior to the applicable date of the execution and delivery of the General Release attached hereto as Exhibit 1.

You acknowledge that you have received all benefits under the FMLA, if any, to which you believe you may be entitled. You represent that you are not aware of any facts in which a claim under the FMLA could be brought.

You acknowledge and agree that this release is being given only in exchange for consideration to which you are not otherwise entitled.

In further consideration of your release of the IBHE Released Parties and your execution and delivery of the General Release, IBHE fully and finally settles, releases, and waives any and all rights or claims it may have, known or unknown, under the Prior Agreement, relating to your employment and the termination of the employment relationship between you and IBHE and any and all claims, known or unknown, arising from any and all local, state and federal civil, common, contractual and statutory law, and equitable claims against you, including but not limited to all claims of breach of express or implied contract, breach of express or implied covenants of good faith, promissory estoppels, claims for tortious or other personal injury, intentional or negligent misrepresentation, and/or infliction of emotional distress, with respect to you individually, your agents, attorneys, representatives, current, former and future heirs, executors, administrators and their successors and assigns and all persons acting, by, through under or in concert with any of them, occurring or arising prior to the applicable date of the execution and delivery of the General Release attached hereto as Exhibit 1.

Nothing in this Section 7 and/or its subparts waives or releases any claims either party may have involving the enforcement of the terms and conditions of this Letter Agreement.

8. Special Release Notification Under the Age Discrimination and Employment Act

You understand and agree that this Agreement includes a release of all claims under the Age Discrimination in Employment Act ("ADEA") and, therefore, pursuant to the requirements of the ADEA, you acknowledge that you have been advised: (a) this release includes, but is not limited to, all claims under the ADEA arising up to and including the date of execution of this release; (b) to consult with an attorney and/or other advisor of your choosing concerning your rights and obligations under this release; (c) to consider fully this release before executing it; (d) that you have been offered ample time and opportunity, in excess of twenty-one (21) days, to do so; and (e) that this release shall become effective and enforceable seven (7) days following execution of this Letter Agreement by you, during which seven (7) day period you may revoke your acceptance of this Agreement by delivering written notice to Mary Patricia Burns, Burke Burns & Pinelli, Ltd., 70 West Madison Street, Suite 4300, Chicago, IL 60602, with email confirmation to mburns@bbp-chicago.com.

9. Covenant Not To Assert Claims

Each party warrants to the other that he/it has not initiated or filed any claims of any type against the other party with any court or governmental or administrative agency and covenants that he/it will not do so in the future with regard to any claim released herein nor will either party voluntarily assist others in doing so. This provision shall not waive any right or claim which cannot be waived by law that either party may have to participate in proceedings against the other party, but each party agrees to waive any relief which may be obtained from such participation.

10. Outstanding Charges and Reimbursement of Expenses

You hereby agree to pay IBHE any outstanding amounts owed to IBHE, and further agree that by signing this Agreement you hereby authorize IBHE to deduct any outstanding charges from your final payment. IBHE certifies that as of the date of its execution of this Agreement, this amount is zero (\$0). IBHE shall process your business expenses properly incurred but not yet paid upon your presentation of such expenses, and will take all reasonable actions with the State Comptroller's officer to ensure prompt payment but can make no assurance as to when payment will be received.. IBHE acknowledges that the total amount of such pending reimbursements to you is \$8,788.27.

11. Governing Law

This Letter Agreement shall be construed in accordance with the laws of Illinois.

12. Severability

It is the desire and intent of IBHE and you that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought. Accordingly, if any such provision shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete or to modify the portion adjudicated to be invalid or unenforceable, such deletion or modification to be made only to the extent necessary to cause the provision to be amended to be valid and enforceable.

13. Parties' Representations

Each party represents to the other that it has had the opportunity to discuss all aspects of this Agreement with a representative or attorney of choice and they have read and understand the meaning of this Agreement and are voluntarily entering into this Agreement.

14. Confidentiality, Non-Disclosure and Non-Disparagement

The parties expressly agree that they will each keep the terms and the negotiations and statements leading up to this Letter Agreement strictly confidential and that neither party will disclose the terms of this Letter Agreement to anyone other than a spouse, legal counsel or a party's tax advisor, as applicable, provided that each such person(s) are directed to preserve the confidentiality of the terms of this Letter Agreement, except to the extent that disclosure is required (a) by law, subpoena, order of court or other governmental or administrative directive, compliance with which is mandatory, or (b) to enforce either party's rights under this Letter Agreement or any of IBHE's employee benefit plans.

Nothing herein should be construed as a limitation on your ability to consult with your counsel or with an administrative agency.

Effective immediately, you agree not to make any communication or statement, written or oral, which disparages or otherwise impugns the reputation, good will or interest of IBHE or any of its officers, directors, officials, board members, employees, representatives or agents or portrays it or any of them in a negative light. Similarly, IBHE and its officers, directors, officials, board members, and employees agree not to make any communication or statement, written or oral, which disparages you or

otherwise impugns your reputation, good will or interest or portrays you or your heirs, successors, assigns, agents or attorneys in a negative light. Promptly after execution of this Agreement, the parties will jointly agree, in writing, to a public statement pertaining to your separation from IBHE, which shall be in the form attached as Exhibit 2.

This confidentiality, non-disclosure and non-disparagement provision is an essential aspect of the consideration for you and IBHE entering into this Agreement.

15. Complete Agreement

This Letter Agreement and the documents specifically referred to herein constitutes the complete understanding between you and IBHE relating to your remaining employment and separation of employment. This Letter Agreement supersedes any and all prior agreements, promises, representations or inducements, no matter their form, concerning your employment with IBHE, including, without limitation, the Prior Agreement. No promises or agreements made subsequent to the execution of this Agreement by these parties shall be binding unless reduced to writing and signed by authorized representatives of these parties. This Letter Agreement may not be amended or modified except by a writing signed by you and IBHE.

This Letter Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns. This Letter Agreement shall not be assignable, in whole or in part, by either party.

16. Execution in Counterparts

The parties may sign this Agreement in counterparts, all of which shall be considered one and the same instrument.

17. Important Information

You acknowledge that IBHE has advised you take up to 21 days to consider the terms and conditions outlined above, and that IBHE has also advised you to consult an attorney before signing this Letter Agreement. You also have the right to revoke your execution of this Letter Agreement within 7 days after execution in accordance with the Notice To Employee attached hereto.

If you accept the terms and conditions outlined above, please sign both copies of this Letter Agreement in the space provided below to signify your acceptance, and return both copies to Mary Patricia Burns, Burke Burns & Pinelli, Ltd. If you accept the terms and conditions outlined above, your acceptance is in lieu of any and all other severance programs offered by IBHE and you knowingly and voluntarily waive participation in all other severance programs offered by IBHE. You acknowledge that IBHE's performance and compliance with the terms of this Letter Agreement, including Exhibits 1 and 2, and under the employee benefit plans referenced herein constitutes full and complete payment of all amounts due to you from IBHE and in part constitutes additional consideration to which you are not otherwise entitled.

Very truly yours,

Carrie J. Lightman
Chair, Board
Illinois Board of Higher Education

Accepted:

Dr. George W. Reid

Date: _____

EXHIBIT 1
GENERAL RELEASE

Attn: This General Release Should Not Be Signed By You Prior to November 1, 2012

In consideration of the payments and benefits set forth in the Letter Agreement attached hereto, the sufficiency of which consideration is hereby acknowledged, I, for myself and my heirs, executors and administrators, do hereby fully, finally and unconditionally release and forever discharge the Illinois Board of Higher Education of the State of Illinois, and all of its divisions, as well as all of its former and current directors, officers, employees, board members, attorneys, agents, predecessors, successors and assigns, in their personal and corporate capacities (hereinafter "Released Parties"), from any and all liabilities, actions, causes of action, claims, rights, obligations, charges, damages, costs, attorneys' fees, suits, re-employment rights and demands of any and every kind, nature, and character, known and unknown, liquidated or unliquidated, absolute or contingent, in law or in equity, enforceable under and local, state, or federal statute or ordinance, or under the common laws of the United States, **from the beginning of time to the date of this General Release**, including but not limited to, all claims relating to the **Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq.** and the specific statutes referred to in footnote 1¹, any and all claims relative to any agreement relating to my employment with the Released Parties, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, intentional infliction of emotional distress, interference with contractual relations, retaliatory discharge, whistleblowing, breach of contract, wrongful discharge, breach of implied contract or implied covenant of good faith or fair dealing, and any other statute, authority or law, providing a cause of action relating to my employment with or the termination of my employment with the Released Parties, provided, however, that this release does not affect, release or waive any of my claims for payment or benefits under the Letter Agreement to which this General Release is attached as Exhibit 1 or any employee benefit plans referenced therein. I also agree not to sue the Released Parties with respect to the claims covered by the foregoing General Release.

I acknowledge that prior to entering into the Letter Agreement to which this General Release is attached and made a part of, I was advised in writing to consult with an attorney prior to executing the Letter Agreement and that I was given a period of at least twenty-one (21) days within which to consider the terms of this General Release.

¹ Title VII of the Civil Rights Act of 1964, as amended, 42 U.S. C. § 2000e *et seq.*; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 *et seq.*; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 *et seq.*; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201 *et seq.*; the Civil Rights Act of 1866, 42 U.S.C. § 1981 *et seq.*; the Worker Adjustment Retraining Notification Act, 29 U.S.C. 2101 § *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*; the Corporate and Criminal Fraud Accountability Act of 2002; Title VII of the Sarbanes Oxley Act of 2002; and the Illinois Human Rights Act.

Moreover, I was advised in writing of my right, for seven (7) days following my execution of the Letter Agreement, to revoke the Letter Agreement and thereby decline to execute this General Release by giving notice of revocation to Mary Patricia Burns, at 70 West Madison, Suite 4300, Chicago, IL 60602. I expressly represent that I did not revoke the Letter Agreement. Accordingly, I acknowledge and agree that the Letter Agreement is effective and enforceable.

I hereby represent that I have read and understand the terms of this General Release and represent that my execution of this General Release constitutes my knowing and voluntary act, made without coercion or intimidation. I understand that this General Release is applicable to any claims arising prior to the date of this General Release and is binding upon me, my heirs, executors and assigns.



Dr. George W. Reid

Date: 11-2-12

Witness' Signature

Date: _____

EXHIBIT 2
STATEMENT PERTAINING TO SEPARATION

Dr. Reid to Return to Home Base

Dr. George Reid, Executive Director of the Illinois Board of Higher Education (IBHE), has decided to step down for personal reasons. Dr. Reid acknowledged that while business travel is certainly expected and acceptable, he has decided that it was time to reduce his personal time on the road and to increase his time with family.

Regarding IBHE, Dr. Reid said, "I am grateful to have had the opportunity to contribute to the progress taking place in higher education in Illinois." Dr. Reid's accomplishments include:

1. Leading Change, Strategic Dialogue: Dr. Reid led State-level discussions on reducing time to successfully obtaining a degree. These communications relate to a national discussion that is also taking place in Illinois. The issue addresses the goal of graduating 60% of the State's college-age population by 2025. In addition, Dr. Reid has led the dialogue to develop a centralized governance structure for Illinois' longitudinal data system. The new structure will increase the State's ratings in efforts to secure federal grants, as well as with organizations like the Data Quality Campaign.
2. Building Coalitions, Implementation of Performance Funding: Illinois is one of a few states that has created a performance funding system. Dr. Reid chaired a thirty-member Performance Funding Steering Committee that guided the implementation of a new State law to use data to reward colleges and universities which outperformed others in reaching State goals. The objectives include increasing the number of low-income, first generation and stem graduates, as well as closing the achievement gap, a goal in the State's ten-year strategic plan ("The Public Agenda for College and Career Success").

Dr. Reid remarked it was truly a delight to work with students and the State's legislative, gubernatorial, business and educational leaders to create a funding system for higher education designed to grow the numbers of postsecondary graduates, and, therefore, a more vibrant future economy. Carrie Hightman, Chairwoman of the Board of Higher Education said, "The Board is proud of the work of IBHE during Dr. Reid's tenure. The Board thanks Dr. Reid for his contributions in Illinois and wishes him all the best for future success."

Dr. Reid looks forward to his opportunity to work with the American Association of State Colleges and Universities. (AASCU). At AASCU, Dr. Reid's work will examine strategic issues related to policy development and higher education management.

Attachment

B

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, entered into as of December 20th, 2010 and effective as of the 27th day of December, 2010, (the "Effective Date"), is made by and between the Illinois Board of Higher Education, a state agency of the State of Illinois ("IBHE") and George W. Reid ("Mr. Reid").

RECITAL

The parties desire to enter into this Agreement pertaining to the employment of George W. Reid by IBHE in the position of Executive Director. In consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by IBHE and Mr. Reid as follows:

AGREEMENTS

1. Employment of George W. Reid by IBHE. IBHE shall employ Mr. Reid as the Executive Director of IBHE and Mr. Reid agrees to be employed as IBHE's Executive Director for the term and under the conditions set forth in this Agreement.
2. Duties of Executive Director. Mr. Reid will serve as Executive Director of IBHE, and will perform such duties as are normally associated with such positions and such other duties as the Board Members of the IBHE (the "Board") assigns from time to time during the Agreement Term (as hereinafter defined). Such duties will be performed on a full-time basis; provided, however, the parties hereby acknowledge and agree that, regardless of any statutory or regulatory requirement to track or record hours worked for any given period or periods of time, due to the nature of this position certain periods of time will require the commitment of more hours than would be required of a non-exempt employee. Mr. Reid will report to IBHE the time spent each day on official IBHE business to the nearest quarter hour, as required by State law.
3. Agreement Term. The "Agreement Term" shall be the period beginning on the Effective Date and ending on December 26, 2013, the three-year anniversary of the Effective Date. On or before December 27, 2012, the Board shall consider whether, in its sole discretion, the Agreement Term shall be extended for an additional one year period (each such extension being an "Extended Term"). If the Agreement Term is extended as set forth in the preceding sentence, then on or before each subsequent December 27th the Board shall consider in its sole discretion whether the Extended Term shall be extended for an additional one year period. Notwithstanding the preceding sentences, this Agreement may be

terminated at any time by the parties hereto during the Agreement Term or any Extended Term without a breach of this Agreement, in accordance with Section 6, and with such notice as may be required under Section 8.

4. Compensation and Benefits. Subject to the terms and conditions of this Agreement, during the Agreement Term while Mr. Reid is employed by IBHE, IBHE shall compensate him for his services as follows:

4.1 Base Salary. Beginning as of the Effective Date, for the services to be rendered to IBHE, Mr. Reid shall be paid an annual "Base Salary" of One Hundred Ninety Thousand Dollars and no/100 dollars (\$190,000.00), payable in bi-weekly installments at the same time that other IBHE employees are paid. The payment of the Base Salary and other compensation under this Agreement will be subject to state and federal withholding and other applicable taxes and deductions required by law to be withheld from compensation to employees. Prior to July 1, 2012, and prior to each July 1 thereafter, the Board will review the Base Salary paid to Mr. Reid and may increase it if the Board, in its sole discretion, determines to do so. As used hereafter in this Agreement, the term "Base Salary" will mean the annual Base Salary as defined above or as increased from time to time by action of the Board.

4.2 Vacation. Mr. Reid will be allowed to accrue twenty-five (25) days of vacation per year. Saturdays, Sundays, and holidays occurring during periods of vacation taken by Mr. Reid pursuant to this provision shall not count against the number of days of vacation taken by Mr. Reid. The rate of vacation accrual and of the limitation of vacation accumulation shall adjust with the accumulation of service with IBHE in the same manner and at the same rate as for IBHE's other exempt employees.

4.3 Health Care Benefits. IBHE will provide Mr. Reid with the same hospitalization, medical, dental care and life insurance as is provided by IBHE from time to time to IBHE's other exempt employees. Coverage under that insurance will commence not later than the date Mr. Reid commences his duties as Executive Director.

4.4 Additional Benefits. Except as otherwise specifically provided to the contrary in this Agreement, Mr. Reid shall be provided with the retirement, welfare benefits, sick leave benefits, other fringe benefits and paid time off for holidays to the same extent and on the same terms as those benefits are provided by IBHE from time to time to IBHE's other exempt employees.

4.5 Expense Reimbursement. Mr. Reid shall be reimbursed by IBHE, in accordance with the laws of the State of Illinois and the policies of IBHE that are in effect from time to time, for reasonable expenses for travel, meals, lodging and similar items which are authorized by IBHE and

actually incurred by Mr. Reid in the promotion or conduct of IBHE's business. Mr. Reid may use his own vehicle or, if available, an IBHE vehicle, as he may choose for business travel. There is no assurance that the IBHE will have a state provided vehicle available to it. IBHE will reimburse Mr. Reid for his use of his own vehicle on IBHE business on a per-mile basis at the rate authorized from time to time by the Higher Education Travel Control Board for such reimbursement. Mr. Reid shall be required to present expense statements or vouchers or other reasonable supporting information requested by IBHE prior to such reimbursement.

5. Other Benefits and Allowances. In addition to the rights granted by this Agreement, IBHE may grant other benefits and allowances to Mr. Reid from time to time and may, in its discretion, change or terminate such other benefits at any time. IBHE shall provide subsequent notice to Mr. Reid, consistent with the notice provided to all other IBHE employees, of any change or termination of benefits or allowances. The granting of any such other benefit does not create a vested right in Mr. Reid to receive such a benefit or other benefit for any specific period of time.

6. Termination Rights and Payments Upon Termination. Mr. Reid's right to benefits and payments, if any, for periods after the date on which his employment with IBHE terminates for any reason (his "Termination Date") shall be determined in accordance with this Section 6:

6.1 Minimum Payments. If Mr. Reid's Termination Date occurs during the Agreement Term or any Extended Term for any reason, Mr. Reid shall be entitled to the following payments, in addition to any payments or benefits to which he may be entitled under the following subsections of this Section 6:

6.1.1 His earned but unpaid Base Salary for the period ending on his Termination Date; and

6.1.2 His accrued but unpaid vacation pay for period ending with his Termination Date, as determined in accordance with IBHE's policy as in effect from time to time.

Payments to be made to Mr. Reid pursuant to this Section 6.1 shall be made in a lump sum as soon as practicable after Mr. Reid's Termination Date. Except as may be otherwise expressly provided to the contrary in this Agreement, nothing in this Agreement shall be construed as requiring Mr. Reid to be treated as employed by IBHE following his Termination Date for purposes of any employee benefit plan or arrangement in which he may participate at such time.

6.2 Termination by IBHE for Cause. If Mr. Reid's Termination Date occurs during the Agreement Term or any Extended Term and is a result of

IBHE's termination of Mr. Reid's employment on account of Cause (as defined in subsection 6.6.1 below), then, except as agreed in writing between Mr. Reid and IBHE and other than as provided in Section 6.1, Mr. Reid shall have no right to future payments or benefits under this Agreement (and IBHE shall have no obligation to make any such future payments or provide any such future benefits) for periods after Mr. Reid's Termination Date.

6.3 Termination by IBHE for Reasons Other than Cause.

6.3.1. (a) If Mr. Reid's Termination Date occurs during the Agreement Term or any Extended Term and is a result of Mr. Reid's termination of employment by IBHE for any reason other than Cause, and is not on account of Mr. Reid's death, Disability, or voluntary resignation, then Mr. Reid shall receive from IBHE a payment equal to the lesser of (i) one (1) month of Base Salary as in effect immediately prior to receipt of notice of such termination; or (ii) the remaining unpaid Base Salary as in effect immediately prior to receipt of notice of such termination for the remainder of the Agreement Term or any Extended Term, as applicable.

(b) Notwithstanding anything in Section 6.3.1(a) to the contrary, as a condition to the receipt of any benefit under this Section 6.3, Mr. Reid must first execute and deliver to IBHE a release, releasing IBHE, its officers, board members, employees and agents from any and all claims and from any and all causes of action of any kind or character that Mr. Reid may have arising out of his employment with IBHE or the termination of such employment, but excluding any claims and causes of action that Mr. Reid may have arising under or based upon this Agreement.

6.3.2. After completion of the Agreement Term or any Extended Term, IBHE shall be permitted, in its sole judgment and discretion, to terminate Mr. Reid's employment or to renew such employment on such terms as may be mutually agreed upon between the parties. It is expressly understood and agreed that no reason, just cause or good cause is necessary for IBHE to invoke its right to terminate Mr. Reid's employment pursuant to this Section 6.3.

6.4 Termination for Death or Disability. If Mr. Reid's Termination Date occurs during the Agreement Term or any Extended Term on account of Mr. Reid's death or Disability (as defined below), then Mr. Reid (or in the event of his death, his estate) shall be entitled to continuing payments of his Base Salary for the period commencing on his Termination Date and ending on the end of the payroll period in which the death or Disability occurs.

- 6.5 Termination for Voluntary Resignation or Mutual Agreement. If Mr. Reid's Termination Date occurs during the Agreement Term or any Extended Term on account of his voluntary resignation or the mutual agreement of the parties, then, except as agreed in writing between Mr. Reid and IBHE and other than as provided in Section 6.1, Mr. Reid shall have no right to future payments or benefits under this Agreement (and IBHE shall have no obligation to make any such future payments or provide any such future benefits) for periods after Mr. Reid's Termination Date. IBHE shall have the right to offset from any amounts due to Mr. Reid as provided in Section 6.1, any repayment amounts owed to IBHE as provided in Section 4.6.
- 6.6 Definitions. For purposes of this Agreement:
- 6.6.1 The term "Cause" shall mean activity constituting fraud, misappropriation of funds or other such acts of dishonesty, conviction of a felony involving moral turpitude, willful and repeated failure or refusal to perform the duties of the Executive Director, or actions of Mr. Reid, other than those listed above, wherein Mr. Reid, in performing his official duties as Executive Director, knowingly engages in misconduct resulting in material financial or reputational damage to IBHE.
- 6.6.2 The term "Disability" shall mean the inability of Mr. Reid to continue to perform his duties under this Agreement on a full-time basis as a result of mental or physical illness, sickness or injury and IBHE reasonably determines that such Disability is of a long-term nature.
7. Effect of Waiver. The waiver by either party of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach thereof.
8. Notice.
- 8.1 All notices referred to herein will be sufficient if furnished in writing and personally delivered to Mr. Reid or mailed to him by Certified Mail Return Receipt Requested at his current residence. In the case of IBHE, notice may be given personally or by Certified Mail Return Receipt Requested to the following address: 431 East Adams, 2nd Floor, Springfield, Illinois 62701, Attention: Board Chair; with a copy to the Assistant Executive Director.
- 8.2 In the event that Mr. Reid provides notice of resignation pursuant to Section 6.5, such notice of resignation shall be provided to IBHE not later than ninety (90) days prior to his proposed Termination Date.

9. Binding Effect: Assignment: Governing Law: No Oral Agreements. This Agreement is binding upon the parties, their successors and assigns, and the heirs and personal representatives of Mr. Reid. This Agreement may not be assigned by either party. This Agreement is made in and is intended to be governed by the laws of the State of Illinois. There are no oral agreements or representations between the parties which have not been incorporated into this Agreement, and all prior discussions and negotiations between the parties are intended to be integrated into and limited by this written Agreement. This Agreement may only be amended by another written agreement signed by both of the parties.
10. Defense of Claims. Mr. Reid agrees that, for a reasonable period following the Termination Date, he will reasonably cooperate with IBHE and its affiliates in the defense of any claims that may be made against IBHE or its affiliates. To the extent travel is required to comply with the requirements of this Section 10, IBHE shall, to the extent possible, provide Mr. Reid with notice at least ten (10) days prior to the date on which such travel would be required and IBHE agrees to reimburse Mr. Reid for all of his reasonable, actual expenses associated with such travel; provided, however, that if IBHE reasonably expects the travel to be extensive or unduly burdensome to Mr. Reid from a financial perspective, IBHE may provide pre-paid tickets for transportation in connection with such travel.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of December 30th, 2010, with an effective date of December 27, 2010.

George W. Reid

Illinois Board of Higher Education

By: _____

George W. Reid

By: _____

Carrie J. Hightman
Chairwoman, Board

Attachment

C

Mary Patricia Burns

From: Mary Patricia Burns
Sent: Monday, October 29, 2012 2:40 PM
To: 'Thomas, Tyrone'
Subject: RE: George Reid Severance Matter

Thank you.

Mary Patricia Burns
Burke Burns & Pinelli, Ltd.
70 West Madison Street
Suite 4300
Chicago, Illinois 60605
Tel: (312) 541-8600
Fax: (312) 541-8603
Email: mburns@bbp-chicago.com
Website: www.bbp-chicago.com

The information contained in this e-mail message is from the law firm of Burke Burns & Pinelli, Ltd. and may be privileged, confidential, and protected from disclosure. If you are not the intended recipient, any further disclosure or use, dissemination, distribution, or copying of this message or any attachment is strictly prohibited. If you think that you have received this e-mail message in error, please delete the e-mail, and either e-mail the sender at the above address or notify us at our telephone number (312) 541-8600.

-----Original Message-----

From: Thomas, Tyrone [mailto:TPThomas@mintz.com]
Sent: Monday, October 29, 2012 2:39 PM
To: Mary Patricia Burns
Subject: RE: George Reid Severance Matter

I will ask Dr. Reid and get back to you.

Mary Patricia Burns <mburns@bbp-chicago.com> wrote:

Tyrone:

Would you be opposed to me adding a sentence to Paragraph 6 the Separation Letter that would provide as follows:

"In further consideration of the Additional Severance Payments, you agree to make yourself available during the three month period following your Termination Date, to assist in the transition to a new executive director, upon the reasonable request of the IBHE; provided, however, nothing in this sentence shall be construed as requiring you to travel or to perform any services other than providing consultation services by telephonic means. "

I want to make sure there are no press issues that he is being paid for services not performed. Let me know and I apologize for not thinking about it sooner.

Mary Pat

Mary Patricia Burns
Burke Burns & Pinelli, Ltd.
70 West Madison Street
Suite 4300
Chicago, Illinois 60605
Tel: (312) 541-8600
Fax: (312) 541-8603
Email: mburns@bbp-chicago.com<mailto:mburns@bbp-chicago.com>
Website: www.bbp-chicago.com<http://www.bbp-chicago.com>

The information contained in this e-mail message is from the law firm of Burke Burns & Pinelli, Ltd. and may be privileged, confidential, and protected from disclosure. If you are not the intended recipient, any further disclosure or use, dissemination, distribution, or copying of this message or any attachment is strictly prohibited. If you think that you have received this e-mail message in error, please delete the e-mail, and either e-mail the sender at the above address or notify us at our telephone number (312) 541-8600.

From: Thomas, Tyrone [mailto:TPThomas@mintz.com]
Sent: Monday, October 29, 2012 12:39 PM
To: Mary Patricia Burns
Subject: RE: George Reid Severance Matter

Mary Pat,

We are good to go. Please have this put in final and executed by the Board Chair. If you can have the signed copy sent electronically to me, I will have Dr. Reid execute the document.

As an update to the arrangement we discussed earlier, we would like the public statement published on Wednesday morning October 31st to give Dr. Reid full opportunity to close affairs tomorrow.

Thanks for your efforts to bring this to closure.

Tyrone

From: Mary Patricia Burns [mailto:mburns@bbp-chicago.com]
Sent: Monday, October 29, 2012 1:22 PM
To: Thomas, Tyrone
Subject: RE: George Reid Severance Matter

Per our conversation, I have added as new paragraph 16, the "Execution in Counterparts" provision. Please advise if acceptable and I will circulate execution copies of the Separation Letter. Thank you.
Mary Pat

Mary Patricia Burns
Burke Burns & Pinelli, Ltd.
70 West Madison Street
Suite 4300
Chicago, Illinois 60605
Tel: (312) 541-8600
Fax:(312) 541-8603
Email: mburns@bbp-chicago.com<mailto:mburns@bbp-chicago.com>
Website: www.bbp-chicago.com<http://www.bbp-chicago.com>

The information contained in this e-mail message is from the law firm of Burke Burns & Pinelli, Ltd. and may be privileged, confidential, and protected from disclosure. If you are not the intended recipient, any further disclosure or use, dissemination, distribution, or copying of this message or any attachment is strictly prohibited. If you think that you have received this e-mail message in error, please delete the e-mail, and either e-mail the sender at the above address or notify us at our telephone number (312) 541-8600.

From: Thomas, Tyrone [mailto:TPThomas@mintz.com]
Sent: Monday, October 29, 2012 11:58 AM
To: Mary Patricia Burns
Subject: RE: George Reid Severance Matter

Thanks Mary Pat and I am forwarding this document along with the revised statement to Dr. Reid for approval right away. As you may be aware, we are fighting against threat of intermittent power outages caused by the hurricane on the East Coast, but will stay in touch with you to see how we can get this done timely. I understand that Dr. Reid is using a floating holiday for October 31st, so the latest he could execute the document would have been tomorrow.

I will let you know as soon as I have further guidance from Dr. Reid. In the interim, the best way to reach me will be by email and cell phone (917-282-8446).

Regards,
Tyrone

From: Mary Patricia Burns [mailto:mburns@bbp-chicago.com]
Sent: Monday, October 29, 2012 12:15 PM
To: Thomas, Tyrone
Subject: George Reid Severance Matter

Tyrone:

Attached are my comments in response to your mark-up of the document. Please note that I have accepted most of your comments. While I totally appreciate your wanting assurance as to payment dates, in terms of the reimbursements, the power of payment rests with the State Comptroller and is, therefore, out of the IBHE's control. We can assure Dr. Reid we will process his reimbursements immediately and that we will make sure to direct the Comptroller to deposit the checks directly into any account Dr. Reid identifies, but that is the best we can do.

Call if you want to discuss as I expect you will want the statement out there tomorrow. In order to get that accomplished we will have to get the documents signed today. I am out all day on Wednesday so there really is some urgency to get this done today. Thanks.

Mary Pat

Mary Patricia Burns
Burke Burns & Pinelli, Ltd.
70 West Madison Street
Suite 4300
Chicago, Illinois 60605
Tel: (312) 541-8600
Fax: (312) 541-8603
Email: mburns@bbp-chicago.com <<mailto:mburns@bbp-chicago.com>>
Website: www.bbp-chicago.com <<http://www.bbp-chicago.com>>

The information contained in this e-mail message is from the law firm of Burke Burns & Pinelli, Ltd. and may be privileged, confidential, and protected from disclosure. If you are not the intended recipient, any further disclosure or use, dissemination, distribution, or copying of this message or any attachment is strictly prohibited. If you think that you have received this e-mail message in error, please delete the e-mail, and either e-mail the sender at the above address or notify us at our telephone number (312) 541-8600.

IRS CIRCULAR 230 NOTICE

In compliance with IRS requirements, we inform you that any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties or in connection with marketing or promotional materials.

STATEMENT OF CONFIDENTIALITY:

The information contained in this electronic message and any attachments to this message are intended for the exclusive use of the addressee(s) and may contain confidential or privileged information. If you are not the intended recipient, or the person responsible for delivering the e-mail to the intended recipient, be advised you have received this message in error and that any use, dissemination, forwarding, printing, or copying is strictly prohibited. Please notify Mintz, Levin, Cohn, Ferris, Glovsky and Popeo immediately at either (617) 542-6000 or at DirectorofIT@Mintz.com <<mailto:DirectorofIT@Mintz.com>>, and destroy all copies of this message and any attachments. You will be reimbursed for reasonable costs incurred in notifying us.

Attachment

D

October 31, 2012

Jonathan Lackland
217.557.7334
lackland@ibhe.org

Dr. Reid to Return to Home Base

Candace Mueller
217.557.7354
mueller@ibhe.org

SPRINGFIELD – Dr. George Reid, Executive Director of the Illinois Board of Higher Education (IBHE), has decided to step down for personal reasons. Dr. Reid acknowledged that while business travel is certainly expected and acceptable, he has decided that it was time to reduce his personal time on the road and to increase his time with family.

Regarding IBHE, Dr. Reid said, "I am grateful to have had the opportunity to contribute to the progress taking place in higher education in Illinois." Dr. Reid's accomplishments include:

1. Leading Change, Strategic Dialogue: Dr. Reid led State-level discussions on reducing time to successfully obtaining a degree. These communications relate to a national discussion that is also taking place in Illinois. The issue addresses the goal of graduating 60% of the State's college-age population by 2025. In addition, Dr. Reid has led the dialogue to develop a centralized governance structure for Illinois' longitudinal data system. The new structure will increase the State's ratings in efforts to secure federal grants, as well as with organizations like the Data Quality Campaign.
2. Building Coalitions, Implementation of Performance Funding: Illinois is one of a few states that has created a performance funding system. Dr. Reid chaired a thirty-member Performance Funding Steering Committee that guided the implementation of a new state law to use data to reward colleges and universities which outperformed others in reaching state goals. The objectives include increasing the number of low-income, first generation and stem graduates, as well as closing the achievement gap, a goal in the State's ten-year strategic plan (*The Public Agenda for College and Career Success*).

Dr. Reid remarked it was truly a delight to work with students and the State's legislative, gubernatorial, business, and educational leaders to create a funding system for higher education designed to grow the numbers of postsecondary graduates and, therefore, a more vibrant future economy. Carrie Hightman, Chairwoman of the Board of Higher Education said, "The Board is proud of the work of IBHE during Dr. Reid's tenure. The Board thanks Dr. Reid for his contributions in Illinois and wishes him all the best for future success."

Dr. Reid looks forward to his opportunity to work with the American Association of State Colleges and Universities, (AASCU). At AASCU, Dr. Reid's work will examine strategic issues related to policy development and higher education management.

###



OFFICE OF THE GOVERNOR

JRTC, 100 W. RANDOLPH, SUITE 16-100
CHICAGO, ILLINOIS 60601

PAT QUINN
GOVERNOR

VIA ELECTRONIC MAIL

April 30, 2014

Laura Bautista
Deputy Inspector General &
Chief of Springfield Division
Office of the Executive Inspector General
Illinois Building - 607 East Adams Street, 14th Floor
Springfield, Illinois 62701

Re: Response to Complaint No. 12-00140

Dear Ms. Bautista:

This letter is in response to Office of the Executive Inspector General ("OEIG") Complaint Number 12-00140, involving allegations of misconduct relating to Illinois Board of Higher Education former Executive Director Dr. George Reid. The Office of the General Counsel of the Office of the Governor ("OOG") has reviewed the allegations, findings, and recommendations and will implement some of the OEIG recommendations. Specifically, the OOG will initiate the following:

1. The OOG will advise the IBHE to place a copy of this report in Dr. George Reid's IBHE personnel file.
2. The OOG will advise the IBHE Board to carefully examine public statements and any agreement to the same in connection with settlement agreements to ensure that they are not perceived as inaccurate or misleading.
3. The OOG will explore the recommendation of creating a policy regarding the drafting and review of employee separation agreements and settlements.

Accordingly, the Office of the General Counsel of the OOG considers the matter closed and no further action is necessary.

Sincerely,

Marla Harris
Senior Counsel & Ethics Officer

cc: John Schomberg, General Counsel (via email)
Ryan Croke, Chief of Staff (via email)



Office of Executive Inspector General

for the Agencies of the Illinois Governor

www.inspectorgeneral.illinois.gov

AGENCY OR ULTIMATE JURISDICTIONAL AUTHORITY RESPONSE FORM

Case Number: 12-IG-00140

Return 20 Days After Receipt

Please check the box that applies. (Please attach additional materials, as necessary.)

We have implemented (or are considering implementing) all of the OEIG recommendations. Please provide details as to actions taken:

Please see attached.

We will implement some or all of the OEIG recommendations but will require additional time to do so.

We will report to OEIG within _____ days from the original return date.

We do not wish to implement some or all of the OEIG recommendations. Please provide details as to what actions were taken, if any, in response to OEIG recommendations:

Signature

Office of the Governor, Ethics Officer
Print Agency and Job Title

Marla Harris
Print Name

April 30, 2014
Date