

ECR 2

Office of the President
September 10, 2013

Members, Board of Trustees:

PRESIDENTIAL EVALUATION AND COMPENSATION

Recommendations: that the Board of Trustees 1) extend President Eli Capilouto's Employment Agreement to June 30, 2018; 2) increase President Capilouto's base salary by five percent (5%) (or \$25,000) to \$525,000 effective July 1, 2013; 3) award a one-time bonus of ten percent (10%) of President Capilouto's original base salary (or \$50,000); and 4) establish a longevity incentive equal to his 2017-2018 base salary if he serves until June 30, 2018. The exact structure of the longevity incentive is to be determined.

Background: President Eli Capilouto's Employment Agreement (Section D.5) requires an annual performance evaluation in accordance with the Governing Regulations of the University. At its March 2013 meeting, the Board of Trustees approved ECR1, which outlines the process for evaluating the President's performance during 2012-13. On August 13, the Executive Committee reviewed the President's Self-Evaluation and a Report from external consultant Dr. David Hardesty. Dr. Hardesty's Report reflected the input of representatives of faculty, staff, students, alumni, donors, policy-makers, and community members. Following the August 13 Executive Committee meeting, members of the Board of Trustees submitted individual evaluations to the Board Chair.

The President's Employment Agreement stipulates:

Any increases of the Base Salary shall be within the Board's discretion and based upon the President's performance during the previous 12 months in connection with his annual evaluation... (Eli Capilouto Employment Agreement, D.1)

Dr. Capilouto shall be eligible for a performance incentive payment beginning fiscal year 2012-2013, based upon his substantial achievement of target goals established during his first year and, thereafter, during his annual evaluation process. The performance incentive, if any, shall be established at no less than the level of ten percent (10%) of the President's Base Salary. The Board, at its discretion, at any time may award an additional performance incentive payment based upon extraordinary performance during the previous year. (Eli Capilouto Employment Agreement, D.4)

In response to the strong, positive evaluation of the President's performance by the various constituencies, the Executive Committee recommends an increase in the President's base salary consistent with the 5% salary increase pool established for University faculty and staff as part of the 2013-14 Operating and Capital Budget. The Executive Committee further recommends an

incentive payment of \$50,000 in recognition of the President's substantial achievement of target goals for 2012-13 as documented in the annual performance evaluation.

Consistent with the President's Employment Agreement, the Board would sincerely like to discuss "...an additional performance incentive payment based upon extraordinary performance", in appreciation for the President's visionary and effective leadership during 2012-13. However, based on discussions with the President, the Board has decided to postpone discussions because of the uncertain budgetary environment.

Action taken: Approved Disapproved Other _____