

ECR 1

Chairman, Board of Trustees
December 14, 2021

Members, Board of Trustees:

PRESIDENTIAL EVALUATION AND COMPENSATION

Recommendation: that the Board of Trustees adjust President Eli Capilouto's Employment Agreement as follows: 1) adjust President Capilouto's base annual salary to \$1,035,646 effective January 1, 2022, then adjusted each fiscal year thereafter by the average salary increase percent for which other university employees are eligible; 2) extend President Capilouto's Agreement to at least June 30, 2025, and add one-year term extensions automatically each July 1st, in order to establish a minimum three-year contract with appropriate mutual termination provisions to be negotiated; 3) establish a new retention payment starting at \$125,000 on June 30, 2022 and increasing by \$200,000 every June 30th thereafter, while continuing existing deferred compensation payments into the extended term; and 4) permit President Capilouto the option of stepping down into a new position for two years at a salary equal to half of his then-current base presidential salary with duties to be negotiated; and authorize the Board Chair to negotiate, finalize and execute any and all final documents needed to carry out these adjustments.

Background: President Eli Capilouto's Employment Agreement (Section D.5) requires an annual performance evaluation in accordance with the Governing Regulations of the university. The survey results from the most recent evaluation reflect broad support for the President.

Under the President's leadership since the Board last adjusted the President's compensation in 2016, the university has achieved:

- 1) Record retention and graduation rates that have helped fuel historic enrollment levels and numbers of graduates annually.
- 2) Historic levels of research funding, with much of it focused on the state's most intractable challenges through Research Priority Areas (RPAs) such as opioid misuse.
- 3) Significant investments in infrastructure, focused on living and learning spaces, research and health care facilities and athletic venues.
- 4) An increasingly diverse and inclusive campus community that is preparing students for a global economy and interdependent world.
- 5) Record levels of financial aid and nationally heralded programs that are focused on unmet financial need and ensuring that college is more affordable.
- 6) A growing health-care system that is providing more patients across the state with access to advanced care, a hospital perennially ranked the best in Kentucky and

nationally ranked programs in critical areas such as cancer.

7) A more than 90 percent vaccination rate among the campus community that is enabling the institution to be positioned to emerge from a once-in-100-year pandemic strong and thriving.

8) A renewed and strengthened commitment to service, exemplified by outreach such as a mass vaccine clinic that inoculated teachers, first responders, frontline health workers across Kentucky as well as the campus community.

As the university embarks on a new strategic plan, it is important to both the university and the Commonwealth that the university has the stability and continuity needed to expand upon and accelerate its progress in advancing the Commonwealth by making the presidential contract adjustments described above. In determining these adjustments, the university has conducted a similar compensation analysis to the one performed in 2016, reviewing both compensation benchmarks at peer institutions, as well as President Capilouto's longevity of service to the university.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____