



MINUTES
COMPENSATION COMMITTEE
BOARD OF TRUSTEES OF THE
TRUSTEES OF PURDUE UNIVERSITY

SEPTEMBER 27, 2013

A meeting of the Compensation Committee of the Board of Trustees of The Trustees of Purdue University convened in Room 326 of Stewart Center, Purdue University West Lafayette, Indiana, at 11:38 a.m. on September 27, 2013.

All committee members were present: Michael Berghoff, chair; JoAnn Brouillette; and Don Thompson. Other trustees in attendance were Sonny Beck, Vanessa Castagna, John Hardin, Gary Lehman, Kelsey Quin, Thomas Spurgeon, and Bruce White. Also in attendance were: Mitch Daniels, President; Tim Sands, Executive Vice President for Academic Affairs and Provost; Al Diaz, Executive Vice President for Business and Finance, Treasurer; Jim Almond, Senior Vice President for Business Services and Assistant Treasurer; Steve Schultz, Legal Counsel; and Janice Indrutz, Corporate Secretary.

I. APPROVAL OF PRESIDENTIAL PERFORMANCE METRICS FOR 2013-2014

Trustee Berghoff asked Chairman Spurgeon to explain the five metrics to be used for evaluation of President Daniels' performance as related to his at-risk pay, which Chairman Spurgeon identified for 2013-2014 as: 1) student affordability, 2) graduation rates, 3) the impaneling of a faculty committee to address student growth, 4) the impaneling of a faculty committee to establish metrics to measure university academic excellence, and 5) fundraising. Targets have been established for, and a percentage weight has been assigned to, each category. The portion of President Daniels' salary that is at-risk for 2013-2014 is \$126,000. Upon proper motion duly seconded, the Compensation Committee voted unanimously to recommend full Board approval of the presidential performance metrics for 2013-2014.

Trustee Lehman thought it was important to acknowledge that it was President Daniels himself who stipulated that his total compensation be less than his predecessor and that a significant amount of his salary be put at-risk. He further remarked that it said a lot for the direction taken by university leadership, and he emphasized that even if President Daniels earned all of the at-risk salary, his salary would still remain ninth in the Big Ten. Trustee Thompson remarked that this approach is very different from the customary base salary plus bonus program, and he echoed Trustee Lehman's sentiments that it is very admirable of President Daniels to have requested this approach. Trustee Hardin also remarked that the university is breaking new ground, with the goal of changing the dynamic of continually escalating costs in higher education. Chairman Spurgeon expanded on the trustees' remarks by saying that this salary program communicates to the President, as chief executive, the Board's major areas of emphasis. He also noted that the program is to be reviewed annually and likely will evolve each year. President Daniels remarked that, from his perspective, the

real goal is for Purdue to lead in affordability, graduation rates, student success, and overall excellence.

II. APPROVAL OF RETIREMENT PLAN FOR HEAD FOOTBALL COACH

As recommended by Legal Counsel Schultz, and upon proper motion duly seconded, the Compensation Committee voted unanimously to request full Board approval of the resolution to adopt the Purdue University Supplemental Defined Contribution Retirement Plan II, consisting of a governmental profit sharing plan and a governmental excess benefit arrangement, as well as to amend the Purdue University Mandatory 401(a) Retirement Plan. These actions are in accordance with features of the employment agreement with Darrell Hazell, head football coach, which has been finalized pursuant to authority previously granted by the Board. Trustee Beck affirmed that this is not new compensation but rather implements plans to cover compensation components that were previously agreed upon with Coach Hazell. Supporting documents will be filed with the minutes.

III. ADJOURNMENT

By consent, the meeting adjourned at 11:48 a.m.