A meeting of the Compensation Committee of the Board of Trustees convened at 1:33 p.m. on October 8, 2015, in Room 326 of Stewart Center on the campus of Purdue University in West Lafayette, Indiana.

All members of the Committee were present: Thomas Spurgeon, chair; Gary Lehman; and Don Thompson. All other trustees were present: Sonny Beck; Michael Berghoff; JoAnn Brouillette; Vanessa Castagna; John Hardin; Michael Klipsch; and Cameron Mann.

Also present were: Deba Dutta, Provost and Executive Vice President for Academic Affairs and Diversity; Bill Sullivan, Treasurer and Chief Financial Officer; Jim Almond, Senior Vice President for Business Services and Assistant Treasurer; Steve Schultz, Legal Counsel; and Janice Indrutz, Executive Assistant to the Board and Corporate Secretary. President Daniels was not in attendance at the request of Chairman Berghoff.

I. DETERMINATION OF PRESIDENTIAL PERFORMANCE AT-RISK PAY FOR 2014-2015

As chair of the Committee, Trustee Spurgeon reviewed the four categories on which President Daniels’ at-risk pay for 2014-2015 was to be based – student affordability, student success, fundraising, and institutional reputation and excellence. He then explained how the Committee arrived at a recommended at-risk payment of 90%, or $113,400. Trustee Spurgeon recognized President Daniels’ extraordinary performance and said the Committee and the Board would continue to work with him to set high goals.

Following a motion by Trustee Thompson to approve the recommended at-risk payment, which was seconded by Trustee Lehman, Trustee Spurgeon asked if Trustee Thompson, Trustee Lehman, or any members of the Board also in attendance wished to comment or discuss the motion. Hearing no such requests, the members of the Compensation Committee voted unanimously to recommend full Board approval of the at-risk payment.

Trustee Thompson then reminded everyone in the room that the at-risk portion of President Daniels’ salary had been implemented at the suggestion of President Daniels. He further emphasized that the at-risk payment was not a bonus, but rather a portion of the President’s salary that had been withheld pending achievements in the four categories that Trustee Spurgeon had outlined. Trustee Spurgeon further clarified that there were 17 different specific goals within the four categories. Chairman Berghoff recognized that there was still work to do.

Supporting documents were filed with the minutes.
II. APPROVAL OF AMENDMENTS TO EMPLOYMENT AGREEMENT WITH PRESIDENT MITCHELL E. DANIELS, JR.

Chairman Berghoff remarked that the selection and hiring of the university’s president was a primary responsibility of the Board of Trustees. He said if done well, the reputation of the university was enhanced, and as a result of President Daniels’ efforts over the last two years, including being the first institution to hold tuition flat, setting student success records, and setting fundraising records, the university had garnered favorable attention. Chairman Berghoff said it was the Board’s desire to see those results continue over a long period of time. Given that, the Board wished to amend President Daniels’ contract to allow the administrative team in place to continue the work that was going well and finish the work that was yet undone.

Trustee Spurgeon then detailed three proposed amendments to President Daniels’ employment agreement. The first was to increase the at-risk portion of his salary from 30% to 50% of base pay. The Committee estimated that with the increase, President Daniels would move from the fourth lowest paid of the Big Ten presidents to the fifth lowest. The second amendment proposed to extend President Daniels’ contract by two years, from June 30, 2018 to June 30, 2020. The third proposed amendment was to add a retention incentive program to the agreement, which would provide President Daniels the opportunity to receive additional annual payments as long as he remained president of Purdue. Trustee Spurgeon said that the members of the Committee believed that the contract extension and the retention incentive program were appropriate and necessary to ensure the university’s stability and continuity of leadership for long-term initiatives and important milestones on the horizon, including the celebration of Purdue’s 150th anniversary in 2019.

Following a motion by Trustee Lehman to approve the proposed amendments, which was seconded by Trustee Thompson, Trustee Spurgeon asked if Trustee Thompson, Trustee Lehman, or any members of the Board also in attendance wished to comment or discuss the motion. Trustee Castagna then remarked that because the Board was responsible for ensuring the university’s success for many years to come, the amendments were very pragmatic. Hearing no other requests for comment or discussion, the members of the Compensation Committee voted unanimously to recommend full Board approval of the amendments to President Daniels’ employment agreement.

III. ADJOURNMENT

By consent, the meeting adjourned at 1:47 p.m.