

Approved by the Board of Trustees  
July 25, 2013

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Board Meeting  
July 25, 2013

EXTEND APPOINTMENT AND ADOPT INCENTIVE-BASED COMPENSATION  
PLAN FOR PRESIDENT

**Action:** Extend Appointment and Adopt Incentive-Based Compensation Plan for President Robert A. Easter

**Funding:** State, Institutional, and Gift Funds of the University

Robert A. Easter was initially appointed President of the University by action of the Executive Committee of the Board of Trustees on March 23, 2012. His term of office was set from July 1, 2012, until June 30, 2014, “or until a successor has been appointed and is able to assume the responsibilities of the position.” His annual compensation rate was set at \$450,000 on a twelve-month service basis.

It is now the Board’s desire to extend Dr. Easter’s appointment for one additional year, through June 30, 2015, and Dr. Easter has expressed his willingness to accept such an extension. The Board hereby authorizes and approves the one-year extension.

In addition, in considering the long-term interests of the University, the Board has determined that it is imperative to align the interests of the University’s chief executive officer, the President, with those of the University. Accordingly, the Board wishes to implement an incentive-based approach as part of the President’s total compensation. Such an approach offers a wide array of benefits, including the following:

- Establishes a direct, demonstrable, and measurable link between results and a significant portion of compensation;
- Allows the President to use discretion and positional knowledge to find a route to achieve goals, as well as providing motivation to do so;
- Allows the Board to prioritize its goals and translate those priorities more directly to the President;
- Encourages teamwork;
- Rewards loyalty and continuity of service;
- Incentivizes the President to remain through the term of his appointment; and
- Provides increased compensation when institutional goals are met.

As a result, the Board hereby authorizes the Executive Committee to evaluate Dr. Easter's performance of stated goals during FY 2013 and recommend performance-based compensation to be awarded in September 2013, which will be in addition to a base salary adjustment provided in accordance with the University's salary plan. The Executive Committee will also evaluate and recommend performance-based compensation for President Easter based on performance of stated goals during FY 2014 and FY 2015. Dr. Easter will assist with this process, including defining the goals and objectives, and participating in an annual evaluation process to be administered by the Executive Committee, working in conjunction with the Board.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The*

*General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The Chair of the Board recommends approval of this appointment.