Florida Gulf Coast University Board of Trustees  
September 20, 2011

SUBJECT: Amendment to President’s Employment Agreement

PROPOSED BOARD ACTION

Approve the amendment to the employment agreement for President Wilson G. Bradshaw.

BACKGROUND INFORMATION

At the June 2011 meeting of the FGCU Board of Trustees, Chair Scott Lutgert, with the concurrence of the Board, asked Finance and Administration Committee Chair Doug St. Cerny to negotiate the renewal of President Wilson G. Bradshaw’s contract. Those negotiations resulted in an amendment to Dr. Bradshaw’s Employment Agreement, originally entered into on September 19, 2007. The amendment to the Employment Agreement has been completed and is presented to the Board for its approval consideration.

Supporting Documentation Included: (1) Analysis by MGT of America, and (2) Employment Agreement

Prepared by: Vice President for Administrative Services & Finance Steve Magiera

Legal Review by: General Counsel Vee Leonard (August 26, 2011)

Submitted by: Trustee Doug St. Cerny – Chair, FGCU BOT Finance & Administration Committee
Mr. Steve Magiera  
Vice President for Administrative Services  
Florida Gulf Coast University  
10501 FGCU Boulevard South  
Fort Myers, Florida 33965-6565

Dear Vice President Magiera:

This letter is to report to you the results of our assessment of a compensation package to be considered for Florida Gulf Coast University’s president. In conducting our research, we identified a variety of data sources upon which recommendations for a reasonable presidential compensation package can be developed. MGT focused on the following key compensation components in our assessment:

- Presidential Salary Assessment
- Housing Allowance
- Performance Incentives/Retention Bonuses
- Annuity
- Deferred Compensation
- Long Term Disability
- Expenses

This report describes our methodology and conclusions for each of these components.

Presidential Salary Assessment

MGT conducted an analysis to assess a competitive compensation rate for FGCU’s president and obtained data on salaries from three primary sources:

- The presidents of the other public Florida universities
- The set of 78 comparison universities utilized in prior recent FGCU presidential compensation studies
- A set of nine (9) aspirational peer institutions selected by FGCU
- The Chronicle of Higher Education (Chronicle)

The first set of comparators consists of the other SUS institutions. These institutions are considered relevant comparators for assessing presidential compensation packages as they have similar governance structures, are subject to the same statutory rules and the appropriations process, and are part of the larger state higher education master planning process. Attachment 1 provides salary and related compensation information on this comparator group. (Note: These data represent current agreements as of September 2010 and will not likely be available for update until Fall 2011.)

A recommended base salary of $358,864 for Dr. Bradshaw is within the range of the SUS peer
base salaries. Although FGCU's closest peers in terms of geography and regulatory environment are the other SUS institutions, many of them differ in terms of scale and operational scope. As such, we considered a group of institutions more closely resembling FGCU's current operations.

In studies previously conducted by MGT to establish guidelines for setting former presidents' salaries, the salaries of executives at 62 of the 78 reporting institutions with similar operational capacities were selected for benchmarking purposes. Data drawn for these analyses were aged by an inflation rate of 3.6 percent, to more accurately define current market parameters.

As depicted in Attachment 2, a base salary of $358,864 places Dr. Bradshaw's base salary above the 75 percentile but below the maximum.

As FGCU is experiencing significant growth, the University has recognized and approved an aspirational peer group of institutions which MGT has used for compensation comparison purposes as it relates to the President's contract. These institutions and related presidential pay data are depicted in Attachment 3. A base salary of $358,864 for President Bradshaw falls between the median and the 75 percentile.

In addition to evaluating base salary levels, MGT reviewed various components of compensation packages typically found in public institutions' presidential contracts. Attachment 4 provides a list of these standard compensation components and calculates simple percentages of the number of times each component was reported for public university presidents in the database maintained by the Chronicle. Data from the Chronicle also were used to develop the data provided on Attachment 5 related specifically to performance bonuses.

**Housing Allowance**

It is standard practice in higher education that the president of the institution is provided with an on-campus house, or a housing allowance. As indicated in Attachment 4, 95 percent of public institutions reporting data to The Chronicle of Higher Education provide the president with either a house or housing allowance. In this case, FGCU does not provide a designated home, but provides an allowance toward expenses related to presidential housing. The recommended allowance of $50,000 is in line with the housing provided to other SUS presidents. The allowance is somewhat higher than the $35,108 average among public universities reporting housing allowance data. However, the allowance is a current component of the compensation package that has been provided to Dr. Bradshaw since his initial employment, and no change is requested.

**Performance Incentives/Retention Bonuses**

Performance incentive bonuses are usually established to reflect the institution’s desire to define, measure, and reward top performance. These bonuses reflect how well the president is doing with respect to meeting the goals and objectives established by the institution's governing board, and the broader university community. Performance and retention bonuses are designed to be motivational in nature, encouraging continued top performance as well as providing an inducement to stay with the university. As noted in Attachment 5, of those public institutions reporting performance bonus data to The Chronicle of Higher Education, the average bonus amount is approximately $89,267. As such, an incentive bonus of $80,000 for Dr. Bradshaw would be in line with these most recently reported data.
As noted on Attachment 1, the majority of SUS presidents also receive retention bonuses as part of their compensation package. There is significant variance, however, in the terms, conditions, and amount of these bonuses. The terms of Dr. Bradshaw's retention bonus, to be paid over five years, averages $75,000 per year, although payments in the first year would be much lower ($25,000), and significantly higher at the end of the fifth year ($125,000). The total payable amount of $375,000 for a five year retention bonus is on the high side when compared to SUS currently available presidential compensation data. However, these contract provisions are highly variable across the industry in recognition of Boards’ desires to retain high performers and to avoid sometimes lengthy and potentially costly presidential searches.

**Retirement Annuity**

Dr. Bradshaw’s current contract provides for an annuity of 15 percent of base salary. His new contract proposes a continuation of this benefit.

As reported by The Chronicle of Higher Education, approximately 50 percent of public institutions included in the survey provided some form of deferred compensation to their presidents (Attachment 4). Relative to SUS institutions, virtually all institutions reported some form of deferred compensation being provided in 2010 (Attachment 1).

**Long Term Disability Insurance**

Dr. Bradshaw’s current contract provides disability benefits under a plan available to the Executive Service officers of the University. Further, the contract states that if Dr. Bradshaw were to become disabled, and has not breached any provisions of his contract, he would be required to use any sick and annual leave accruals and exhaust any applicable Group Disability Income Insurance prior to making any additional claims to be paid at the discretion of the Board and payable from the FGCU Direct Support Organizations.

Dr Bradshaw is requesting that his new contract contain a provision for an expanded Long Term Disability Insurance Policy. Dr. Bradshaw is requesting to be reimbursed up to a maximum of $8,000 annually for Long Term Disability Insurance. We could find no national data available relevant to the provision of this benefit.

**Expenses**

It is common nationally, and in Florida, to compensate presidents for miscellaneous expenses. We focus here on two of the more common expenses: spouse travel expenses and club/membership dues.

**Spouse Travel Expenses**

The provision of travel expenses for the spouse of a university president is becoming increasingly common and recognizes the contribution to work related functions that the spouse makes. Nearly all of the SUS institutions report providing compensation for spouse travel. Three institutions provide a cap on such expenses of $4,000 to $5,000 annually. With or without a cap, general university policies should delineate the rules and regulations under which such travel is appropriate (bona fide business purposes) and documentation should be maintained. The provision of this benefit to Dr. Bradshaw is a continuation of his current contract.
Club Dues/Memberships

It is customary for presidents at SUS institutions to be compensated for club memberships. It is also a common practice nationally. Approximately one-half of public institutions that report data to the Chronicle pay for club dues or other expenses (Attachment 4).

We appreciate the opportunity to provide this compensation assessment. Please let me know if you have questions.

Sincerely,

Nancy Stepina-Robison
Partner
<table>
<thead>
<tr>
<th>University</th>
<th>Base Salary</th>
<th>Performance Bonus</th>
<th>Deferred Compensation</th>
<th>Retention Bonus</th>
<th>Total</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Florida</td>
<td>$432,808</td>
<td>n/a</td>
<td>$75,000</td>
<td>See note</td>
<td>$616,010</td>
<td>A Retention Bonus of up to $400,000 depending on the years served in the contract. Receives $75,000 deferred for retirement and $108,202 in lieu of sabbatical.</td>
</tr>
<tr>
<td>University of South Florida</td>
<td>$395,000</td>
<td>$100,000</td>
<td>$47,400</td>
<td>See Note</td>
<td>$592,400</td>
<td>$150,000 Retention Bonus for completion of 3 years of contract June 30, 2010; payment has not been made. Eligible for an annual Performance Bonus of $100,000. The President declined these bonuses in the first 3 years of her contract. Next Performance Bonus is due to be awarded in 2011.</td>
</tr>
<tr>
<td>Florida International University</td>
<td>$486,875</td>
<td>n/a</td>
<td>$75,000</td>
<td>n/a</td>
<td>$550,000</td>
<td>Each year $75,000 is credited to a deferred compensation plan. Monies will not be issued to the President until funds are fully vested on August 13, 2014.</td>
</tr>
<tr>
<td>Florida Atlantic University</td>
<td>$345,000</td>
<td>See note</td>
<td>$51,750</td>
<td>n/a</td>
<td>$446,750</td>
<td>Performance Bonus up to $50,000. Will receive a retirement benefit compensation equal to 15% of the annual salary.</td>
</tr>
<tr>
<td>Florida State University</td>
<td>$395,000</td>
<td>See note</td>
<td>$59,250</td>
<td>See note</td>
<td>$454,250</td>
<td>Date of hire is January 2010. Annual Performance Bonus:$100,000 per $100,000,000 raised. Deferred Compensation:15% annual base salary. Retention Bonus: $225,000 at 5 years and $400,000 at 8 years.</td>
</tr>
<tr>
<td>University of North Florida</td>
<td>$370,000</td>
<td>$60,000</td>
<td>n/a</td>
<td>$45,000</td>
<td>$475,000</td>
<td></td>
</tr>
<tr>
<td>Florida Gulf Coast University</td>
<td>$341,775</td>
<td>$60,000</td>
<td>$48,825</td>
<td>$50,000</td>
<td>$500,600</td>
<td>Retention Bonus of $50,000 is an annual accrued benefit.</td>
</tr>
<tr>
<td>Florida A&amp;M University</td>
<td>$325,000</td>
<td>$80,000</td>
<td>$39,000</td>
<td>n/a</td>
<td>$364,000</td>
<td>Eligible for an annual performance bonus in the range of 25% to 35% of his annual salary. The President has deferred the $80,000 until a later date.</td>
</tr>
<tr>
<td>University of West Florida</td>
<td>$200,000</td>
<td>n/a</td>
<td>$24,000</td>
<td>n/a</td>
<td>$224,000</td>
<td></td>
</tr>
<tr>
<td>New College of Florida</td>
<td>$240,576</td>
<td>$50,000</td>
<td>$36,086</td>
<td>n/a</td>
<td>$326,662</td>
<td></td>
</tr>
<tr>
<td>University of Central Florida</td>
<td>$463,500</td>
<td>See note</td>
<td>$92,000</td>
<td>n/a</td>
<td>$766,200</td>
<td>$210,000 Three Year Incentive Bonus. Taxes were paid in October 2009. Remaining cash was suspended until July 2010, when payment was received.</td>
</tr>
</tbody>
</table>
PEER INSTITUTIONS FOR FACULTY SALARY COMPARISONS (n=78)

Appalachian State University  Southeast Missouri State University
Arizona State University  Southern Illinois University Edwardsville
West Arkansas State University  Southern University and A&M College at Baton Rouge
Austin Peay State University  State University of New York College at Brockport
Bloomington University of Pennsylvania  State University of New York College at Oswego
Bridgewater State College  Stephen F. Austin State University
Butler University  Tennessee Technological University
California State University-Dominguez Hills  Towson University
California State University-San Marcos  University of Alaska Anchorage
Central Missouri State University  University of Central Arkansas
Central Washington University  University of Houston - Clear Lake
Chicago State University  University of Louisiana at Monroe
College of Charleston  University of Minnesota-Duluth
Eastern Illinois University  University of Montevallo
Eastern Washington University  University of Nebraska at Omaha
Elon University  University of North Carolina at Asheville
Florida Agricultural and Mechanical University  University of North Carolina at Wilmington
Francis Marion University  University of North Florida
Georgia Southern University  University of Northern Iowa
Governors State University  University of Southern Indiana
Indiana University-Purdue University Fort Wayne  University of Tampa
Jacksonville State University  University of Tennessee at Chattanooga
Kean University  University of Texas at Tyler
Kennesaw State University  University of West Florida
Lamar University  University of West Georgia
Longwood University  University of Wisconsin-Eau Claire
Marshall University  University of Wisconsin-La Crosse
McNeese State University  University of Wisconsin-Oshkosh
Morehead State University  University of Wisconsin-Stevens Point
Murray State University  University of Wisconsin-Whitewater
Nicholls State University  Valdosta State University
Northern State University  Washburn University
Northern Kentucky University  Western Connecticut State University
Northern Michigan University  Western Illinois University
Prairie View A&M University  William Paterson University of New Jersey
Radford University  Winona State University
Rhode Island College  Winthrop University
Rowan University  Worcester State College
Salisbury University  Youngstown State University

President’s Estimated Salary from CUPA-HR Salary Survey (n=62 of 78)

FGCU Salary: $358,864 (current and proposed*)

<table>
<thead>
<tr>
<th>25th Percentile</th>
<th>50th Percentile (Median)</th>
<th>75th Percentile</th>
<th>Maximum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$225,330</td>
<td>$259,000</td>
<td>$310,660</td>
<td>$387,984</td>
</tr>
</tbody>
</table>

Average (Mean) Salary: $269,634
Minimum Salary: $150,336

Source: CUPA-HR, August 2011. Data adjusted upward by 3.6%, the rate of inflation.
* A 5% base salary increase was provided on July 1, 2011.
ATTACHMENT 3
PRESIDENTIAL SALARIES FOR ASPIRATIONAL PEER INSTITUTIONS
SELECTED FOR FACULTY SALARY COMPARISONS WITH CUPA-HR
SALARY STATISTICS, YEAR 2010-11

ASPIRATIONAL PEER INSTITUTIONS FOR FACULTY SALARY COMPARISONS (n=9)

Appalachian State University
Eastern Kentucky University
James Madison University
Marshall University
Murray State University
University of Central Arkansas
University of North Carolina-Wilmington
University of South Alabama
Western Kentucky University

<table>
<thead>
<tr>
<th>President’s Estimated Salary from CUPA-HR Salary Survey (n=8 of 9)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FGCU Salary:</strong> $358,864 (current and proposed)*</td>
</tr>
<tr>
<td><strong>Average (Mean) Salary:</strong> $334,266</td>
</tr>
<tr>
<td><strong>Minimum Salary:</strong> $246,568</td>
</tr>
<tr>
<td><strong>25th Percentile:</strong> $281,896</td>
</tr>
<tr>
<td><strong>50th Percentile (Median):</strong> $305,620</td>
</tr>
<tr>
<td><strong>75th Percentile:</strong> $382,433</td>
</tr>
<tr>
<td><strong>80th Percentile:</strong> $395,556</td>
</tr>
<tr>
<td><strong>Maximum Salary:</strong> $486,948</td>
</tr>
</tbody>
</table>

Source: CUPA-HR, August 2011.
Note: 2010 CUPA data adjusted upward 3.6%, the rate of inflation between 2010 and 2011.
*A 5% base salary increase was provided on July 1, 2011.
ATTACHMENT 4
NON-SALARY COMPONENTS OF PRESIDENTIAL SALARIES:
PERCENT OF PUBLIC INSTITUTION PRESIDENTS RECEIVING
ASSORTED BENEFITS, 2009-2010

<table>
<thead>
<tr>
<th></th>
<th>% OF PUBLIC INSTITUTIONS INCLUDING IN COMPENSATION PACKAGE (n=185)</th>
<th>FGCU's COMPENSATION COMPONENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Provision</td>
<td>68.1%</td>
<td></td>
</tr>
<tr>
<td>Housing Reimbursement</td>
<td>27.0% ($35,108 average)</td>
<td>X</td>
</tr>
<tr>
<td>Car Reimbursement/Provision</td>
<td>86.5%</td>
<td>X</td>
</tr>
<tr>
<td>Deferred Compensation</td>
<td>49.2%</td>
<td>X</td>
</tr>
<tr>
<td>Expense Account</td>
<td>18.9%</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>11.9%</td>
<td>X</td>
</tr>
<tr>
<td>Club Dues/Other</td>
<td>49.2%</td>
<td>X</td>
</tr>
</tbody>
</table>

Note: Based on self-reported data, so statistics represent a minimum (or lower bound) of the proportion of presidents receiving.
<table>
<thead>
<tr>
<th>Bonus (n= 22)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Amount</td>
<td>$89,267</td>
</tr>
<tr>
<td>Maximum</td>
<td>$296,786</td>
</tr>
<tr>
<td>Median</td>
<td>$65,000</td>
</tr>
<tr>
<td>Minimum</td>
<td>$900</td>
</tr>
<tr>
<td><strong>Average as a % of base pay</strong></td>
<td><strong>20.9%</strong></td>
</tr>
<tr>
<td>Maximum</td>
<td>62.5%</td>
</tr>
<tr>
<td>Median</td>
<td>17.4%</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Note: Based on self-reported data, so statistics represent a minimum (or lower bound) of the proportion of presidents receiving.
AMENDMENT NUMBER TWO TO
EMPLOYMENT AGREEMENT BETWEEN
FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES AND
WILSON G. BRADSHAW, PH.D.

THIS AMENDMENT NUMBER TWO to the Employment Agreement dated September 19, 2007 is made and entered into this ____ day of September 2011, between Florida Gulf Coast University Board of Trustees, a public body corporate of the State of Florida, (“FGCU” or the “Board”) and Wilson G. Bradshaw, Ph.D., (“Dr. Bradshaw” or “President”), collectively, the Parties.

WHEREAS, FGCU and Dr. Bradshaw executed an Employment Agreement on September 19, 2007 (“Agreement”) whereby the latter would perform certain services as President of FGCU; and

WHEREAS, the Agreement was amended on April 15, 2008 to address changes in the tax law; and

WHEREAS, Dr. Bradshaw’s term of employment under the Agreement will end on June 30, 2012; and

WHEREAS, the Board is desirous of renewing Dr. Bradshaw’s Agreement; and

WHEREAS, Dr. Bradshaw and the Board have freely negotiated their respective terms and conditions of employment and have reached agreement on such matters.

NOW, THEREFORE in consideration of the mutual promises and covenants contained here, the parties agree to the following terms:

1. **POWERS AND DUTIES.**
   Unchanged.

2. **COMPENSATION.** Provisions to the Agreement under this paragraph have been modified as follows:
   a. **Base Salary.** As compensation for the services described in the Agreement, FGCU will pay Dr. Bradshaw, according to the pay plan for Executive Service employees, an annual Base Salary of Three Hundred and Fifty-Eight Thousand, Eight Hundred and Sixty-Four Dollars ($358,864.00) for the time period between July 1, 2012 through June 30, 2017, which will be paid in accordance with the University’s
standard payroll practices, with appropriate deductions for taxes and benefits. Additionally, the annual Base Salary will be increased up to 5% (5% being the target), at the Board’s sole discretion, effective each July 1 based upon a satisfactory annual review by the Board.

In accordance with Section 1012.975(4), Florida Statutes, public funds shall only remunerate the compensation up to Two Hundred Thousand Dollars ($200,000.00) annually. All additional amounts required shall come from non-public funding sources such as any University Direct Support Organization (“FGCU DSO”) or other non-public sources not included in the definition in Section 1012.975(1)(b), Florida Statutes.

b. **Performance Incentive.**

The Board may, at its sole discretion, award Dr. Bradshaw performance payments for satisfactory services (defined as meeting or exceeding goals set by the President and approved by the Board) rendered under the Agreement. In order to meet the Board’s goals of 1) retaining Dr. Bradshaw and 2) setting compensation tied to performance, performance incentives of Eighty Thousand Dollars ($80,000.00) may be awarded each June 30th, upon a satisfactory annual review by the Board. Notwithstanding, if the President has not met all his goals, the Board may, at its sole discretion, award performance incentives up to Eighty Thousand Dollars ($80,000.00).

c. **Retention Bonus.**

This provision is intended to ensure Dr. Bradshaw remains with the University as President. To that end, Dr. Bradshaw will, at the end of each fiscal year, receive a retention bonus as additional compensation. Such compensation will be paid out no later than the first pay period after the close of the fiscal year, in the following installments:

- $25,000.00 upon the completion of the fiscal year ending June 30, 2013,
- $50,000.00 upon the completion of the fiscal year ending June 30, 2014,
- $75,000.00 upon the completion of the fiscal year ending June 30, 2015,
- $100,000.00 upon the completion of the fiscal year ending June 30, 2016, and
- $125,000.00 upon the completion of the fiscal year ending June 30, 2017.
If Dr. Bradshaw voluntarily terminates his employment with the University without cause, prior to June 30, 2017, or if he is involuntarily terminated by the Board with cause, as defined in the Agreement, Dr. Bradshaw will not be entitled to any remaining installment(s) of the retention bonus or any portion thereof. However, if Dr. Bradshaw is involuntarily terminated by the Board without cause, if Dr. Bradshaw terminates his employment with the University with cause (defined in the Agreement as a material breach or default of the terms and conditions of this Agreement by the Board), or if he dies or becomes incapacitated such that he can no longer serve as President of FGCU, Dr. Bradshaw or his estate, as applicable, shall be entitled to the full installment allocation for the year, or portion thereof, of service completed.

d. **Long Term Disability.**

During the term of the President’s employment under this Amendment, Dr. Bradshaw will be reimbursed up to $8,000.00 (less taxes) for his purchase of disability insurance.

3. **TERMS OF EMPLOYMENT.** Provisions to the Agreement under this paragraph have been modified as follows:

**Basic Term.** The term of employment (five years) under this Amendment will begin on July 1, 2012 and will end on June 30, 2017 (“Employment Term”). The Parties may agree to extend, renew or amend the Employment Term for an additional term, or portion thereof, in writing on terms mutually satisfactory to the Board and the President.

4. **MISCELLANEOUS.**

Unchanged.

5. In all other respects, and except as specifically modified and amended herein, the Agreement finally executed on September 19, 2007 and amended on April 15, 2008, shall continue in full force and effect as written and the Parties hereto agree to be bound thereby.
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on this ____ day of September, 2011.

FLORIDA GULF COAST UNIVERSITY
BOARD OF TRUSTEES

By: __________________________
SCOTT F. LUTGERT
Chairman, Board of Trustees

WILSON G. BRADSHAW, PH.D.

By: __________________________
WILSON G. BRADSHAW
President

Approved as to form and execution

By: __________________________
Vee Leonard
General Counsel