

*Note for online reference: Any materials or exhibits referenced in this approved resolution can be found in the meeting's materials posted at <https://trustees.uoregon.edu>.*

**Board of Trustees of the University of Oregon**

**Resolution: Presidential Employment Agreement and One-Time Performance Bonus**

Whereas, Michael H. Schill has led the University effectively, providing a sense of stability and a focused vision, since joining the institution in 2015;

Whereas, it is in the best interests of the University to establish a new employment agreement with Schill that provides for a new five year term, calls out core priorities for the president’s long-term work, and maintains competitive compensation rates with comparative institutions;

Whereas, the Board wishes to remunerate Schill for meeting and exceeding annual objectives during his first three years as president with a one-time performance bonus payment in recognition of work performed under the existing agreement (July 1, 2015 through June 30, 2018); and,

Whereas, ORS 352.096(1)(b) authorizes the Board to prescribe the compensation and terms and conditions of employment of the president of the University of Oregon (“University”);

NOW THEREFORE, the Board of Trustees of the University of Oregon hereby:

- 1. Authorizes a one-time performance bonus of \$76,000 to Schill for outstanding work performed during his first three years as president, payable within 60 days of this action; and,
- 2. Authorizes the Chair of the Board to enter into a new presidential employment agreement with Schill, attached hereto as Exhibit A.

Moved: Ginevra Ralph      Seconded: Ross Kari

VOTE: Voice Vote Recorded — Ayes carried (no dissention).

DATE: September 7, 2018

Recorded by the University Secretary: 

# EXHIBIT A

## PRESIDENTIAL EMPLOYMENT AGREEMENT

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THIS AGREEMENT is entered into by the University of Oregon (“University”) and Michael H. Schill (“Schill”), each of whom is a party to this agreement (“Agreement”). The term “parties” hereafter refers to “University” and “Schill.” Upon full execution by the parties, the Agreement will be effective on October 1, 2018.

### **1.0 Appointment of President; Term of Agreement**

The term of Schill’s employment as President of the University commenced July 1, 2015. The term of this agreement is five (5) years, from October 1, 2018 until September 30, 2023 (“Term”), unless earlier terminated or extended as provided in this Agreement.

### **2.0 Duties and Responsibilities**

Schill is supervised by and is responsible to the Board of Trustees of the University of Oregon (“Board”) for all matters concerning the University and is an advisor to the Board in matters of policy and administration. Schill shall exercise all powers and duties delegated to the President by the Board’s “Policy on Retention and Delegation of Authority,” and shall also exercise all other powers and duties delegated by the Board to the President. Duties include, but are not limited to:

- (a) Administration of the affairs of the University as best serves the institution consistent with Board rules, policies, and directives;
- (b) Development and implementation of the University’s academic, student service, athletic and overall institutional strategies and related plans;
- (c) Service as an ex officio member of the Board of Trustees as required by ORS 352.076, and service as a Board officer pursuant to Article VI of the Bylaws of the University of Oregon;
- (d) Reporting to the Board all significant matters within the President’s knowledge related to the University;
- (e) Institutional, faculty, and educational leadership, and the fostering of productive faculty and administration relationships;
- (f) Long-range planning and budget formulation;
- (g) Management of institution buildings, grounds and equipment controlled by the University;
- (h) Student recruitment, success and services;
- (i) Senior administration and faculty recruitment;
- (j) Appointing, supervising, promoting, and dismissing employees;
- (k) Enforcing expectations concerning compliance with NCAA rules;
- (l) Preparing rules, policies, regulations, and procedures useful to the University’s welfare;
- (m) Fundraising, development, and public and alumni relations; and,
- (n) Addressing and documenting compliance with Board-identified outcomes for each year.

### **3.0 Devote Best Efforts to the Work as President**

3.1 Schill agrees to faithfully, industriously, and with maximum application of experience, ability, and talent devote his full business-time, attention and energies to the duties as President of the University.

- 3.2 Such duties will be rendered at the University's campus in Eugene, Oregon and at such other place or places as the Board and Schill deem appropriate for the interest, needs, business or opportunity of the University.
- 3.3 The expenditure of reasonable amounts of time for personal or outside business, as well as charitable and professional development activities, will not be deemed a breach of this Agreement, provided such activities do not interfere with the services required to be rendered to the University and Board under this Agreement. Upon written approval by the Board, Schill may serve on boards for nonprofit and for-profit corporations or other entities, to the extent permitted by law, rule and University policy. The Board will not consider any income in connection with outside activities in setting compensation under this Agreement.
- 3.4 Other than activities or services permitted by the Board or other University policies, and under Section 3.3 of this Agreement, Schill will not render services of any professional nature to or for any person, firm, or entity for remuneration other than to the University, and will not engage in any activity that would cause a conflict of interest with his duties to the University. The making of passive or personal investments and the conduct of private business affairs is not prohibited by this section.

#### **4.0 Academic Rank and Funding**

- 4.1 Upon the termination of employment as President, Schill may elect to remain a member of the University's faculty. If Schill remains a member of the University's faculty under such terms, his salary will be \$450,000 per year (9-mo). Schill will be subject to the current Board and University rules and policies governing faculty employment, including award of indefinite tenure and other conditions of employment, including but not limited to those conditions of employment which are customarily set forth in a letter of appointment. For so long as Schill remains a full time member of the University's faculty post-presidency, the University will provide him with 0.5 FTE in administrative support.
- 4.2 During his full-time employment at the University, Schill shall be provided an annual sum of \$25,000 for purposes of academic research support. This allotment shall not be used as remuneration to Schill. This allotment shall be managed and accounted for in accordance with all applicable federal, state and University laws, policies and regulations related thereto.

#### **5.0 Salary and Benefits for Service as President**

- 5.1 For the period October 1, 2018 through June 30, 2020, Schill's monthly salary shall be \$60,000, based on an annual salary of \$720,000 at 1.0 FTE. Beginning July 1, 2020, his monthly salary shall increase to \$61,500 based on an annual salary of \$738,000 at 1.0 FTE. The Board of Trustees may elect to increase Schill's base monthly salary during the term of this agreement. In addition, Schill shall be entitled to an annual supplemental contribution to an approved retirement plan, in an amount of \$50,000 (pro-rated for any partial year of service as President).
- 5.2 If Schill remains President as of September 30, 2021, he shall be entitled to receive a retention bonus of \$200,000.

- 5.3 During his term of service as President, the Board may additionally elect to provide Schill with an annual performance bonus according to the following:
- 5.3.1 The amount of the annual performance bonus will normally range from zero and \$200,000 and will be determined by the Board each year.
  - 5.3.2 The target goal will be \$100,000 which shall be awarded if Schill has, in the judgment of the Board, substantially met the performance goals set forth by Board leadership for the given year.
  - 5.3.3 The Board may award more than the target if, in its judgment, Schill has exceeded expectations relative to his annual goals or has made good progress toward achieving long-term objectives of the University as follows:
    - 5.3.3.1 building the University's endowment to \$4 billion,
    - 5.3.3.2 increasing the graduation rate of students at the institution and generally improving student success and experience,
    - 5.3.3.3 improving the quality of graduate programs and the institution's overall academic position,
    - 5.3.3.4 increasing and diversifying externally funded research, and
    - 5.3.3.5 advancing and promoting diversity, equity and inclusion.
- 5.4 Schill's progress toward achievement of the goals entitling him to payment of the bonuses described in section 5.3 shall be measured annually during the Presidential Evaluation process.
- 5.5 In lieu of a University-provided vehicle, Schill will receive a monthly vehicle stipend of \$1,200 funded by the University's Foundation. By accepting the monthly vehicle stipend, Schill agrees that she/he is not entitled to any vehicle-related expense reimbursement when on University business or to a University owned vehicle for the discharge of his duties as President. Subject to University rules, policies, and procedures, this section does not apply when Schill requires the use of a rental vehicle for out-of-state or air-related travel.
- 5.6 Unless otherwise provided for in this Agreement, Schill will receive the same benefits as other University employees, subject to applicable changes, currently including, but not limited to, medical, dental, disability, and life insurance; retirement benefits; accrual of vacation and sick leave; and staff fee privileges.
- 5.7 The University will provide to Schill memberships as the Board deems useful to the performance of his duties as President. The University will pay monthly dues and approved business-related expenses. Schill will be responsible for any personal charges including, but not limited to, rentals, lockers, personal dining, and lesson fees incurred.
- 5.8 The University shall pay for a comprehensive annual executive physical examination by a physician of Schill's choosing. Schill shall report that this requirement has been met, but is under no requirement to disclose any results of such examination to the University. The University's commitment shall be limited to \$5,000 per year, after whatever costs are covered by Schill's University-provided health insurance.

5.9 Schill will accrue 2.0 months of sabbatical leave for each contract year of service he completes as President. For partial contract years of service, Schill will accrue sabbatical leave on a pro rata basis. All sabbatical leave will be forfeited in the event that Schill's appointment is terminated for cause or in the event Schill elects to leave the University of Oregon. The sabbatical leave will start no later than thirty (30) days after the conclusion of Schill's service as President, payable at his base salary for the last month of service as President. This sabbatical leave is separately negotiated, in recognition of the Schill's inability to take a sabbatical leave during service as President, and is not subject to University rules or policies governing sabbatical leaves. A sabbatical plan is not required, nor is the approval of any University official.

## **6.0 Official Residence**

6.1 As a term and condition of employment for Schill and for the benefit and convenience of the University, the University will provide Schill an official residence in which he is required to reside during his service as President. The residence will be used by Schill to conduct University meetings and events on a regular and continuing basis. The residence is located in Eugene, Oregon at 2315 McMorrان Street ("the McMorrان House").

6.2 Subject to the exceptions noted below, the University will maintain the official residence in good repair and pay for utilities, telephone service, cable, Internet access, and similar expenses. The University will not be obligated to pay for any damage or expense caused by the willful misconduct or negligence of Schill, his family or personal guests (normal wear and tear excepted) for which the Schill is responsible. For purposes of this section, "personal guests" means those persons not invited to the residence as part of Schill's duties to host official and other University functions, whom Schill invites in an exclusively personal capacity. The University will maintain the grounds of the official residence. University will keep the official residence insured for fire and extended coverage and will pay for liability insurance on the property.

6.3 With the exception of furnishings already in the official residence or purchased for use in University related events or business, the residence will be furnished with furniture and furnishings at the cost of Schill. The cost of any insurance on the Schill's personal furnishings and contents in the official residence will be borne by Schill.

6.4 Schill's family will be permitted to occupy the residence under the same terms and conditions for up to ninety (90) days following (i) Schill's death or (ii) Schill's permanent disability under the terms of this Agreement. Schill and his family will vacate the residence by no later than thirty (30) days following the termination of her/his employment as President for any reason other than death or permanent disability.

## **7.0 Travel Expenses**

Except as stated at Section 5.5 of this Agreement, University will reimburse Schill, and, if applicable, Schill's spouse or companion for reasonable travel expenses, hotel bills, and other necessary and proper expenses, consistent with University's rules and policies governing travel reimbursements, when Schill is travelling on University business, except that such payment will be made on behalf of a spouse or companion only when the presence of the spouse or

companion is of benefit to the interests of the University. Such expenses shall be approved by the Chief Financial Officer or appropriate designee.

## **8.0 Expense Receipts and Documentation**

Schill agrees to maintain detailed accounting records, including original documentation of all expenses provided for in this Agreement in accordance with federal and state laws and regulations and University policies and procedures. Upon appointment, Schill may request the University's Office of Internal Audit to include a review of the President's expenditures in its audit plan for the purpose of providing stakeholders assurance that expenditures are allocated appropriately and reporting is accurate and complete. Notwithstanding the foregoing, nothing in this clause is intended to diminish the authority of the Office of Internal Audit to conduct other audits at the request of the Board, routine or otherwise, in accordance with its audit Charter.

## **9.0 Evaluation**

Schill will be evaluated annually by the Board for performance pursuant to the Board's "Presidential Review & Evaluation Policy," which is incorporated into this Agreement by this reference.

## **10.0 Termination**

10.1 The Board reserves the right to terminate Schill's employment for just cause. Just cause termination eliminates any obligation of the Board to pay Schill beyond the effective date of termination of employment as President. A termination for just cause shall end all of the University's obligations to Schill for compensation as President including, without limitation, any obligations to pay bonuses under section 5 of this Agreement. Schill shall retain all rights as a member of the University faculty, but shall be subject to any and all processes then available for responding to allegations of misconduct by members of the faculty.

Just cause means:

10.1.1 Gross negligence or willful misconduct including, but not limited to, acts of fraud, misappropriation of funds or university assets, or gross negligence.

10.1.2 Commission of a felony or a misdemeanor involving moral turpitude;

10.1.3 Material violation of this Agreement which causes substantial harm to the University and which is not remedied after thirty (30) calendar days' written notice thereof to Schill; and

10.1.4 Prolonged absence from duty for a period of thirty calendar days or longer without Board or University consent and which absence is not due to illness or disability.

10.2 The Board reserves the right to terminate Schill's employment and this Agreement prior to its expiration, without cause, upon thirty (30) calendar days' of prior written notice to Schill. In the event the Board terminates this Agreement and Schill's employment as President without cause, the University will pay Schill the current, annual base salary plus

associated benefits for one year from the effective date of the termination, together with all bonuses and benefits accrued under this Agreement up until the termination (including sabbatical accrual).

10.2.1 If in the interest of the University, Schill may be reassigned to other duties until the effective date of the termination of this Agreement without cause. Under no circumstance will the University be liable for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of the University's termination of this Agreement without cause. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that termination of this Agreement by the Board without cause prior to its expiration may cause loss to Schill which is extremely difficult to determine with certainty. The parties further agree that payments made based on the foregoing by the University and acceptance thereof by Schill will constitute adequate and reasonable compensation to Schill for any loss and injury suffered and are not intended to be a penalty. Any amounts payable to Schill under this section will be reduced by the amount of Schill's earnings from other employment during the period which payments under this section are paid, if applicable.

10.2.2 Should the University terminate Schill as President without cause, Schill shall retain all rights and privileges he then enjoys as a member of the faculty, including those set forth in section 4 of this Agreement.

10.3 This Agreement and Schill's appointment as President may be terminated by Schill's resignation, upon Schill providing the Board Chair with thirty (30) calendar days' advance written notice of such resignation. Upon the effective date of Schill's resignation, Schill will not be entitled to any further compensation or benefits as president, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment.

10.4 In the event of Schill's death during the term of this Agreement, his employment and this Agreement will immediately terminate on the date of his death. Schill's estate will receive all benefits to which it is entitled pursuant to the University's insurance plans in which Schill enrolled.

10.5 If Schill becomes permanently disabled during his employment as President, this Agreement and his employment will terminate effective on the date of her/his permanent disability and. Schill will receive all benefits to which he is entitled pursuant to the University's insurance plans in which Schill enrolled. For purposes of this Agreement, "permanent disability" will mean that in the opinion of a qualified medical professional jointly selected by the University and Schill (or in the event of Schill's incapacity, the person designated in her/his power of attorney or other duly authorized representative) that Schill is unable to perform the essential functions of the job for a period of six continuous months, with reasonable accommodation (as such term is defined in 42 U.S.C. § 12111(9), as amended, and in the common law interpreting the same).

## **11.0 NCAA Compliance Expectations**

As President, Schill has an affirmative obligation to cooperate fully in any NCAA infractions process, including the investigation and adjudication of a case. Should Schill be found in violation of NCAA regulations he is subject to disciplinary or corrective action as set forth in the provision of the NCAA infractions process.

#### **12.0 Severability**

If any provision of this Agreement is determined to be void, invalid, unenforceable or illegal for any reason, it will be ineffective only to the extent of such prohibition and the validity and enforceability of all the remaining provisions will not be affected thereby.

#### **13.0 Modification**

This Agreement may not be modified or extended except by written instrument signed by Schill and authorized by the Board.

#### **14.0 Entire Agreement**

This Agreement contains the entire understanding of the parties, and there are no representations, warranties, covenants, or undertakings other than those expressly set forth herein.

#### **15.0 Prior Agreements**

This Agreement cancels and supersedes any and all prior agreements entered into between the parties.

#### **16.0 Indemnification**

To the extent permitted by Article XI, Section 7 of the Oregon Constitution, the provisions of the Oregon Tort Claims Act, and the University's Bylaws, the Board will indemnify Schill and hold him harmless against legal fees, expenses, judgments and other financial amounts incurred while serving in his capacity as President of the University. Schill will continue to be indemnified subsequent to the termination of his employment as President with respect to acts or omissions occurring while he served as President.

#### **17.0 Waiver**

No delay or failure to enforce any provisions of his Agreement will constitute a waiver or limitation of rights enforceable under this Agreement.

#### **18.0 Governing Law; Forum**

This Agreement will be interpreted and construed in accord with the laws of the State of Oregon, without regard to the principles of conflicts of laws. Any lawsuit or claim arising from this Agreement will be brought and conducted solely and exclusively within the Circuit Court of Lane County for the State of Oregon; provided, however, if a lawsuit or claim must be brought in



a federal forum, then it will be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

**19.0 Counterparts**

This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which will constitute but one of the same instrument. Signatures delivered by facsimile and by email will be deemed to be an original signature for all purposes, including for purposes of any applicable Rules of Evidence.

**20.0 Applicable Laws and Regulations**

All provisions of this Agreement subject are to the laws of the State of Oregon and, unless otherwise stated, the rules, policies, and internal management directives of the University.

IT IS SO AGREED:

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2018:

\_\_\_\_\_  
Michael H. Schill

\_\_\_\_\_  
Charles M. Lillis, Chairman