



Office of the President
110 Anderson Hall
Manhattan, KS 66506-0112
785-532-6221
Fax: 785-532-7639

TO: Jim Epps, Deputy Director of Athletics
FROM: Jon Wefald, President
SUBJ: CONTRACT ADDENDUM
DATE: May 7, 2008 May 6, 2008

Attached you will find a copy of the addendum to the contract for Robert S. Krause, Vice President for Institutional Advancement and Intercollegiate Athletics for your files and a copy of his FY08 evaluation is on file in my office.

In fulfillment of the addendum and commensurate with the time and effort put forth by Vice President Krause in FY08, you are authorized to make an award of up to 25% of annual compensation for FY09 within the constraints of your budget.

pc: Robert Krause

Attachment

ADDENDUM TO CONTRACT : Robert S. Krause, Vice President for Institutional Advancement

In recognition of employee's significant responsibilities on behalf of the University for implementing the Memorandum of Understanding between IAC and the University by coordinating the daily activities and interests of the University with those of the Department of Intercollegiate Athletics, the employee is eligible to receive an annual award by the Department for fulfilling these responsibilities.

Compensation shall be in the form of an award for services in a lump sum amount due on or before July 15th determined as a percentage of employee's base annual salary commensurate with employee's time and effort in fulfilling such responsibilities and Departmental budgetary considerations.

Provisions of this addendum shall be effective on or before July 15, 2003 for services rendered in FY 2003.



MEMORANDUM

Office of the President
110 Anderson Hall
Manhattan, KS 66506-0112
785-532-6221
Fax: 785-532-7639

TO: Tim Weiser, Director of Intercollegiate Athletics
FROM: Jon Wefald, President
DATE: May 3, 2007
RE: CONTRACT ADDENDUM

Attached you will find a copy of the addendum to the contract for Robert S. Krause, Vice President for Institutional Advancement for your files and a copy of his FY07 evaluation is on file in my office.

In fulfillment of the addendum and commensurate with the time and effort put forth by Vice President Krause in FY07, you are authorized to make an award of up to 25% of annual compensation for FY07 within the constraints of your budget.

pc: Robert S. Krause

attachments

ds

ADDENDUM TO CONTRACT : Robert S. Krause, Vice President for Institutional Advancement

In recognition of employee's significant responsibilities on behalf of the University for implementing the Memorandum of Understanding between IAC and the University by coordinating the daily activities and interests of the University with those of the Department of Intercollegiate Athletics, the employee is eligible to receive an annual award by the Department for fulfilling these responsibilities.

Compensation shall be in the form of an award for services in a lump sum amount due on or before July 15th determined as a percentage of employee's base annual salary commensurate with employee's time and effort in fulfilling such responsibilities and Departmental budgetary considerations.

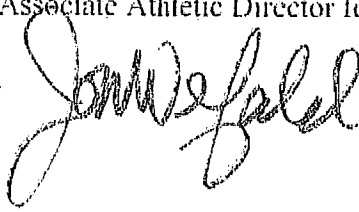
Provisions of this addendum shall be effective on or before July 15, 2003 for services rendered in FY 2003.



MEMORANDUM

Office of the President
110 Anderson Hall
Manhattan, KS 66506-0112
785-532-6221
Fax: 785-532-7630

TO: Mr. Bob Cavello, Sr. Associate Athletic Director for Administration and Finance

FROM: Jon Wefald, President 

DATE: February 13, 2009

RE: Historical Information on the Role and Scope of Vice President for Institutional Advancement from 1986-2008

The position of Vice President for Institutional Advancement (VPIA) was created and approved by the Kansas Board of Regents for Kansas State University in May of 1986. The initial focus of the position was student recruitment and retention, university relations, and alumni affairs. Bob Krause was appointed to the position in August, 1986, and assumed the responsibilities in early September, 1986, at an annual salary of \$75,000.

At that time, such positions were relatively new in higher education and generally encompassed development and alumni affairs and, at times, the functions of the university relations office. The responsibility for coordinating the activities of the Alumni Association, Foundation, and Intercollegiate Athletics with those of the University became part of the initial charge to the position. This responsibility has taken considerable time over the years because it is so important that all three of those organizations function in concert with that of the main campus of Kansas State University. This has been a major responsibility for Vice President Krause from 1986 to 2008.

In 1987, the then Vice President for Educational and Student Services resigned, and all of the units reporting to that VP were assigned to the VPIA. As a major organizational unit of the university, the VPIA is unique in higher education as it fulfills the responsibilities traditionally assumed by VPs of Student Affairs, VPs of University Relations, and, more recently, VPs of Economic Development.

Late last summer, the Board of Regents decided that when a President or Chancellor resigned, they would require an outside audit of that university that would include non-state funds at the university and the audit team would study the records for the last six or seven years of that university's Foundation, Alumni Association, and Athletic Department. For 2008-2009, two university Presidents and a Chancellor have resigned. Thus, K-State, the University of Kansas, and Pittsburg State will be audited this year. At all three universities, the emphasis of the audit teams will be on that university's Foundation, Alumni Association, and Athletic Department. The Grant-Thornton auditors—which was asked to do the K-State audit—have asked, among many other things as well, for contracts for a number of individuals in these three University areas that go back six or seven years—including contracts for our Vice President for Institutional Advancement, Bob Krause, who is now K-State's Athletic Director.

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The audit covering the areas of the University's Foundation, Alumni Association, and the Athletic Department at K-State has been conducted by Grant-Thornton under the direction of the Board of Regents. Similar audits will be done at Pittsburg State University and the University of Kansas in the near future of the same three areas that they looked at at Kansas State University. The Grant-Thornton team conducted an exit interview with me. As you would expect, the Grant-Thornton audit did a thorough and complete audit of K-State's Foundation, Alumni Association, and the Athletic Department. Because the KSU Foundation and Alumni Association do not report to me, I am only reporting on the Vice President for Institutional Advancement because he reported to me.

As VP/IA, Bob has had line responsibility for the functions described above and also has had staff responsibility for developing strategies for acquiring resources through developing and maintaining a comprehensive set of external networks which result in creating opportunities which advance the goals of the university. Over the last 23 years, he has maintained a passion for advancing the university and developing solutions to complex problems. His work days start at 5:00 a.m. and end late at night, and most weekends are consumed with work activities.

Over the 22 years that Bob Krause was Vice President for Institutional Advancement, he averaged well over 20 hours a week working on various activities with the Athletic Department. He was always available to help solve problems; he seemed always to be one of the major people in helping plan for new athletic facilities; he was a major fund-raiser over these years for a variety of new athletic facilities the range from the press box on the west side and the indoor facility, and the new practice fields in the period from 1990 to 1995, to many of the new athletic facilities that we saw come into being in the first five or six years of the 21st century—including helping plan the financing of the entire west side stadium addition to a variety of major renovations to the football office over that same period of time. There seemed to be always new facilities that were needed for K-State Athletics that were important for almost all of our different sports where Bob Krause had to play a role in how the Department could finance those various projects.

Importantly, in the five years or so from 2001 on, we now saw the appearance of the so-called arms race that involved intercollegiate athletics everywhere—especially in the six BCS Conferences. There had always been universities in the Big 12, Big 10, SEC, ACC, PAC 10, and the Big East where many new athletic facilities were being built. But, after 2000-2001, it seems the so-called arms race that we have all read about took on unbelievable dimensions and spending patterns. Now, it seemed like quite a number of universities in the various BCS Conferences were now spending millions and millions of dollars not only in new facilities, but we were seeing a number of multimillion dollar contracts over a guaranteed number of years to football coaches, men's basketball coaches, and even some AD's.

The Kansas Board of Regents has historically always said that their six state university CEO's have the ultimate authority when it comes to institutional control of their respective intercollegiate athletic programs. Equally important, with the rise of the so-called "BCS arms race," the NCAA

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has stepped up pressure on all of the BCS university CEO's to make sure that there is "institutional control" of their respective intercollegiate athletic programs. There is no BCS university that ever wants to hear from the NCAA that their institution "lacked sufficient institutional control."

I think we can all agree that the arms race is out of control. But I do not know exactly what the answers are or might be in the future.

In over 22 years, he has had one overload check from Athletics (\$35,000)—which I approved—for his service as Interim AD in FY2001 when Max Urick resigned and one addendum to his contract from 2003 to 2008 as overload for work done in Athletics. So, of the four times he served as Interim AD from 1986 to 2001, he has received one overload payment for serving as Interim AD and, in essence, he received no additional compensation for those three other interim periods.

VP Krause received the following lump sum overload payments based on percentage of time which were paid to his sole proprietary entity "Horizon," which was customary practice in Athletics at the time: 2003 - \$36,290; 2004 - \$38,272; 2005 - \$44,360; 2006 - \$45,552; 2007 - \$46,463; 2008 - \$52,500. He completed the proper W9 IRS declaration and has received IRS 1099 forms for each year, which are public information. As shown in his contract, overload was capped at 25% of annual salary and it was contingent upon availability of funds.

Gary Leitnaker, our Assistant Vice President for Human Resources, has pointed out to us many times that K-State, like other Regents universities and universities all over the nation, literally has several hundred overload contracts and bonuses for faculty and staff every single year. In FY 2008, we had close to 400 such contracts totaling over \$1 million. Furthermore, by University policy, faculty are permitted to consult with and directly receive compensation from outside entities for up to four days a month for a total of 48 days a year to consult with outside entities. Although the range of their outside income varies, some faculty members might very well equal their University compensation with their outside consulting compensation. Indeed, I, with the Regents approval, have been receiving an annual salary supplement of \$50,000 for about 10 years from private funds from the KSU Foundation. A number of Academic Deans and Department Heads receive yearly overload or supplemental income support from the KSU Foundation or other entities.

During these five years, in addition to week-to-week problem solving, some of the major items that Bob Krause accomplished were serving as the director of the very complex and time consuming second round of NCAA Certification and Institutional Self-Study; overhauling our NCAA compliance procedures and processes; management of a crisis public relations event surrounding a high profile student athlete at a BSC Bowl game in January, 2004; developing and implementing responses to NCAA Certification recommendations; planning and soliciting lead gifts for the new equestrian team facility; and resolution of NCAA alleged violations which were proven to be unfounded about two years ago. If you were to contact coaches and staff from that period of time, like Coach Bill Snyder, Coach Deb Patterson, Coach Suzie Fritz, or Senior Associate AD for

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Administration and Finance Bob Cavello, they could cite chapter-and-verse on all the things Bob Krause has done for Athletics and the time he has spent on Athletics and the challenges that inevitably come up in big-time athletics.

Vice President Krause has played central roles in all of what we collectively have been able to achieve, whether it be the gains we have made in enrollment growth, diversity, and quality of our students; creating a strong institutional brand; numerous buildings including the BRI; economic and quality of life growth in our community and region; creating an entrepreneurial climate on campus; turning a dismal athletic department into a respected competitive member of the Big Twelve Conference; and Leadership Studies. As Institutional Vice President over the past three years, Bob Krause has played a key role in securing the K-State Olathe Innovation Campus in Johnson County—which is the first time in K-State's history that we have had a campus in Johnson County. Even more important, Bob Krause was a major player in our being selected as the site for the \$500,000,000 NBAF facility, which, over the next 20 years, will have an estimated \$3.5 billion economic impact on the state and region. These last two items are arguably the biggest accomplishments in the history of K-State.

Finally, as you know, Bob Krause will complete his assignment as Athletic Director on March 31, 2009, and he will become the new Director of Development for the K-State Olathe Innovation Campus on a one-year appointment.

/dh

Enclosures