

**Board of Trustees Governance Committee**  
**February 16, 2017**  
**Draft Meeting Notes**

Meeting called to order February 16, 2017 at 8:45.

Members present: Brian Lamb, Stan Levy, Hal Mullis, John Ramil, Nancy Watkins, Jordan Zimmerman

Committee Chair Zimmerman welcomed the committee members and let them know that there were no requests for public comments.

**New Business – Action Items**

**FL 101 – Approve 01/17/17 minutes**

Committee Chair Zimmerman introduced the item and asked for a motion.

Motion was made and 2<sup>nd</sup>; no discussion occurred and approved by all committee members present.

Committee Chair Zimmerman introduced FL 102.

**FL 102 – President’s Contract**

Committee Chair Zimmerman introduced the President’s annual contract (employment agreement) and reviewed the past and current process. He noted that the Board’s preference is to have a five year contract to retain our high performing president, but that one year contracts are now the expectation for the renewal of university presidential contracts. With the BOG’s mandate regarding contracts and contract renewals and the new structure of our Board, the Governance Committee now is responsible for determining salary and annual performance stipend for the annual contract. He stated that the committee was now responsible for the base salary and 70% of the potential performance stipend. He also shared that in the past the Board Chair negotiated the contract and the compensation committee conducted the annual evaluation. The final contract would be approved by the full Board.

The committee’s recommendation for salary and potential performance stipend will be incorporated into the 2017-2018 contract which will be presented for approval at the March 9<sup>th</sup> Board of Trustees meeting. The Chair mentioned that the President is not asking for an additional increase.

Committee Chair Zimmerman opened it up for discussion.

Comments included the President’s handling of regional institutional issues are always addressed quickly and her fundraising efforts have been instrumental in reaching goals. Additional comments included her generosity and humbleness, involvement in community was incredible and passion outstanding. The faculty trustee commented that not wanting an increase is a positive to faculty.

Board Chair Lamb provided a historical prospective including the amount of work provided to develop a strong framework so that there are minimal changes annually. He reminded the committee about the recent performance review and the vibrant discussion with a strong sentiment of a strong performance.

He stressed that the renewal reinforces that discussion. His personal thoughts is that this is annual but also about the future; supports renewal based on outstanding job performance but wants committee to think about whether the compensation package is competitive.

Committee Chair Zimmerman summed up the discussion stating that we are lucky to have a president who enables growth, but also is humble, never self-serving and put students and USF first, has taken USF to new heights, goes above/beyond. He stated that he felt that going from 5 year contracts to 1 year contracts was risky since it makes it easier to lose your high performing president to a competitor. . He shared that he used UCF President's salary as the baseline and the McConnell Report (comprehensive assessment and relevant study) and stressed that our President's contract needs to be competitive. He shared that he found the study to still be current, reliable and valuable. The current contract was based on this report. With that the Chair recommended that the committee consider a 1-year renewal with a 2 ½% increase to the President's base. He shared that the current contract includes \$493,500 base and \$275,000 performance stipend = \$768,500. With the 2 ½% increase to the base would put her at \$505,837 = \$870,837. He opened it up for discussion.

Trustees discussed the importance of a competitive compensation package for the President and confirming that the package is appropriate for succession since the compensation package required to recruit a new president of in the future would likely exceed the current compensation level and structure. An incremental increase now to reward high performance would better position the university in the future. Trustees discussed anywhere from 2% to 5% base increase and/or increasing the performance stipend. Salary for peer SUS institutions was provided. The Trustees also inquired about the percentage increase for faculty and staff over the same period, which was reported to be in the same 2%-3% range. Trustee Gorforth commented that trustees have a duty to reward hard work. Trustee Watkins moved that the President's base salary increase by 2.5% and raise performance based stipend to \$300,000 for 2017-2018. John Ramil seconded motion. Trustee Stikeleather asked that the committee make special effort for long term planning (where compensation needs to be) and a look at trending compensation in higher education. No further discussion occurred. Motion was approved by all committee members present.

Trustee Ramil requested that during the process that we think about goals when "overshot", yet the President never gets "extra credit". Chair Zimmerman agreed and reinforced fair and equitable process where we do not "cap" the Board's ability to recognizing performance. . Trustee Levy gave an observation that the deferred compensation increases when the base salary increases. Board Chair Lamb requested from staff that data be provided prior to the Board meeting in March regarding compensation of other SUS presidents, including the split between guaranteed and at risk compensation. Chair Zimmerman stressed that it is difficult to compare university to university. The trustees then clarified the distribution of the President's compensation between guaranteed compensation and at risk compensation and discussed that the contract could use a different term other than stipend to convey that a significant portion of the President's compensation is at risk, such as performance based compensation rather than performance based stipend. Trustee Garey explained the use of the term stipend in the academic context, which clarified its use in President Genshaft's current contract. . Trustee Carrere suggested using "performance based compensation."

Board Chair Lamb commented that a few mechanics in the contract are still needed such as changes reflecting changes to delegations of duties and how to describe the stipend and data used to award it. He shared that USF and UF are driving the delegation updates and that BOG is focused on this topic. He

also shared that he will be asking for the ability to make such updates and technical changes after the March BOT meeting, if needed. Chair Zimmerman thanked the trustees for their input.

### **New Business – Information Items**

#### **FL 103 – Update on Delegation of Authority**

Committee Chair Zimmerman introduced the agenda item and mentioned that the item was on last month's meeting. Board Chair Lamb and General Counsel Solis provided updated changes. The changes to the policy align with the ongoing discussion and guidance provided by the BOG. The new policy will require consultation by the President with the Board Chair regarding changes in terms and conditions of employment for direct reports to the President, including but not limited to the chief audit executive, chief compliance officer and the general counsel. The policy also sets the expenditure levels that require Board notice and approval: transactions for goods and services and change orders that exceed one million dollars require approval by the chair of the Finance Committee; transactions for good services and change orders that meet or exceed two million dollars will require notice and approval by the full Finance Committee. The same thresholds will be used for settlement of legal claims; however any settlement over 1 million dollars will require approval by the Board Chair rather than the Finance Committee Chair. Any settlement at or exceeding 2 million dollars will require approvals by the full finance committee. The approval thresholds will be reviewed on an at least annual basis.

Board Chair Lamb reminded the committee that the President will be bringing this back to the committee annually for review. Trustee Mullis thanked all for their positive work with the BOG.

#### **FL 104 – Update on Direct Support Organizations**

Committee Chair Zimmerman deferred FL 104 DSO update to the next meeting of the committee due to time constraints.

Having no further agenda items, the meeting was adjourned by Chair Zimmerman.