A meeting of the Annual Review Sub-Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Tuesday, October 18, 2011 at 1:00 p.m., via conference call.

MEMBERS PRESENT: Chair Robert Cioffi, Bill Botzow, Ian Boyce, Harry Chen Debbie McAneny, and Mark Young

MEMBERS ABSENT: Donna Sweaney

OTHERS PRESENT: Trustee Kyle DeVivo, Vice President for Legal Affairs and General Counsel Francine Bazlule, Vice President for Executive Operations Gary Derr, Director of Institutional Research John Ryan, Staff Council President Ida Russin and Randolph Goodman, WilmerHale

Chair Cioffi called the meeting to order at 1:02 p.m.

Approval of Minutes

A motion was made, seconded, and voted to approve the minutes of the September 21, 2011 meeting.

Executive Compensation

Chair Cioffi welcomed Attorney Goodman to the meeting, and asked him to introduce himself. Mr. Goodman described his credentials, which involve providing executive contracts and compensation advice, tax and benefits counseling, and general non-profit corporation business guidance to a wide array of public and private organizations, including universities. He also teaches at Columbia University and Georgetown University.

Mr. Goodman remarked that, over the past nine years (since President Fogel came to UVM), the elements of compensation for university presidents at both public and private institutions have remained relatively static. He noted, however, that there were five areas of special emphasis currently apparent: (1) simplicity of contract provisions, including avoidance of administratively complex benefits arrangements; (2) performance-based compensation awards (such as bonuses and deferred compensation arrangements); (3) retention of attorneys by presidential prospects to assist in their contract negotiations; (4) greater oversight of proposed and actual commitments external to the employing institution on the part of presidents; and (5) increased customization of contracts to the specific needs of candidates in view of their family circumstances or the stage of their careers.

Mr. Goodman next observed that “best practices” for setting compensation have not changed significantly over recent years. These practices include annually reviewing performance,
examining comparability data as to compensation, and requiring Board approval of compensation awards. He is seeing greater attention to documenting not only the decisions made, but their rationale, noting that these steps are required under tax law of private institutions subject to the intermediate sanctions rule.

Chair Cioffi then invited subcommittee members to ask questions. One question addressed the effect of the use of bonuses and deferred compensation arrangements on base salary; Mr. Goodman replied that institutions are facing constraints on base salary adjustments due to the economy, but cautioned about collateral consequences that could emanate from over-reliance on non-base awards. Another question related to the time frame within which one might reasonably expect contract negotiations with an attorney-represented candidate to conclude; Mr. Goodman recommended establishing a contract execution date target.

Executive Session

At 1:25 p.m., the Chair entertained a motion to enter into executive session to discuss contracts. Vice President Bazluke, Vice President Derr, and Mr. Goodman were invited to remain. All other participants were excused for the remainder of the meeting.

Executive Session concluded at 2:14 p.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Robert Cioffi, Chair