

Executive Compensation

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2 Examples From Good Presidential Contracts

A well-worded presidential contract can help prevent disagreements over such issues as deferred compensation and seats on corporate boards. Here are two examples of passages in such contracts.

CORPORATE BOARDS

Taken from the employment agreement of Judy L. Genshaft, president of the University of South Florida, under the heading "best efforts as president":

"The university recognizes that it is both appropriate and beneficial for the president to engage in outside activities, such as serving on for-profit and nonprofit boards of directors, consulting, delivering speeches, and writing. ... The president shall not engage in any activity that may be competitive with and adverse to the best interests of the board and the university. The president shall seek approval from the board chair prior to agreeing to serve on any board of directors of any for-profit entity or to engage in any substantial outside business activity, including authorship of books. Any and all income or other compensation earned by the president in connection with approved outside business activities shall be paid to and retained by her, and such income or other compensation shall have no effect on the amount of salary, compensation, and benefits she is otherwise entitled to receive under this agreement."

DEFERRED COMPENSATION

Taken from an addition to the contract of Lester A. Lefton, president of Kent State University
"Article V: Distribution of accounts

"5.1 Distribution events

"Provided that Lefton has been in the continuous employ of the university from the commencement of his participation in the plan until the occurrence of one of the following events, the value of his account will be distributable to him (or to his beneficiary in the case of his death) ... following the earliest of:

"(a) His specified distribution date;

"(b) The date on which he separates from service involuntarily without cause;

"(c) The date on which he becomes disabled; or

"(d) His death."

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