

- ✓ \$300,000 was voted on three years ago. Paul McLendon has sequestered the money and it has been in place for two full years. A mere vote for the money to be transferred is all that is needed. The compensation vote is already on record with a motion by Rush Harding
- ✓ The \$150,000 (or \$200,000) deferred compensation would be paid subject to Internal Revenue Code 457(F). A previous contract existed with Win Thompson specifically citing Internal Revenue Code 457(F).
- ✓ The sums placed into deferred compensation will not be paid to President Hardin until he retires. The sums will then be paid out over a period equal to his final compensation, i.e., if there is \$900,000 of deferred compensation in the fund when the President retires and his salary is \$300,000/year, he must legally draw the sum over a three year period.
- ✓ Since this is deferred compensation, it is not required to be reported as present income. The University of Arkansas presently has a fund of deferred compensation of \$150,000/year for David Gearheart and Alan Sugg. Our research, per the Board's request, indicates both U of A positions pay \$450,000/year with \$300,000 as present income and \$150,000 as deferred compensation. President Hardin is currently paid \$250,000/year with no deferred compensation.
- ✓ All of the above were positively reviewed by Legislative Audit when Win Thompson was president. I (Jack Gillean) helped draft the documents and will draft essentially the same documents for this package.
- ✓ Finally, as stated, the \$300,000 has already been voted on and is of record. The deferred compensation does not immediately vest and therefore, is not subject to FOI. That is why Alan Sugg shows only \$300,000 income in *Arkansas Business*. The motion publicly simply would be to approve all personnel proposals.

Respectfully submitted,

Jack Gillean, VP for Administration
Barbara Anderson, Executive Vice President
Paul McLendon, Vice President for Finance