

Board of Trustees Annual Retreat Meeting Minutes
Monday, September 26 – Tuesday, September 27, 2016
Harbor Branch Oceanographic Institute
5600 U.S. 1 North
Fort Pierce, FL 34946

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university and look at all avenues. Provost Perry wants vision to be number one. Trustee Dan Cane wants to know more clarity on the things we have to do to accomplish the plan.

Trustee Chris Beetle read a quote from Maynard Hutchins, “My education as an administrator began in 1931 when I opened Aristotle’s Ethics for the first time and read, ‘In practical matters the end is the first principle.’ I was shocked to realize that in the ten years I had been in universities I had never seriously asked myself what they were for. I had taken them for granted, had assumed that the aims they proclaimed were valid, and had attempted to administer them in terms of those aims. About the only



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Stilley said he wants FAU to be among the elite universities and to be elite would mean student success. Barbar said we looked at a student success graph a few years ago. It was amazing to see how you can see which students would be successful or not. Kelly mentioned that the enrollment from 5 and 6 years ago is hurting our metrics now. Beetle said the state incentives are aligned with our internal goals now.

President Kelly reviewed FAU's strategic plan. We started with an aspiration. We trademarked the term, "Unbridled Ambition." FAU needs to work on customer service. We don't need to give a person exactly what they want, but we need to at least give them the answer they need.

Kelly explained that FAU has a unique setting. We are in a big city, with a lot of diversity.



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x A Continuum of Performance

- o Went over Negative Deviance, Normal and Positive Deviance
- o Need to keep pushing to get better. You want to aspire to positive deviance above normal.

Breakout sessions (Trustees, Foundation and Executive Leadership Team) were then held to discuss the roles of each group.

- x Foundation wants to develop and ensure ~~that~~ we have a high performing foundation board that is in alignment with the FAU BOT and the university's goals. They want to support the university's effort to enhance and centralize fundraising. All board members need to advocate in our communities, host events with donors, steward donors in our communities, strengthen our personal commitment, awaken the pride of FAU and help expand geographic influence.
- x Trustees' role in achieving FAU's goals:
 - o One voice
 - o Look forward to each meeting and feel satisfied after each meeting
 - o Set policy from 30,000 feet
 - o Accountability for all
 - o Be creative and realistic in our strategy
 - o Be the driving force when we need to push the envelope
 - o Be the best University for the state and in the state
 - o Think and act outside the box
 - o Position the University to attract and retain the best and the brightest
 - o Retain Dr. Kelly
 - o Support the Strategic Plan
 - o Individual roles of the Trustees include:
 - Serve as ambassadors
 - Adopt a 2025 Elevator Pitch
 - Do open pieces from the board
 - Utilize personal relationships with government and stakeholders to advance the university's interests and agenda
 - Support athletics by being present
 - Support Henderson



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x Executive Leadership Team roles include:

- o Spread message to campus
- o Engage Faculty, Staff and Students
- o Engage donors, alumni and community
- o Support each other
- o Accountability for metrics/plan
- o Just in time “Most Important” data
- o Solve Problems/Manage University
- o Generate new revenue

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Kelly described the Board of Governors' preeminent and emerging categories. He said FAU's goal is to achieve emerging preeminent status by 2025. He went over FAU's current performance in the preeminence metrics, including average GPA, six-year graduation rates, research expenditures, doctoral degrees awarded, freshman retention rates, National Academy Memberships, number of postdoctoral appointees, and endowment size. He believes we can reach excellence status in eight of the ten metrics by 2025, which would qualify us as emerging preeminent.

Provost Perry reviewed our expected performance for the upcoming year. While we remain strong in most categories, our six-year graduation rate is not. This is primarily due to the lack of academic preparation by many of the freshman who were admitted in 2010, when the university was aggressively pursuing enrollment growth. It is too late now to help those students graduate on time, as many have left the university.

Trustee Chris Beetle gave a presentation on Faculty Engagement in Student Success. His data showed that students who don't graduate in six years aren't "stragglers" who are not taking enough credit hours. Rather, they are students who drop out by their fourth year and don't return. Ot b

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regarded by the Board of Governors, Governor Scott, and the economic development community.

Trustees Moabery and Dormam noted that Governor Scott had also expressed to them his appreciation of Dr. Kelly's performance. Moabery said FAU had hired Kelly at the worst time in the university's history, and in two short years we are now the best in the system.

Trustee Stilley said Dr. Kelly is "one in a million," and every other university in the state will want him.

Trustee Dennis expressed concern that Kelly works 18+ hours a day. Moabery and Stilley agreed, but noted that it is clear that is just the way Kelly is. Nevertheless, Trustee Cane



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Kelly to a more competitive market rate and yet remain reasonable compensation within the meaning of Internal Revenue Code Section 162.

The Trustees expressed concern that Kelly's performance made him extremely attractive to other universities, and that it was necessary to adjust his compensation to help prevent his being lured away. It was also noted that rewarding exceptional performance was simply the right thing to do. After reviewing all of the alternative compensation adjustments suggested in the report, there was a motion and a second to increase Dr. Kelly's annual base salary to \$475,000. With no further discussion or changes, the motion was unanimously approved.

Trustee Moabery then raised the question of how the Board could further incentivize Dr. Kelly to stay for a longer term. It was noted that his current contract expired in February 2019. Chair Barbar reported that the Board of Governors did not want to see presidential contracts extended beyond a year, so it was not possible to expand the term of Dr. Kelly's contract at this time. The trustees then discussed setting a retention goal would incentivize Dr. Kelly to extend his contract in 2019, provided the Board wished to at that time. After much discussion, it was agreed to target a bonus that would be paid in 2022, which would mean that Dr. Kelly's contract would have to be renewed three times (i renewals remain limited to one year by the Board of Governors) before Dr. Kelly earned it. It was emphasized that the contractual language of such a retention bonus provision must specify that the potential award of the bonus does not in any way imply that the Board will, or obligate the Board to, renew Dr. Kelly's contract after February 2019. There was a motion and a second to (i) establish a \$350,000 retention bonus payable to Dr. Kelly in February 2022, provided that he is continuously employed as president through that date, and further provided that the compensation consultant confirm in writing that the president's overall compensation package with such a term would remain reasonable, and (ii) to delegate to the chair authority to negotiate and execute an amendment to the president's employment agreement consistent with the foregoing. With no further discussion or changes, the motion was unanimously approved.

VI. New Business

Trustee Moabery made a motion to hold elections for Board officers at the fall retreat, rather than in January. The motion was seconded.



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business motion raised at the meeting without prior posted notice. Trustee Beetle asked whether the Board's Operating Procedures permitted such a vote now; Mr. Kian replied that the Operating Procedures do not specify when such elections must be held that since we were in the last quarter of the current officers' two year terms, it was not unreasonable to vote now if the Board so chose. With no further discussion or changes the motion was unanimously approved.

Trustee Moabery then made a motion nominating Trustee Barbar to serve as Chair. The motion was seconded. Trustee Stilley noted that he normally would not support a third term as Chair for someone, since the term limit is a good idea. However, rules do allow for additional terms, and Chair Barbar's performance and commitment as Chair have been so outstanding that Trustee Stilley supported the additional term in this limited case. With no further discussion or changes, the motion was unanimously a The