



Item: PC: A-2

Tuesday, February 18, 2014

SUBJECT: Approval of Employment Agreement for Dr. John Kelly

PROPOSED BOARD ACTION

Recommend Board of Trustees approval of an Employment Agreement with Dr. John W. Kelly.

BACKGROUND INFORMATION

Following a national search, on January 17, 2014, the Board unanimously selected Dr. John W. Kelly to serve as Florida Atlantic University's next president. The Board authorized Chair Barbar to negotiate an employment agreement that would secure Dr. Kelly's services as soon as possible and provide him a base salary and total compensation package that would rank in the mid-range among the State University System ("SUS") presidents. Chair Barbar reviewed the compensation terms of the other SUS presidents, consulted with the Chair of the FAU Foundation, and negotiated the attached proposed employment agreement (the "Agreement") with Dr. Kelly. The General Counsel confirmed that all terms comply with all legal requirements. Dr. Kelly has agreed to all terms of the Agreement.

IMPLEMENTATION PLAN/DATE

Upon approval by the Board and the Board of Governors, Dr. Kelly will begin serving as president on March 1, 2014.

FISCAL IMPLICATIONS

The Agreement runs for five years, from March 1, 2014 – February 28, 2019. The Board may terminate the Agreement for just cause (as defined in the Agreement) at any time upon a two thirds vote of the Board. The Board may terminate the Agreement at any time without cause upon (i) a two thirds vote of the Board and (ii) providing Dr. Kelly ninety (90) days' notice. Dr. Kelly may terminate the Agreement at any time without cause upon providing the Board ninety (90) days' notice. Dr. Kelly will be granted tenure in the Charles E. Schmidt College of Science in conjunction with his appointment as president, and he will be eligible at any time to step down from the presidency and assume a faculty appointment.

During the time he serves as president, Dr. Kelly will be provided the following: (i) a base salary of \$400,000, reviewable annually by the Board; (ii) a one-time relocation allowance of \$15,000; (iii) effective FY 2016, eligibility for annual performance compensation of up to ten percent (10%) of his base salary, to be awarded at the discretion of the Board; (iv) effective FY

2016, annual retention compensation of ten percent (10%) of his base salary; (v) a one-time signing bonus of ten percent (10%) of his base salary; (vi) eligibility for all state and university benefit and perquisite programs, including state sponsored life insurance; (vii) a retirement benefit of supplemental deferred compensation equal to fifteen percent (15%) of his base salary; (viii) housing at the University's expense in the University's Eleanor R. Baldwin House; (ix) use of an automobile; and (x) expenses for University-related professional or service organizations and activities. Dr. Kelly's proposed salary and total compensation package rank seventh out of the ten SUS institutions surveyed (New College and Florida Polytechnic University were not included in the survey because their size and development stage are not comparable to the rest of the system; if they had been included, Dr. Kelly's figures would rank seventh out of twelve).

Florida law caps the amount of salary, bonuses, and cash-equivalent compensation that may be paid to state university presidents from public funds. The Agreement provides that the Board will request that the FAU Foundation provide all sums beyond the amount permitted to be paid from public funds. This practice is consistent with that of every other SUS university.

Supporting Documentation: Proposed President's Employment Agreement
SUS Presidents' Compensation Survey Table

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