



Item: PC: A-1

## PERSONNEL & COMPENSATION COMMITTEE

Wednesday, November 16, 2016

**SUBJECT: REQUEST TO APPROVE PROPOSED REGULATION 9.002, RESTRICTIVE COVENANTS**

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### PROPOSED COMMITTEE ACTION

Recommend BOT approval of proposed FAU Regulation 9.002, Restrictive Covenants.

### BACKGROUND INFORMATION

The University recognizes that a faculty physician appointment to the faculty of the Charles E. Schmidt College of Medicine involves both academic and clinical responsibilities, and that these responsibilities are interlinked and performed at affiliated hospitals and clinics. Furthermore, the University recognizes that medical clinical practice competition by a faculty physician within one (1) year of the cessation of employment by the faculty physician (whether by resignation, retirement, or the expiration, non-renewal or other termination of employment) with the University and within a twenty-five (25) mile radius of a situs of the faculty physician's clinical teaching assignment within the two years preceding the cessation of employment with the University, would adversely impact the legitimate business interests of the University.

That adverse impact may include, without limitation: (i) harm to the University's College of Medicine teaching programs at its affiliated hospitals and clinics; (ii) impairment of (a) the operation and quality of the College's affiliations, and (b) the advancement of the College's clinical, educational, service and research missions; (iii) erosion of the patient and referral populations, economic base and goodwill necessary to support the mission of the College of Medicine within its target geographic location and market; and (iv) interference with the University's myriad other "legitimate business interests," as that term has been defined pursuant to Section 542.335, Florida Statutes. Accordingly, the College of Medicine is authorized, where justified by these concerns, to include as a condition of appointment to a new faculty teaching position requiring clinical practice, a restrictive covenant (with appropriate accompanying provisions) in the faculty contract and/or letter of appointment, the terms of which are further described above and in proposed FAU Regulation 9.002, Restrictive Covenants.

### IMPLEMENTATION PLAN/DATE

If approved by the Board, the regulation will be effective as of November 16, 2016.

### FISCAL IMPLICATIONS

N/A

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**Supporting Documentation:**

Text of proposed Regulation 9.002

**Presented by:**

David Kian, Vice President & General Counsel

**Phone:**

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# PROPOSED NEW REGULATION

## Florida Atlantic University

### **Regulation 9.002**

### **Restrictive Covenants**

(1) The University recognizes that a faculty physician appointment to the faculty of the Charles E. Schmidt College of Medicine involves both academic and clinical responsibilities, and that these responsibilities are interlinked and performed at affiliated hospitals and clinics. Furthermore, the University recognizes that medical clinical practice competition by a faculty physician within one (1) year of the cessation of employment by the faculty physician (whether by resignation, retirement, or the expiration, non-renewal or other termination of employment) with the University and within a twenty-five (25) mile radius of a situs of the faculty physician's clinical teaching assignment within the two years preceding the cessation of employment with the University, would adversely impact the legitimate business interests of the University.

That adverse impact may include, without limitation: (i) harm to the University's College of Medicine teaching programs at its affiliated hospitals and clinics; (ii) impairment of (a) the operation and quality of the College's affiliations, and (b) the advancement of the College's clinical, educational, service, and research missions; (iii) erosion of the patient and referral populations, economic base, and goodwill necessary to support the mission of the College of Medicine within its target geographic location and market; and (iv) interference with the University's myriad other "legitimate business interests," as that term has been defined pursuant to Section 542.335, Florida Statutes, including but not limited to the protection of the University's business relationships and ongoing professional practices, substantial relationships with existing and prospective patients, customers and others, trade secrets and/or other valuable confidential business and professional information, trade names, trademarks and service marks, and the specialized and enhanced training and research opportunities provided by the University to its faculty.

(2) Where justified by these concerns, the College of Medicine is authorized to include, as a condition of appointment to a faculty teaching position requiring clinical practice, a restrictive covenant (with appropriate accompanying provisions) in the faculty contract and/or letter of appointment. Such a restrictive covenant shall prohibit the faculty physician from entering into a clinical practice within a radius of twenty-five (25) miles from a situs of the faculty member's clinical teaching assignment during the previous two years, for a period of one (1) year following the cessation of employment by the faculty physician (whether by resignation, retirement, or the expiration, non-renewal or other termination of employment) with the University. Such restrictive covenant shall not apply to part-time or affiliate clinical faculty in the College of Medicine or to faculty hired prior to the effective date of this regulation.

(3) Additionally, the foregoing restrictive covenant shall not apply to (i) a full-time faculty position taken to work at the main campus of any fully accredited medical school in Florida; (ii) clinical activities at any of FAU's College of Medicine graduate medical education consortium

hospitals, provided that approval for such exception is granted by a majority of the board of such consortium; or (iii) clinical activities agreed to under a pre-existing relocation arrangement with a consortium hospital, the terms of which have not yet been fulfilled but are limited in duration.

(4) By way of example but not limitation, remedies for breach of this restrictive covenant shall include all available remedies provided by law and/or equity, including but not limited to those remedies provided by Chapter 542, Florida Statutes.

(5) Restrictions on the practice of medicine by faculty physicians during the term of their employment with the College of Medicine are described in University Regulation 9.001 (Faculty Practice Plan).

*Specific Authority: Article IX of the Florida Constitution, 1001.706 F.S., Board of Governors Regulation 1.001, 542.335 F.S. History—New 11-16-16.*