



**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**

Chair Anthony Barbar convened the annual retreat of the Florida Atlantic University Board of Trustees with the following members participating:

Trustees Chris Beetle, Michael Cairo, Daniel Cane, Shaun Davis, Michael Dennis, Malcolm Dorman, Mary Beth McDonald, Abdol Moabery, Robert Rubin, Robert Stilley, and Thomas Workman, Jr.

The following FAU Foundation Board members attended:

Mr. Bruce Allen, Mr. Stewart Martin, Ms. Patricia McKay, Mr. Raymond Monteleone.

The following university officials attended:

Dr. John Kelly, University President; Mr. Patrick Chun, Vice President for Athletics; Dr. Daniel Flynn, Vice President for Research; Mr. Peter Hull, Vice President for Public Affairs; Mr. David Kian, Vice President of Legal Affairs and General Counsel and Interim CEO of the FAU Foundation, Inc.; Dr. Corey King, Vice President of Student Affairs; Ms. Danita Nias, Incoming Vice President for University Advancement and CEO of the FAU Foundation, Inc.; Dr. Gary Perry, University Provost and Chief Academic Officer; Ms. Dorothy Russell, Vice President for Financial Affairs and Chief Financial Officer; Ms. Stacy Volnick, Vice President of Administrative Affairs and Chief Administrative Officer and Interim Vice President for University Advancement; and Mr. Andrew LaPlant, Director, Board of Trustee Operations and Chief Aide.

Monday, September 26

Chair Barbar welcomed everyone to the retreat, including the FAU Foundation Board members who were participating for the first time. He presented a powerpoint that showed FAU's improvement over the past couple of years. He wants everyone to work together to get FAU to the next level. He introduced Rosie Baker, facilitator of the retreat.

Ms. Baker started by having everyone introduce themselves in the room. Each person said where they were from and their most interesting challenge growing up.

Ms. Baker presented, "What would success look like at session's end?"

- Clarity
- Unified Vision
- Promise for Collaboration
- Road Map

The group went over the retreat agenda.



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Ms. Baker asked the group for the following throughout the day:

- Listen and Learn
- Open mind, no preconceived notions
- Participation
- Commitment to the institution
- Open and honest dialogue
- Transparency

Ms. Baker presented about “The Advantage” – a pre-retreat reading for the trustees.

- “An organization has *integrity* – is healthy – when it is whole, consistent, and complete, that is, when its management, operations, strategy, and culture fit together and make sense.” – Patrick Lencioni
- Commit to the 4 Disciplines of Organizational Health
 - Build a Cohesive Leadership Team
 - Create Clarity
 - Over-Communicate Clarity
 - Reinforce Clarity

Ray Monteleone said FAU is like a corporation, but the foundation piece makes it interesting.

- Organizational Playbook
 - Why do we exist? Core Purpose
 - How do we behave? Core Values
 - What do we do? Mission
 - How will we succeed? Strategic Vision/Plan
 - What is most important now? Operational Priorities
 - Who must do what? Accountability

Provost Gary Perry said vision is the first thing to decide on, including the Board of Governors, Board of Trustees and Executive Leadership Team. What is the vision? President John Kelly said we want to be the fastest growing university in the country. We need to be realistic, but have stretch goals. We need to have unified agreement on the goals. Trustee Bob Rubin wants good metrics, accountability and truth. President Kelly has FAU looking at aspirational goals. FAU needs to think past just a four-year



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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 idea I had of the University of Chicago when I went there was that it was great. The Depression seemed to postpone any immediate hope of making it greater in ways that I understood: I could not expect to make it richer; it was more likely that I would take it into bankruptcy. What was a great university, anyway? We were able to do things on financial grounds that would have been regarded as impossible in prosperous times. If you encounter a depression of the severity of the one we encountered, and that lasts as long as that one, you've got to do one of two things. You've either got to say that you'll cut the whole thing percentage-wise across the board, cut 20% if your income goes off 20%, or you've got to say, ‘Now we're up against it. Now we have to ask ourselves what things we value and what things we don't, what things we value more and what things we value less.’ This required us, whether we wanted to or not, to think about the kind of institution we had on our hands. We took the second course. We said, for example, ‘We're not going to cut faculty salaries unless we absolutely have to.’ A decision that required the prior decision that faculty salaries are more important than cleaning up the gymnasium or mowing the lawns. Once the University was embarked on this line, the Depression required it to define itself, reorient itself, reorganize itself, to think about everything once more, to try to act intelligently in the light of its resources. If we had taken the other line and cut everything across the board, we could have gone through the Depression just as thoughtlessly as we went through periods of prosperity. I don't recommend Depression, but it would be a good thing to try to establish its moral equivalent, so that a university would have to act as if there were one, or as if there were going to be one, all the time.”

Beetle said we need to be able to frame the question the right way and communicate the answer. Trustee Robert Stilley noted it was also about the reputation of the university. Cane wants to know with crystal clarity at which goals and strategies we need to have to be successful. Trustee Michael Dennis asked what we need to do. President Kelly said our students are the most diverse, where most work outside of school. That brings a new set of issues for improving the four-to-six-year graduation rate. We are looking at strategies to help these students graduate on time. Cane asked are we doing it for the students or the metrics. Perry said we started this process twenty years ago and its always about the students.



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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 open 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. We need to change the product mix. We need to increase our out of state enrollment. The extra money can go to the strategic plan for things like faculty salary increases and to cover everyday expenses like the FPL rate hike. Out of state students are also more likely to stay on campus over the weekend, which means more food service and more would go to athletic events. Peter Hull said it's all about digital marketing. Hull said Provost Perry's group does the recruitment strategy and my group markets that strategy. We want kids to see FAU a lot when they do college searches on the internet.

Pat McKay asked what is FAU about? Jobs should be a key. Corey King replied that we now have an Employer Relations Team. Students now have a career coach to give them a plan.

- Pillars and Platforms

Dr. Daniel Flynn went over some of FAU's regional assets. We have an aging population and next to the ocean and everglades. FAU is hiring the pillar directors now. Once that is done we can focus on increasing research dollars. Part of each pillar is to be a core knowledge for faculty. Nikon is funding one of these core facilities. Dr. Malcolm Dorman asked about a neuroscience center. Flynn said we don't have the infrastructure yet, but as directors get hired, that is a top priority. We need a good clinical trials program.

Ms. Baker showed the video, "Celebrate What's Right in the World" from National Geographic. Trustees shared what their biggest takeaway was from the video.

- Comparing Approaches to Change/Growth – Traditional vs. Positive
 - Problem Solving Approach
 - Basic Assumption: Our job is to overcome major problems
 - Abundance Approach
 - Basic Assumption: Our job is to embrace and enable our highest potential



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- A Continuum of Performance
 - Went over Negative Deviance, Normal and Positive Deviance
 - 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.

- 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.
- Trustees' role in achieving FAU's goals:
 - One voice
 - Look forward to each meeting and feel satisfied after each meeting
 - Set policy from 30,000 feet
 - Accountability for all
 - Be creative and realistic in our strategy
 - Be the driving force when we need to push the envelope
 - Be the best University for the state and in the state
 - Think and act outside the box
 - Position the University to attract and retain the best and the brightest
 - Retain Dr. Kelly
 - Support the Strategic Plan
 - Individual roles of the Trustees include:
 - Serve as ambassadors
 - Adopt a 2025 Elevator Pitch
 - Do op-ed 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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- Executive Leadership Team roles include:
 - Spread message to campus
 - Engage Faculty, Staff and Students
 - Engage donors, alumni and community
 - Support each other
 - Accountability for metrics/plan
 - Just in time “Most Important” data
 - Solve Problems/Manage-Lead University
 - Generate new revenues to finance the plan
 - Brand recognition/awareness
 - Possibilities of developing certificate programs

Final Thoughts on the Day

- Trustee Abdol Moabery found the video very powerful. If we live and believe in the vision, we will succeed.
- Stilley was happy that members of the Foundation board came to the retreat.
- Trustee Shaun Davis was happy with the results in his first retreat. He wants to make sure we are communicating well with students.
- Cane’s takeaway was the more we are all the same page, the better we will be.
- McKay thanked the trustees for the invite and involving the Foundation.
- Perry thought this was the best discussion they have had in many years.
- Trustee Michael Cairo was happy to see they are unified under one vision.
- Trustee Mary Beth McDonald wants to follow-up on doing an op-ed piece in the paper.
- Trustee Michael Dennis said we are building mutual respect with each other.
- Barbar closed the day saying we are at a tipping point. We can’t back off. We need to keep focusing on the strategic plan. He thanked the Foundation Board. He wants to continue to build the dialogue.

-END DAY ONE-

Tuesday, September 27

President John Kelly, with the assistance of Provost Gary Perry and VP for Research Dan Flynn, reviewed the Board of Governors’ metrics system and FAU’s performance. He went over the pillar hirings that are now all filled. Under platforms, he spoke about community engagement, a healthy sustainable campus, diversity and the culture of south Florida.



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Kelly described the Board of Governors' preeminent and emerging preeminent categories. He said FAU's goal is to achieve emerging preeminent status by 2025. Kelly 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 post-doctoral 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. On the positive side, he noted our four-year graduation rate is showing substantial and sustainable improvement, and our entering standards are improving. So we should be able to correct the six-year rate in time. He went over strategies that faculty can use to help students.

Full Board Meeting

I. Public Comments

No Public Comment

II. Approval to Move the November Board of Trustees Meeting Date

Chair Barbar asked to move the November meeting date to Wednesday, November 16.

There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.

III. Approve Naming of University Elements

a. Tennis Courts

- Pat Chun said we are the only Division 1 university in the state without tennis courts. Thanks to the generosity of donors, we will now have a facility that is scheduled to be completed in October. Dr. Dennis disclosed that he and his family made contributions to the facility, and that two courts were being named after



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them as a result. Dr. Dennis was therefore recused from the vote. **There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.**

b. Schmidt Family Complex

- David Kian presented naming opportunities for the Schmidt Family Complex. **There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.**

c. Tech Runway

- Kian presented naming opportunities for Tech Runway. **There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.**

d. Christine E. Lynn College of Nursing

- Kian presented a naming opportunity for the Christine E. Lynn College of Nursing. **There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.**

IV. Approve Authorization of Textbook Affordability Report

- Provost Gary Perry gave a presentation on the textbook affordability report. A new version was given to the Board at the meeting, which showed only two general education courses had wide cost variance among texts for different sections of the same course. In both cases the reason for the variance was because sections in the Honors College used more rigorous textbooks that cost more. The report described a plan by which the appropriate dean and provost would determine whether future variances are justified. Trustee Dan Cane said he was much happier with the new version. **There was a motion and a second. With no further discussion or changes, the motion was unanimously approved.**

V. 2015-16 Presidential Review

Chair Barbar presented his annual evaluation of the President's performance for the 2015-16 fiscal year. It was extraordinarily positive. Barbar reported that Dr. Kelly is highly



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

Trustees Moabery and Dorman 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 per day. Moabery and Stilley agreed, but noted that it is clear that is just the way Kelly is. Nevertheless, Trustee Cane noted that Kelly needs to scale his time better, and Trustee Barbar said he suggested the president use his ELT more to do less essential functions, and the president agreed. Trustee Rubin noted that the ELT is a strong group, and Moabery added that they are cohesive in their support of the president.

Trustee Moabery asked Trustee Beetle for the faculty's perspective. Beetle responded that it is mostly positive. Some faculty have individual issues, but most are buying in to the president's leadership. He noted that the tour the president and provost did last year bought him much goodwill, and he should consider doing it again.

Trustee Cairo added that the students know and like Dr. Kelly very much.

There was a motion and a second to approve the evaluation and to delegate to the Chair authority to finalize the president's goals for 2016-2017. With no further discussion or changes, the motion was unanimously approved.

The Board then discussed President Kelly's compensation, in accordance with his contract. The Board reviewed a Presidential Pay Ranges report dated 9/23/2016, prepared by McConnell and Company, an executive compensation consulting firm. The report compared Kelly's current compensation with two relevant comparators: national research peer universities, and the five other major public research universities in Florida. The report found that Kelly's current compensation is at or below the low end of the comparative markets. The report presented several possible compensation adjustments that could bring



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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 that 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 (if 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. Trustee Workman asked whether such an item was required to be noticed; Mr. Kian replied that the Board could consider this new



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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, and 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 two-term limit is a good idea. However, our 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 approved.**

Trustee Moabery then made a motion nominating Trustee Cane to serve as Vice Chair. The motion was seconded. With no further discussion or changes, the motion was unanimously approved.

With no further business, the FAU Board of Trustees 2016 Annual Retreat Meeting was adjourned.