



STRATEGIC PLANNING COMMITTEE

Minutes

Wednesday, June 17, 2009

Trustee Scott Adams, Chair of the Strategic Planning Committee, convened the meeting with the following Committee members present:

Trustees Anthony Barbar, Nancy Blosser; Rajendra Gupta, Lalita Janke, Timothy Lenz, Sherry Plymale, Tiffany Weimar, Thomas Workman

Other Board Members Present: Trustees William Bryant, David Feder, Armand Grossman, and Robert Stilley

The following university officials participated:

President Frank T. Brogan, President; Dr. John Pritchett, Provost; Mr. David Kian, Senior Vice President for Strategic Relations and General Counsel; Mr. Randy Goin, Chief of Staff; Dr. Ken Jessell, Senior Vice President for Financial Affairs; Dr. Charles Brown, Senior Vice President for Student Affairs; Dr. Kristen Murtaugh, Vice President for Strategic Planning; Mr. Tom Donaudy, University Architect and Vice President for Facilities; Ms. Azita Dashtaki, Assistant Vice President for Facilities; Ms. Elizabeth Rubin, Associate General Counsel.

SP: A-M. Roll Call and Approval of Minutes

There was a motion to approve the minutes of the April 15, 2009 Strategic Planning Meeting by Trustee Lalita Janke. The motion was seconded by Trustee Thomas Workman. **With no further discussion the motion passed unanimously.**

SP: A-2. Request for Approval of the 2010-2011 Capital Improvement Plan

Chair Adams asked Tom Donaudy to present the request to approve the Capital Improvement Plan for 2010 and 2011. Mr. Tom Donaudy stated that he would like the Strategic Planning committee to recommend approval on the updated University's updated Capital Improvement Plan which covers the time period of 2010-2015. This is a procedure that is done annually by all state universities.

The Capital Improvement Plan is a process that includes a compilation of unrestrained list for capital improvements that is submitted to the Board of Governors who uses this information as basis for creating the PECO list which is based on revenue projections and ultimately for legislative budget requests.

A meeting was held with both the University President as well as the University Provost and discussions took place based on last year's appropriations as well as consideration of changed priorities and the actual money that was allocated from last year. The pre-meeting material included the spreadsheet information with all pertinent background information; the texts appearing in red are the only items that have changed

from the initial document approved. In addition to the Capital Improvement Plan, Mr. Donaudy stated that there were two other lists that require legislative budget requests: Facilities that are to be constructed by direct support organizations and Facilities that are to be constructed by direct support organizations seeking maintenance funds; both needed to be approved at this meeting and neither of the two lists have changed from last year.

Mr. Donaudy explained that Challenge Grant Projects require that the University fundraises half of the funds and through the Courtelis Matching Grant, the State would cover the remainder and the state approves the process. Last year, the funds were unavailable for the state to match and therefore the Courtelis projects remain the same as last year. President Brogan asked if there a pecking order approach to see which project is funded first? Mr. Donaudy clarified that it becomes a matter of whether or not the institution has the funds on December 31st and the level of priority on the University's list. Due to the economic situation the past two to three years, the State's ability to match dollars has been challenged.

Mr. Donaudy highlighted on the changes of prioritization on the PECO list:

- Renovation of the S.E. Wimberley Library on the Boca Raton campus moved from Priority 17 to Priority 8
- General Classroom South renovations moved from Priority 15 to Priority 9
- Renovation of Building 43 was added

First priorities remain the continuation of projects that are already in progress; majority of expenses stem from the equipment component required to equip the building and in addition to that payment due for the Scripps building in Jupiter. The following six priorities for FAU are renovation projects which highlight the challenge of not only creating and building new facilities to accommodate our growth but the responsibility of maintaining our assets and renovating the buildings that are already established. When our infrastructure project becomes strained, and the funds are not aligned with the PECO projections, funds need to be redistributed to maintain for money not appropriated. Currently, the operating budget is experiencing cuts and reductions and the PECO money has been reduced.

President Brogan personified the meaning of infrastructure and what it signifies; Infrastructure is manifested in the occurrences that take place behind the walls (wiring, plumbing) that are necessary for the efficient operation as well as in the beautification of the campus; landscaping, signage and the painting of buildings that transform the campus into such a beautiful campus that we pride ourselves on.

Mr. Donaudy added that various buildings will soon be undergoing roof repairs which will ultimately affect the heating and cooling of these facilities and as a result will affect our operating cost. Daily challenges are still being encountered but decisions are made regularly to balance the sustainability of these facilities and to improve on efficiency. Any opportunities that may arise that will assist with the sustainability and improvement of the current plan are greatly appreciated. Mr. Donaudy recommended approval of the 2010-2011 Capital Improvement Plan.

There was a motion to approve the 2010-2011 Capital Improvement Plan by Trustee Armand Grossman. The motion was seconded by Trustee Sherry Plymale. Trustee Adams commented that

Mr. Donaudy is doing an excellent job in proactively guarding against our geographical challenges such as sun and salt. The motion passed unanimously.

SP: A-2. Request for Approval of the University Advancement Report

Trustee Adams asked Mr. Randy Talbot to present the request for approval of the University Advancement and FAU Foundation's Annual Report. Mr. Talbot provided a snapshot of the past fiscal calendar year with notable attention paid to the mission statement. The Foundation exists to serve Florida Atlantic University and its commission to teaching service and research; under those three categories, there are four that the Foundation can utilize to generate support: support of the faculty, support of the students, scholarships and programs, as well as support of facilities.

The Foundation's organization chart highlighted the four basic offices of operation: Development, Communications, Alumni Affairs, Advancement services and the Foundation's operation. With months remaining in the fiscal year, the Foundation has exceeded the target of alumni members. The Alumni Association has created Owl Books that are distributed to the incoming freshman class at Orientation to begin engagement which will yield supportive alumni. The Harold and Marleen Forkas Alumni Center is in full operation which is a great resource for the alumni as well as other community members that may choose to utilize the space. Communication opportunities are being utilized through social networks such as facebook and twitter in order to network.

In comparison with similar 501 c(3) organizations across the nation, there have been challenges in the ratio of gifts receives versus gifts generated, but the FAU foundation is measuring in a similar percentage range with national colleagues.

The Foundation has exceeded the goal in fundraising for the year. Funds were not received this year from the State matching projects. \$5.4 million with State in pending list of matching dollars not yet provided with approximately \$160 million in total State accounts but no clear date of reinstatement designated. The Council for Advancement of Education provides numbers on leveled comparison to other national universities as well as other Florida Universities and FAU is still in need of improvement but not significantly distant from its peers with exclusion of the University of Florida.

The largest percentage of gifts are designated for expendable purposes at 43.2%; followed by endowment at 33.7% and capital at 22.9% with deferred gifts from the State at 0.2%. Gifts have mostly been received by friends rather than alumni, 95% of dollars come from approximately 5% of the donors. The Foundation is pleased to continue to support the university. New Director of Annual Giving hopes to engage alumni in donating to the University as well as more focus placed on parents and faculty/staff. Approximately 110,000 alumni are registered and many of which are in good-standing. The cost to generate the dollar is high but there is a sense of optimism that the foundation is moving in the right direction and hopefully we can bring the rate down to .28.

Trustee Blosser commented that she wishes to commend the staff of the Foundation for maximizing resources and assisting the University during such critical, difficult times. Trustee Adams echoes the same sentiment. If one can maintain despite the crunch of the impact that everyone feels, it exemplifies a strong

portfolio. President Brogan stated that it is through excellent staff and leadership like such that the organization will progress.

There was a motion approve the University Advancement and the Annual Report of the FAU Foundation by Trustee Thomas Workman. The motion was seconded by Trustee Sherry Plymale. With no further discussion the motion passed unanimously.

SP: A-3. Request for Approval of Land Transaction for HBOI at FAU

Elizabeth Rubin presented on the request to approve the land transaction of the Harbor Branch Oceanographic Institute. Ms. Rubin stated that the presentation was more on the composed reorganization of the proposed HBOI transaction accomplished approximately eighteen months ago. The transfer of the operations of HBOI into operations of FAU which became effective January 1, 2008 and includes all operating aspects of HBOI: personal, intellectual, contracts/grants, employees and 130 acres of improved real estate. To accomplish the transfer, the university received reoccurring appropriated funds from the State for on-going operations as well as onetime funds for needed capital improvement. Concurrent with the transfer, the corporation, HBOI, inc. reorganized itself into a Direct Support Organization of Florida Atlantic University and as a result reorganized its name into Harbor Branch Oceanographic Institute Foundation, Inc. (HBOIF) similar to FAU's Foundation. Their exclusive purpose is to benefit of FAU and more specifically HBOI at FAU. While all of the operating aspects of HBOI were transferred to FAU, HBOI Foundation retained its debt, endowment and a significant portion of real estate that was not intervently tied to the direct operation of the institute itself.

The transfer was a part of a broader three part program which consists of the transfer of property and assets of FAU and the continuity of the assets of the institutions; while this was the central purpose, there are two other important components of the program: the sale of certain retained properties and development rights to St. Lucie County using a grant from Florida Community Trust as well as the sale of additional property directly to the state of Florida.

Due to the fact that all three components could not be completed simultaneously we are experiencing unanticipated consequences of the initial transfer to FAU. The property was appraised originally as a whole and the removal of the portion of real estate transferred to FAU, a material adverse impact on the appraised value was created on the remaining portions of the land. In order to restore the full value is to reconsolidate the entire property into one-piece and that is what is being proposed to the Board of Trustees. The plan is for FAU to transfer the property that was acquired eighteen months ago back to HBOIF; approximately 130 acres of land. The HBOIF will in turn sell the entire parcels in green (map presented on PowerPoint at meeting) as well as the 130 acres of land to either the St. Lucie County or to the state of Florida through a grant from Florida Communities Trust. As a whole both pieces of land, the FAU piece and the County piece, have been set at a purchase price of \$24.3 million, which will be money going into the HBOIF and as our direct support organization, these funds will in turn benefit FAU.

FAU will transfer the 130 acre land back to the HBOIF (marked in orange on the featured PowerPoint) and HBOIF will sell that property along with the County property (indicated in green on the featured PowerPoint). The 130 acre land will be sold to the State of Florida and other portion will be sold to the St. Lucie County. The state will lease back to FAU the same 130 acres that we are using on a fifty year long

term lease. Operationally, this change will have little to no impact on the operations and puts the property in line with how all other campuses are used. Procedural and insignificant because it is how all other operations are handled on various campuses. The HBOIF has agreed to transfer an additional six acres of land in exchange for FAU's cooperation which is west of the aquaculture park, which is developable land as opposed to wetlands being sent to the State. The proposed lease from the State is included in the support material and it is similar to the leases we currently have with other campuses. There is a placeholder in paragraph five with regard to parking rights from the County. The property that St. Lucie County has does not include parking and they are looking for shared parking space with FAU. This agreement is still being discussed but may be completed before the transaction closes on June 30th. The green area on the PowerPoint will be owned by the State but managed by St. Lucie County and purchased with Florida Communities Trust. The orange area is area that FAU utilizes and FAU will become a long-term lease holder of the property. The yellow area is land that HBOI will retain.

The BOT is being asked to approve the addendum to memorandum of understanding and the lease of with the State and further authorizing President Brogan to take all necessary actions to accentuate the transaction. President Brogan thanked Elizabeth for her presentation and remarks on the process. It has been three years since Senator Ken Pruitt and himself stood in front of the HBOI Foundation Board with what may have seemed like a far-flung vision at the time: for Florida Atlantic University, State of Florida, St. Lucie County and HBOI to create a collaboration and work together in an effort to secure operational funding from the Board of Governors and engage through the legislators the participation and inclusion of FAU professors and staff, and request approval through committees of the FAU Board of Trustees and ultimately the full board and ultimately create the HBOIF as a DSO for the University and through appraisal and acquisition and still allowing a significant portion which will allow for the expansion and future success of HBOI @ FAU. This last presentation will create the ultimate reality that people had and to finalize the pieces of the vision. Many have come together to work for the potential of the vision and the fulfillment of it as well and support the win-win-win project. Today's presentation takes us that much closer to our goal. This project will become more than a pearl for FAU and HBOI but to create possibilities for faculty, staff and future users of the HBOI. President Brogan introduced Jim Seigt as a member of the HBOIF at FAU.

Jim Seigt commented that the trip to the Governor's Cabinet, simplistic in only conversation and is in reality a great detailed process. President Brogan was able to express to the governor the importance of the transaction and was able to explain the vision, procedure and purpose in such a concise and complete way that it could not be rejected. The HBOIF gave \$700,000 in order for this process to be completed. Trustee Janke inquired about the financial impact for FAU. Mr. Seigt responded and said that the funds will return to the University based on how funds are dispersed, since HBOI is a DSO to FAU. President Brogan stated that this transaction is an indirect benefit, the six additional acres are of no direct payment to FAU, and it goes to HBOI at FAU and is used for that. Trustee Plymale is now a member of the HBOI Foundation and is a full-voting member of the Board.

Trustee Adams questioned FAU's legal counsel whether or not there were any risks or concerns involved in completing this amendment to the memorandum. Ms. Rubin stated that no known concerns are present and the operational aspect will not change. The State has pre-approved the transaction. The State also monitors the usage of how these transactions benefit and are utilized by the universities.

There was a motion to approve: (i) an Addendum to the Memorandum of Understanding (“MOU”) with Harbor Branch Oceanographic Institution Foundation, Inc. (“HBOIF”), and (ii) a long-term lease with the State of Florida, and otherwise authorizing the President to take such further actions and to execute such documents as are necessary and appropriate to achieve the purposes of the MOU Addendum by Trustee Lalita Janke. The motion was seconded by Trustee Sherry Plymale. With no further discussion the motion passed unanimously.

SP: A-4. Request for Approval of Ground Lease to Max Planck Florida Corporation

Request of approval of the Max Planck Ground Lease was presented by Elizabeth Rubin. As mentioned earlier in the meeting, the Board approved a Cooperative Agreement approved by the Board of Trustees on the 30th of July 2008. It is a core agreement that established the affiliation of research and academic between the fields of biomedical sciences and related fields. On March 18, 2009, the Board of Trustees approved the Facilities Use Agreement which detailed the use of T-2 and part of T-1. Occupancy commences on July 22, 2009.

Today’s presentation is of a long term sub-lease approval of fifty years, six acres of land and 100,000 gross square feet facility which will be constructed by Max Planck Florida Corporation (MPFC) and 10,000 gross square feet for the FAU-MPFC use. The lease is modeled from previous leases of its nature and should not be unfamiliar. The only fee that FAU will bear will be any related concurrency cost. The Biomedical Research Facility will utilize the 10,000 gross square feet facility. FAU has worked closely with Palm Beach County as well as the State since the MacArthur campus is leased from the State, this becomes a ground sub-lease. Two other related documents are an easement-access agreement which will allow for a more simplified entrance from Donald Ross Road as well as sub-lease consent and agreement from the State. Max-Planck Facility will be one building, although the original plan indicates two buildings. Recommended approval on the sub-lease was suggested.

There was a motion to approve a long-term Sublease and related documents with Max Planck Florida Corporation (“MPFC”) by Trustee Anthony Barbar. The motion was seconded by Trustee Thomas Workman. With no further discussion the motion passed unanimously.

SP: I-1. FAU Strategic Plan Goal 6 Facilities

Strategic Plan Goal six has been deferred for the future meeting. Mr. Donaudy prepared a spreadsheet as requested to monitor and evaluate the progress of the goal. While the focus may seem like it is primarily on the Boca campus, there is emphasis on the other campuses. A spreadsheet provided in pre-meeting material outlines where FAU has been and now. Legislation established FAU in 1961 and opened to students in 1964 and some of the original guiding principles have been reinforced. All the campuses have been maintained for the most part. The original master plan in the 1980s are still implemented in the current master plan and has somewhat remained consistent in the landscaping, building design and it is not a one-time event; it is decades of time that build amongst each other and create the campus. The change of signage, branding and renovation of buildings are creating the current stand of the university. Azita presented on the changes within the various campuses of the university. The front entrance sign at FAU on the Boca Raton campus, the Davie Campus has a new student union, the Jupiter campus has new buildings that fit into the Abacoa environment it surrounds. On the Boca Raton campus, the renovation

and expansion of S.E. Wimberley Library allowed for a new look to the Alumni Circle which are one of the cherished locales on the campus. The C.E. Lynn College of Nursing was amongst the first of the LEED buildings. Renovation of the Office Depot Center allows for natural light to come into the atrium of the buildings. Aside from academic buildings, the construction of new residence halls allow for living learning communities, the athletics zone has been changed to renovate the field house as well as the gymnasium. The Forkas Alumni Center and the Recreation and Fitness center create energetic spaces that allow for socialization and modernized facilities for the students. Landscaping between the buildings emphasizes the growth of the university.

Mr. Donaudy discusses the future and challenges of the campus. The Engineering building which is under construction will be the first platinum building in the Southeast region. Tradition plaza and auxiliaries that are ambitious in creating these new phases and locales on campus are matched if we can and support the organization or business that is looking to expand the physical environment of FAU. Gazebos donated to each college are amongst some of the projects that Facilities and Planning are looking to incorporate into the future of FAU.

President Brogan thanked Mr. Donaudy for the presentation and the honoring of the tradition of the campus while still allowing for the advancement, the various entities within the university, and the unification of the various departments will help to synergize the overall future of FAU.

There was a motion to conclude the Strategic Planning Committee Meeting and by Trustee Scott Adams. The motion was seconded by Trustee Thomas Workman. With no further discussion the meeting was adjourned at 12:00pm.