Governance & Policy Committee

October 2017

October 13, 2017

8:00 a.m. - 9:30 a.m.

Boardroom, McNamara Alumni Center

GOV - OCT 2017

1. Board of Regents Policy: Institutional Conflict of Interest (Change in Financial Disclosure Requirements) - Action

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2. Board Operations, Part 2: Meeting Procedures and Emergency Approval

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **October 13, 2017**

AGENDA ITEM: Board of Regents Policy: *Institutional Conflict of Interest* (Change in Financial Disclosure Requirements)

☐ **Review** ☐ **Review + Action** ☒ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Boyd Kumher, Chief Compliance Officer

PURPOSE & KEY POINTS

The purpose of this item is for the committee to take action on the proposed off-cycle amendments to Board of Regents Policy: *Institutional Conflict of Interest.*

The current annual conflict of interest process defined by *Institutional Conflict of Interest* requires that all University officials, as defined by the policy, file a Financial Disclosure for University Officials (FDUO). The FDUO is in addition to an annual Report of Professional Activities (REPA). Both the FDUO and REPA exist to assist in the identification and management of a potential or existing conflict of interest that might improperly influence their professional judgement, exercise of University responsibilities, or performance of University-related activities.

There are currently 180 individuals identified in policy as University officials. In order to reduce administrative burden, the proposed amendments seek to eliminate the annual FDUO filing requirement for 129 individuals filling the following positions:

- vice chancellors
- associate and assistant deans
- vice provosts
- associate and assistant vice provosts
- assistant vice presidents

The positions listed above would still be required to file a REPA annually.

In addition to those positions defined in policy as University officials, the president or delegate has the ability to designate other individuals who do not serve in a University official position to complete a FDUO. Additional positions with this special designation will be identified in an updated appendix to Administrative Policy: *Institutional Conflict of Interest.* The appendix is included in the docket materials for your reference.

BACKGROUND INFORMATION

The Governance & Policy Committee reviewed the proposed amendments on September 8, 2017. No subsequent changes were made to the proposed amendments since that review.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the proposed amendments to Board of Regents Policy: *Institutional Conflict of Interest.*

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS POLICY

INSTITUTIONAL CONFLICT OF INTEREST

SECTION I. SCOPE.

This policy governs institutional conflict of interest at the University of Minnesota (University) and applies to members of the Board of Regents (Board), University officials, department/unit heads, and other individuals as required by administrative policies and procedures.

SECTION II. DEFINITIONS.

Subd. 1. Institutional Conflict of Interest. *Institutional conflict of interest* shall mean a situation in which the University's research, teaching, or outreach mission activities, or its institutional reputation may be compromised or appear to be compromised because of an external financial or business relationship held at the institutional level that may bring financial gain to the institution, any of its units, or the individuals covered by this policy.

Subd. 2. University Official. *University official* shall mean persons holding the following positions, including those holding these positions in a temporary capacity:

(a) Associate Vice President
(b) ~~c~~ Chancellor~~s and vice chancellors;~~
(c) Chief Auditor
(d) Chief Compliance Officer
(e) ~~d~~ Dean~~s, associate deans, and assistant deans;~~
(f) ~~division I athletic director~~ Director of Intercollegiate Athletics, Twin Cities campus~~;~~
(g) Executive Director and Corporate Secretary
(h) Executive Vice President and Provost
(i) ~~g~~ General ~~e~~ Counsel~~;~~
(j) Librarian
(k) ~~p~~ President ~~and president's chief of staff;~~
(l) President's Chief of Staff
~~(f) provosts, vice provosts, associate vice provosts, and assistant vice provosts; and~~
~~(g) executive vice presidents, senior vice presidents, vice presidents, associate vice presidents, and assistant vice presidents.~~
(k) Senior Vice President for Finance and Operations
(l) Vice President

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the University in addressing institutional conflict of interest:

(a) Because it is critical to the mission and reputation of the University to maintain the public's trust, University research, teaching, outreach, and other activities must not be compromised or perceived as biased by financial and business considerations.
(b) Because of its numerous and complex relationships with public and private entities, the University must be aware of any relationships involving financial gain that may compromise or appear to compromise its integrity.
(c) The University shall establish and maintain an oversight process to manage, reduce, or eliminate institutional conflict of interest.

SECTION IV. RESERVATION OF AUTHORITY.

The Board reserves authority to review and approve plans for managing, reducing, or eliminating institutional conflict of interest involving:

(a) external relationships with an unusually significant financial impact that present a potential conflict;
(b) potential conflicts involving the president;
(c) potential conflicts that raise serious policy issues or have a significant public impact on the mission and reputation of the University; or
(d) potential conflicts arising in matters that otherwise require Board review and action under Board of Regents Policy: *Reservation and Delegation of Authority*.

In these instances of conflict of interest, the president shall consult with the Board.

SECTION V. ASSURANCE, DELEGATION OF AUTHORITY, AND REPORTING.

The president or delegate shall:

(a) implement an oversight process and administrative policies and procedures to address institutional conflict of interest and to identify situations in which institutional conflict of interest may arise;
(b) recommend and implement plans to manage, reduce, or eliminate institutional conflict of interest;
(c) develop and present conflict of interest plans to the Board for review and action as required under Section IV;
(d) ensure that individuals covered by this policy who act on behalf of the institution adhere to these policies and procedures, follow applicable conflict management plans, and do not engage in activities in which there is an actual conflict of interest; and
(e) report to the Board annually all institutional conflict of interest matters that do not meet the thresholds identified in Section IV.

SECTION VI. DISCLOSURES.

Administrative

INSTITUTIONAL CONFLICT OF INTEREST

Adopted: June 10, 2005
Amended: July 11, 2012
Technical Change: March 31, 2016
Supersedes: (see end of policy)

Draft for Action

Subd. 1. Regents. Regents shall file a financial disclosure statement annually and report conflicts of interest as required by Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*.

Subd. 2. University Officials. University officials shall, upon appointment and annually, file a financial disclosure statement with the president or delegate, disclosing significant economic interests and how those interests may relate to their institutional responsibilities. Such disclosure shall be made in addition to any reporting requirement for individual conflicts of interest.

Subd. 3. Department/Unit Heads. Annually and under circumstances described in administrative policy, department/unit heads shall disclose relevant financial and business interests by filing a *Report of External Professional Activities*.

Subd. 4. Other Individuals. The president or delegate may designate other individuals who shall file a financial disclosure statement.

Supersedes: Financial Disclosure for Senior University Officials, Dated November 10, 1995.

APPENDIX

Other Individuals Required to File a Financial Disclosure for University Officials (FDUO)

Related Policy: Institutional Conflicts of Interest

The president or delegate, as provided for in Board of Regents Policy: *Institutional Conflict of Interest,* may designate individuals, in addition to those defined in the policy as University Officials, who must file a financial disclosure statement upon hire and annually thereafter. These individuals are:

(a) Chief Marketing Officer
(a) Chief Public Relations Officer
(b) Director, Government & Community Relations
(c) Director, Purchasing Services
(d) Director, Natural Resources Research Institute
(e) Director, University Landscape Arboretum
(f) Director, Office for Business and Community Economic Development
(g) Director, UMore Park
(h) Director Weisman Art Museum
(i) OTC Licensing and Marketing Professionals
(j) President and CEO, U of M Foundation
(k) President and CEO, Alumni Association

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **October 13, 2017**

AGENDA ITEM: Board Operations Part 2: Meeting Procedures and Emergency Approval

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Brian R. Steeves, Executive Director & Corporate Secretary

PURPOSE & KEY POINTS

This item is the second in a three-part series that will complete the comprehensive review of Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG). This discussion will focus on how agenda items come before the Board, how the agenda item categories are defined, and the process for agenda items that require urgent approval between the Board's meetings.

Section II, Subd. 6 of BOAG identifies five categories that define how the Board or committee interacts with the specific agenda item:

- Review
- Action
- Review/Action
- Discussion
- Other

Section II, Subd. 10 of BOAG establishes a process for emergency approvals "when delay for Board approval poses a significant health, safety, or financial risk to the University." This process delegates authority to the Board chair and vice chair, and respective committee chair, to act on behalf of the Board. Emergency approvals are brought to the next meeting of the Board.

BACKGROUND INFORMATION

The Governance & Policy Committee participated in several discussions regarding BOAG in 2016-17. Significant effort was devoted to advancing a new committee structure for implementation in 2017-18. Feedback from those discussions, and discussions during 2017-18, will inform revised policy language for consideration this spring.

The committee discussed the fundamental planning documents included in BOAG in September 2017.

Board Operations Part 2: Meeting Procedures and Emergency Approval

Brian R. Steeves
Executive Director & Corporate Secretary

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Remaining Items to Review

- October 2017
  - **Meeting Procedures and Emergency Approval**
- December 2017
  - Legislative Reports
  - Presidential Performance Review, Evaluation and Compensation

Meeting Procedures

BOAG requires that items coming before the Board or a committee are presented in one of the following ways:

- Review
- Action
- Review + Action
- Discussion
- Other (Information Items or Receive & File Reports)

Review and Action

- *Review* – “All significant items typically are reviewed one month with action in a subsequent month.”
- *Action* – “Previously reviewed items requiring Board approval.”

Examples: University Plan, Performance, and Accountability Report; operating and capital budgets; and Board policies.

Review + Action

- *Review/Action* – “Items for review and action in the same meeting, as allowed by Board policy or under special circumstances with permission of the Board Chair. The Consent Report includes routine action items that normally do not require discussion. Any Board member may request discussion or separate action on any Consent Report item.”

Examples: granting of tenure, appointments, issuance of debt, and certain real estate and project approvals.

Discussion

- *Discussion* – “Items for discussion that require no action when presented.”

Examples: Review of the Charters that Guide Internal Audit Work, System-wide Enrollment Planning, and Long-Range Financial Planning.

Other

- *Information Items* – “Items of interest to a committee or the Board requiring no action or discussion, such as status reports on current issues of concern and administrative searches.”
- *Receive and File Reports* – “Submitted reports that are not intended for discussion and do not require action, but are listed on the agenda and officially noted by the chair in the form of a statement to ‘receive and file.’”

Emergency Approval

- BOAG allows the President to submit to the Board chair, vice chair, and respective committee chair a request for action “when delay for Board approval poses a significant health, safety, or financial risk to the University.”
- Action taken by the Board chair, vice chair, and respective committee chair “will be brought to the next meeting of the Board, consistent with Board policy.”

Discussion Questions

- Should additional guidance or specific thresholds be added to BOAG to clarify the types of items that are *Review/Action*?
- Should additional guidance be added for the types of items included on a consent report?
- In rare circumstances when urgent approval is needed between Board meetings, is the current process adequate? How and when should such approvals be reported to the full Board?

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BOARD OPERATIONS AND AGENDA GUIDELINES

Adopted: March 8, 2002
Amended: July 9, 2004; December 10, 2004; October 13, 2006; February 10, 2012; December 14, 2012
Technical Change: March 31, 2016; February 10, 2017
Supersedes: (see end of policy)

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS POLICY

BOARD OPERATIONS AND AGENDA GUIDELINES

SECTION I. PRINCIPLES OF BOARD OPERATIONS.

The Board of Regents (Board), created under the Minnesota Territorial Laws of 1851 by the passage of the University charter and perpetuated by the Constitution of the State of Minnesota, is the governing body of the University. The Board, guided by the laws and constitution of the state:

- holds itself accountable to the public for accomplishing the mission of the University;
- meets openly, in the spirit of the Minnesota Open Meeting Law;
- fosters communication with the citizens of Minnesota, its elected representatives, and the University community; and
- works with the president to create a relationship characterized by trust and openness.

This policy provides an overview of the Board's operations, committee structure, and agenda guidelines.

SECTION II. BOARD OPERATIONS.

Subd. 1. Governing Documents. The Board exercises its authority consistent with the University Charter, the Constitution of the State of Minnesota, the Board of Regents Bylaws, and relevant Board policies. These documents provide the basic framework for the conduct of the business of the Board.

Subd. 2. Board Business. The Board conducts business through meetings of the Board and its committees. Items placed on the Board agenda have the most fundamental importance and broad policy implications for the University. The following items are required to come to the Board:

(a) Fundamental planning documents, including:
- University Plan, Performance, and Accountability Report — The University Plan, Performance, and Accountability Report (Plan) articulates the mission and vision of the University; identifies critical issues and challenges confronting the University; and sets forth major goals, objectives, and timelines for the ongoing pursuit of the teaching, research, and outreach functions of the University. The Plan publicly demonstrates the University's accountability for progress in reaching its stated goals and objectives; links planning, performance evaluation, and resource allocation at the system and campus/college level; illustrates and analyzes longitudinal trends in key areas; provides a means for comparisons with peer institutions; and identifies areas for continued work. The Plan sets the framework for the University budget.
- University Budget: Operating and Capital — The University budget sets forth the operating and capital requirements and authorizations for financing the activities of the University. The budget includes all funds (revenues and expenditures), all campuses, and all programs of the University. It incorporates historical background and projections.

The capital budget has two parts. Part I is the six-year capital plan, which is updated annually and identifies capital projects approved to proceed with preliminary project planning but not authorized to proceed with design and construction. Part II is the annual capital improvement budget, which authorizes the completion of design and construction of projects with approved financing and schematic design, consistent with Board policies.

The president recommends to the Board both the operating and capital budgets in successive meetings.

(b) Legislative funding requests, including the biennial budget request and the capital request.
(c) Reports on federal and legislative relations and issues.
(d) Annual report of asset management.
(e) Annual report of capital financing and debt management.
(f) Annual financial report.
(g) Summary of expenditures for the Office of the President, Eastcliff, and the Board of Regents Office.
(h) Gifts.
(i) Other reports, including, but not limited to, reports of the Faculty Consultative Committee, the University of Minnesota Foundation and Minnesota Medical Foundation, the University of Minnesota Alumni Association, and the Student Representatives to the Board.
(j) Additional items as decided by the chair of the Board in consultation with the president and vice chair.

At the chair's discretion, any of these items may be referred for discussion in committee.

Subd. 3. Committees. Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- recommend action on matters where the Board has reserved authority to itself as outlined in Board of Regents Policy: *Reservation and Delegation of Authority* and other Board policies;
- provide governance oversight on topics within the committee's purview;
- review and make recommendations on relevant new and existing Board policies;
- receive reports on policy-related issues affecting University departments and units;
- receive information items (e.g., status reports on current issues of concern and administrative searches); and
- review other items placed on the agenda by the Board chair in consultation with the president and the Board vice chair.

(a) **Responsibilities of Committee Chairs.** Committee chairs preside over the meetings of their respective committees, ensuring the orderly, open, and timely conduct of committee business. Committee chairs should annually review the committee responsibilities outlined in this policy as the committee work plans outlined in Subd. 7 are finalized. The president or delegate consults with committee chairs prior to committee meetings regarding background issues for committee agendas.
(b) **Committee Descriptions.** Standing, nominating, and special committees meet on a varying schedule set through the agenda development process. These committees, specific committee

responsibilities, and required agenda items are listed below. The Board chair has the authority to name and identify the responsibilities of all committees. Any changes in committee structure are to be noted in this policy.

(1) **Audit Committee.** The Audit Committee oversees the University's system of risk assessment and internal controls, audits, financial reporting practices, and the institutional compliance program. This committee also provides a direct channel of communication to the Board for the independent auditor and internal auditors.
Specifically, this committee:

- recommends the engagement and related fees of the independent auditor to perform the annual financial audit of the University and required federal compliance audits;
- approves all engagements of external audit firms;
- annually reviews the results of the independent auditor's work;
- recommends appointment or removal of the chief auditor;
- reviews the chief auditor's annual audit plan and approves subsequent material revisions to the plan or the department's budget; and
- recommends changes in the Office of Internal Audit Charter.

This committee also reviews:

- the annual financial statements, prior to issuance;
- periodic Office of Internal Audit reports, including a report on the implementation of audit recommendations;
- semi-annual controller reports;
- the independent auditor's annual audit and management letter; and
- responses to questions regarding audit issues, reports on enterprise systems, administrative program reviews, and other items relevant to the audit function.

Detailed information on Audit Committee authority and responsibilities is outlined in Board of Regents Policy: *Audit Committee Charter*.

(2) **Academic and Student Affairs Committee.** The Academic and Student Affairs Committee advises on academic priorities and the teaching, research, and outreach missions of the University. This committee assesses academic programs for relevance to students and consistency with the University's mission and strategies and reviews internal and external evaluations of academic programs.
Specifically, this committee recommends:

- academic program additions, revisions, or discontinuations;
- tuition and fees policy;
- reciprocity agreements; and
- support for commercialization of technology to non-University entities.

This committee provides governance oversight to:

- academic program reviews and strategic plans of academic units;

- enrollment and demographic trends;
- student affairs;
- academic medicine;
- issues related to the University's academic profile such as accreditation, reputation, and academic ranking;
- e-Learning;
- public engagement;
- international partnerships and education; and
- intercollegiate athletics.

(3) **Facilities and Operations Committee.** The Facilities and Operations Committee oversees the University's physical assets (e.g., land, buildings, infrastructure, and equipment) and operations. This committee considers the general adequacy, condition, and use of existing facilities and infrastructure; oversees policy related to technology, operations and physical planning; reviews renewal, replacement, and new construction decisions; and recommends capital projects.
Specifically, this committee recommends:

- project components of the University capital budget;
- district and campus master plans;
- real estate transactions;
- capital budget amendments; and
- schematic plans prior to the inclusion of a project in the annual capital budget.

This committee provides governance oversight to:

- long range physical asset planning strategies;
- public safety and emergency preparedness;
- technology infrastructure and long range planning; and
- operational services such as housing, parking, transportation, and dining.

This committee also reviews:

- semi-annual capital planning and project management reports;
- miscellaneous facilities management reports and significant issues;
- design guidelines when a project design represents an exception to adopted campus master plans; and
- approved capital budget projects prior to the award of construction contracts, consistent with Board policies.

(4) **Faculty and Staff Affairs Committee.** The Faculty and Staff Affairs Committee advises the administration on faculty and staff and compensation, benefits, recruitment, development, retention, and other issues related to employee engagement. This committee also reviews employment-related issues and policies.
Specifically, this committee recommends:

- the granting of faculty promotion and tenure and continuous appointments;
- appointments to specific boards and advisory committees;

- appointments of senior leaders;
- approval of negotiated labor agreements, retirement plans, and other employment matters, consistent with Board policy; and
- changes in the University Senate Constitution and civil service rules.

This committee also provides governance oversight to:

- senior leader compensation, benchmarking, and terms of employment;
- faculty and staff compensation and benefits policy as well as other policies related to employment; and
- employee engagement.

(5) **Finance Committee.** The Finance Committee oversees the fiscal stability and long-term economic health of the University. This committee monitors the University's financial operations, debt level, and investment performance; requires the maintenance of accurate and complete financial records; and maintains open lines of communication with the Board about the institution's financial condition.

Specifically, this committee recommends:

- the University operating budget;
- financial components of the University capital budget;
- approval of purchases of goods and services over $1,000,000;
- the issuance of debt;
- changes to the approved central reserves budget; and
- asset allocation guidelines and other policies related to the University's asset management function.

This committee also provides governance oversight to:

- long range financial planning strategies;
- total indebtedness of the University;
- the investment portfolio; and
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities.

This committee also reviews:

- selected financial metrics that measure the University's fiscal condition;
- quarterly purchasing reports and violations of Board of Regents Policy: *Purchasing*;
- semi-annual capital financing and debt management reports;
- the annual report on central reserves;
- quarterly asset management reports;
- semi-annual management reports; and
- other financial reports as requested by the committee.

(6) **Litigation Review Committee.** The Litigation Review Committee reviews litigation matters and obtains legal advice regarding specific University actions and their legal consequences. This committee typically meets in non-public session and consults with the

general counsel on cases and claims, consistent with Board policy. The committee determines which matters shall be referred to the Board for review or approval.

(7) **Nominating Committee.** The Nominating Committee is charged with nominating candidates to serve as Board chair, vice chair, secretary, and treasurer.

(8) **Presidential Performance Review Committee.** The Presidential Performance Review Committee evaluates the president's performance. This committee meets in non-public session, reporting its findings to the Board.

(9) **Special Committees.** The chair of the Board identifies the responsibilities, appoints the members, and designates the chair of special committees.

Subd. 4. Board Meetings. The Annual Meeting of the Board is held on the second Friday in June, unless otherwise determined by Board bylaws. At the Annual Meeting a schedule is approved for regular meetings, which are usually held on the second Friday and preceding Thursday of each month in February, March, May, June, July, September, October and December.

Other meetings are scheduled as needed and may include work sessions, open forums, and public hearings. Retreats, typically held annually in the summer, are opportunities for the Board to plan, assess its performance, develop priorities for the year, and/or to consider a particular topic.

The documents, minutes, and recordings related to the public deliberations of the Board are available in the Board Office.

Subd. 5. Committee Meetings. Committees usually meet as follows:

- Audit: Meets four to five times a year.
- Academic and Student Affairs: Most months when Board meets.
- Facilities and Operations: Most months when Board meets.
- Faculty and Staff Affairs: Most months when Board meets.
- Finance: Most months when Board meets.
- Litigation Review: Meets four to five times a year and as called by the committee chair.
- Nominating: May of odd-numbered years prior to Board's Annual Meeting and election of officers in June.
- Presidential Review: As called by the chair.

Subd. 6. Meeting Procedures. The Board chair presides over meetings of the Board. The vice chair presides in the absence of the chair. Board and committee meetings are conducted consistent with Board bylaws and Robert's Rules of Order. The general counsel rules on all disputed questions of procedure.

Items are presented in one of the following ways:

- *Review* - All significant items typically are reviewed one month with action in a subsequent month.
- *Action* - Previously reviewed items requiring Board approval.
- *Review/Action* - Items for review and action in the same meeting, as allowed by Board policy or under special circumstances with permission of the Board chair. The Consent Report includes

routine action items that normally do not require discussion. Any Board member may request discussion or separate action on any Consent Report item.
- *Discussion* - Items for discussion that require no action when presented.
- *Other*
    - *Information Items* - Items of interest to a committee or the Board requiring no action or discussion, such as status reports on current issues of concern and administrative searches.
    - *Receive and File Reports* — Submitted reports that are not intended for discussion and do not require action, but are listed on the agenda and officially noted by the chair in the form of a statement to "receive and file."

Subd. 7. Work Plans. Each year the Board outlines its priorities and its committees develop work plans with the advice of the president or delegate. Committee work plans outline major agenda items and discussion topics for the year.

Subd. 8. Staff Responsibilities.

(a) **Administrative Staff.** The president identifies a senior leader for each committee to facilitate committee meetings, assist in agenda development, prepare docket materials, coordinate presentations, and fulfill other duties. Assignments to standing committees are typically as follows:
- Audit - Chief Auditor
- Academic and Student Affairs - Executive Vice President & Provost
- Facilities and Operations - Vice President for University Services
- Faculty and Staff Affairs - Vice President for Human Resources
- Finance — Senior Vice President for Finance & Operations
- Litigation Review — General Counsel

(b) **Board Staff.** The Board appoints an executive director/corporate secretary whose duties and responsibilities include:
- providing advice and support to each Board member, as well as to Board leadership, to advance good governance practices;
- acting as a liaison between the Board and senior leaders of the University;
- managing the Board's policy library and ongoing policy review process;
- managing the Board agenda and docket process;
- maintaining official records of meetings of the Board and its committees;
- advising the president regarding the standards and protocols of Board meetings;
- maintaining and providing to the Board an annual planning calendar that outlines Board and committee meetings along with reports and other actions required by Board policy; and
- ensuring that logistical support is provided so that Board proceedings are conducted in an open, timely, and accountable manner.

The executive director assigns staff to each committee. Staff responsibilities include:
- reviewing docket cover sheets, resolutions, and revisions to Board policies;

- scheduling and attending docket previews;
- facilitating communication on agenda items;
- assisting in work plan and agenda development; and
- supporting the committee chair as needed.

Subd. 9. Docket. The docket is the set of recommendations, reports, and all supporting documents prepared for each item on an agenda of the Board and its committees. A docket cover for each agenda item includes a statement related to the policy and financial impact of the item. Materials are submitted to the Board by the president or delegate with the assistance of Board staff. The Board Office distributes the docket to Regents one week prior to meeting dates, after which it is publicly available.

Subd. 10. Emergency Approvals. Upon the recommendation of the president, the Board chair, vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

SECTION III. BOARD MEETING AGENDAS.

Subd. 1. Agenda Development. The agenda is set in the following manner:

Approximately two months prior to each Board meeting, the executive director develops a draft agenda for discussion at Agenda I, a meeting with the president and senior leaders. Agenda items are identified from Board priorities, committee work plans, and other reports and items as specified in Board policy. Following this meeting, the draft agenda is shared with the Board chair and committee chairs for review and comment. The Board chair approves the agenda at a subsequent meeting (Agenda II), also attended by the vice chair and participants in the Agenda I meeting. Subsequent changes to an approved Board or committee agenda require the approval of the Board chair and, in the case of a committee agenda, shall be done in consultation with the appropriate committee chair directly or through staff.

Subd. 2. Requests to Appear Before the Board. Anyone requesting to appear before the Board must submit a written request to the executive director, who reviews the request with the Board chair.

SECTION IV. PRESIDENTIAL PERFORMANCE REVIEW, EVALUATION, AND COMPENSATION.

Subd. 1. Presidential Performance Review. The Presidential Performance Review Committee evaluates the president's performance annually in order to: assess outcomes; support the president's efforts to strengthen performance; enable the president and the Board to establish mutually-agreeable goals; and inform decisions regarding annual compensation and other terms of employment.

This committee meets in non-public session as permitted by law, reporting its findings to the Board at a public meeting.

The following principles shall guide the performance review process:

(a) All Board members shall be involved.
(b) Comments on the president's performance shall be requested from multiple sources.
(c) Collegiality shall be a hallmark of all discussions.
(d) Confidentiality of personnel matters shall be maintained.

Performance review process procedures shall be on file in the Board Office.

Subd. 2. Presidential Compensation. The compensation of the president shall be set by the Board at a public meeting. The Board shall exercise reasonable care and set compensation in a transparent, prudent, and responsible manner.

The following principles shall guide compensation setting:

(a) The compensation plan shall support the organization's mission,
(b) Compensation shall enable the recruitment and retention of an individual who can achieve excellence for the University and contribute to the vitality of the state of Minnesota.
(c) Compensation is meant to appropriately reward and motivate the president, be commensurate with the president's responsibilities and performance, and be responsive to the president's requests.
(d) Compensation shall be informed by appropriate data that helps determine comparability or fair market value.

The Board shall consider data from a comparable peer group of public research universities and private universities that are substantially similar to the University and designate a list for comparison purposes. It shall be the responsibility of the chair, in consultation with the vice chair, to recommend presidential compensation and other contract terms for Board action. The chair also shall be responsible for reviewing the president's total compensation and approving all reimbursements for presidential business travel and entertainment expenses.

Compensation-setting procedures shall be on file in the Board Office.

Supersedes: Board Operation and Agenda Guidelines adopted September 11, 1992, last amended March 8, 1996.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **October 13, 2017**

AGENDA ITEM: Committee Charges: Mission Fulfillment Committee

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Karen Hanson, Executive Vice President and Provost
Maggie Flaten, Board Associate, Communications & Committees

PURPOSE & KEY POINTS

The purpose of this item is to discuss a draft committee charge for the Mission Fulfillment Committee. This is the second in a series of discussions to define charges for the Board's new committee structure.

A draft committee charge is included in the docket materials as a starting point for the committee's discussion. Feedback from the committee will be used to refine the draft language, which will be included in proposed amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines.* The proposed amendments will be considered this spring.

BACKGROUND INFORMATION

The Board adopted a *Resolution Related to Board Committee Structure* on June 20, 2017. The resolution created the Mission Fulfillment Committee by expanding the responsibilities of the Academic & Student Affairs Committee. It also gave the new committee responsibility for recommending approval of the granting of faculty promotion and tenure and continuous appointments from the Faculty & Staff Affairs Committee.

The resolution directed the executive director and corporate secretary to draft amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines* to implement the new committee structure.

The charges for the previous committees are contained in *Board Operations and Agenda Guidelines* Section II, Subd. 3.

DRAFT COMMITTEE CHARGE

MISSION FULFILLMENT COMMITTEE

The Mission Fulfillment Committee advises the Board on academic priorities and the research and discovery, teaching and learning, and outreach and public service mission of the University, carried out on five campuses and multiple locations across the state. The committee oversees activities, programs and initiatives central to the University's threefold mission, as articulated in Board of Regents Policy: *Mission Statement.*

Specifically, this committee recommends to the Board:

- Academic matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section V.

This committee also provides oversight of:

- Academic program reviews and strategic plans of academic units.
- Admissions practices, demographic trends and enrollment planning.
- Curricular and co-curricular educational, research and engagement opportunities.
- Diversity and campus climate.
- Faculty development, recruitment and retention.
- Faculty promotion and tenure.
- International partnerships and global research and educational programs.
- Health education and academic medicine.
- Issues related to the University's academic profile such as accreditation, reputation, and academic ranking.
- Online learning.
- Public engagement and community partnerships.
- Scholarship, artistic activity and commercialization of technology and intellectual property.
- Sponsored projects and research support infrastructures.
- Student affairs, student wellness and the student experience.
- Student experience and academic performance of student-athletes.
- Undergraduate, graduate, and professional education.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **October 13, 2017**

AGENDA ITEM: Board Approval Thresholds, Part 1: Principles

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Brian D. Burnett, Senior Vice President
Brian R. Steeves, Executive Director & Corporate Secretary

PURPOSE & KEY POINTS

The purpose of this item is for the committee to discuss and provide feedback on the Board's current approval thresholds, as defined within Board of Regents Policy: *Reservation and Delegation of Authority.* A summary of those thresholds broken down by type and amount is included in the docket.

The following principles are offered as a framework for reviewing the current approval thresholds and discussing whether changes should be considered:

1. Continue to strengthen public confidence in the University's decision-making processes.
2. Ensure that Board oversight of University operations is right sized and at the right level.
3. Align thresholds for consistency across types of projects and purchases.
4. Avoid surprises that might create public relations risks.

Board policy outlines four major types of approval thresholds:

1. Real Estate & Capital Projects
2. Contracts for Goods & Services
3. Other approval thresholds
4. Appointment authority

In addition, Board policy includes umbrella language for other commercial transactions or matters not otherwise subject to Board approval.

The committee's work plan anticipates the following process for reviewing the Board's approval thresholds:

- October 2017 – Discussion of principles to guide review of Board approval thresholds.
- December 2017 – Potential review of amended thresholds.
- February 2018 – Potential action on amended thresholds.

Board Approval Thresholds
Part 1: Principles

Brian D. Burnett
Senior Vice President

Brian R. Steeves
Executive Director &
Corporate Secretary

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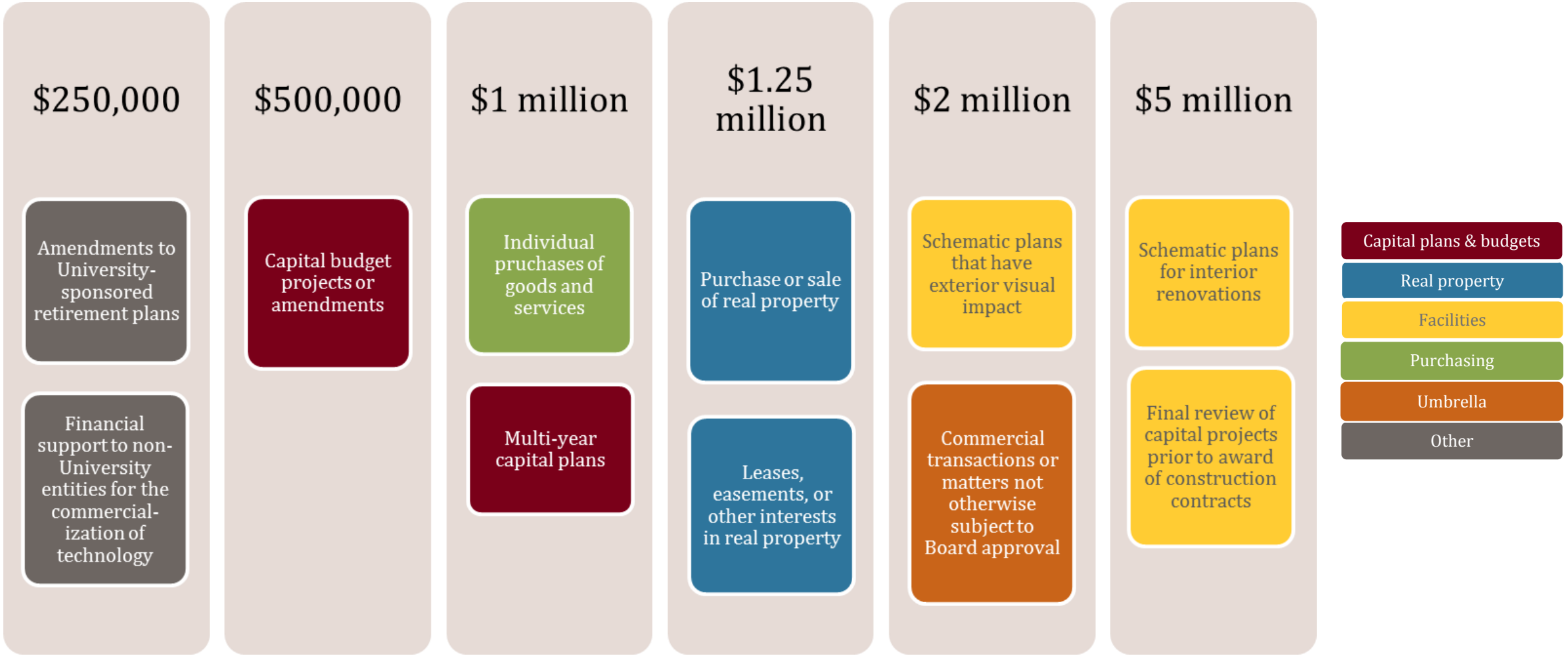
Process Review

- October 2017 – **Discussion of principles to guide review of Board approval thresholds.**
- December 2017 – Potential review of amended thresholds.
- February 2018 – Potential action on amended thresholds.

Principles to Guide Review

1. Continue to strengthen public confidence in University decision-making processes.
2. Ensure Board oversight of University operations is right-sized and at the right level.
3. Align thresholds for consistency across types of projects and purchases.
4. Avoid surprises that have potential to create public relations risks.

Overview of Current Thresholds



Discussion Questions - Thresholds

- Do current thresholds strike the right balance between the Board's responsibility to provide sufficient oversight, and the amount of time required to thoughtfully consider and act?
- How important is alignment across various thresholds on like items?
- What is the Board's appetite for raising thresholds, and does it vary by type of transaction?
- Does the Board's position differ if the item being approved has been competitively bid?

Discussion Questions – Umbrella Language

The Board reserves to itself authority to approve any commercial transaction or matter not otherwise subject to Board approval if the transaction or matter:

a) raises unusual questions or public interest or public policy;

b) has a significant impact on the University's mission; or

c) has a value greater than $2 million.

- Is this language clear enough to determine when the threshold has been met?
- Should the language specify that administrative employment agreements are subject to umbrella threshold language?

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **October 13, 2017**

AGENDA ITEM: Information Items

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Brian R. Steeves, Executive Director & Corporate Secretary

PURPOSE & KEY POINTS

Completed Comprehensive Review of Board Policy

The purpose of this item is to inform the committee that the comprehensive review of the following Board policy has been completed and the policy implementer has recommended that no changes be made at this time:

- Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks*

The policy is included in the docket materials for the committee's reference.

If the committee identifies items it would like addressed, those will be recorded and referred back to the policy implementer. If the committee raises no additional items, the comprehensive review process will be complete and the date of last comprehensive review will be noted within the policy.

BACKGROUND INFORMATION

The 2017-18 Governance & Policy Committee work plan included a pilot program establishing a process for Board input on policies where the policy implementer has determined that no changes are needed. Previously, this information was reported to the Board only in the annual Board Policy Report.

Board of Regents Policy: *Board Policy Development* defines the comprehensive review process as follows:

> Board polices shall be comprehensively reviewed every six years. The objective of the comprehensive review is to determine:
>
> - whether the fundamental principles established in the policy still align with the strategic direction and mission of the University;
> - if the policy is still needed; and

- if the policy aligns with current practice.

The comprehensive review process ensures that policies are monitored and reviewed in a timely manner. Policies are divided into “classes,” which seek to balance review load across policy implementers and Board committees in any given year.

FOUNDING DATE, CORPORATE NAME AND SEAL, AND UNIVERSITY MARKS

Adopted: January 14, 1994
Amended: October 10, 2003; December 8, 2006; February 12, 2010
Supersedes: (see end of policy)

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS POLICY

FOUNDING DATE, CORPORATE NAME AND SEAL, AND UNIVERSITY MARKS

SECTION I. FOUNDING DATE.

The Minnesota Territorial Laws of 1851, Chapter 3 (Laws), establish the University of Minnesota (University), vest its government in a Board of Regents (Board), and constitute the charter under which the University is governed. The Laws became effective February 25, 1851, which shall be the founding date of the University.

SECTION II. CORPORATE NAME.

Subd. 1. Designation. In accordance with the Laws and as perpetuated in Article XIII, Sec. 3 of the State Constitution, this corporate body shall be known and designated as *Regents of the University of Minnesota*. All its business shall be carried on and written instruments shall be executed in this corporate name by its authorized officers and agents and authenticated, when necessary, by affixing the corporate seal (seal) bearing the name *Regents of the University of Minnesota*.

Subd. 2. Reservation of Authority. The Board reserves to itself authority to approve:

(a) Use of, and revocation of the use of, the corporate name or any abbreviated name, including *University of Minnesota*, by any non-University person or entity as part of its name or in any other manner that indicates or implies an authorized relationship with the University.
(b) Removal of the corporate name or any abbreviated name, including *University of Minnesota*, from the name of any campus, college, school, division, or unit.
(c) Use of the corporate name, including *University of Minnesota*, in a manner other that prescribed in administrative policy.

Subd. 3. Gifts, Bequests, or Devises. All gifts, bequests, or devises (transfers) made in trust or otherwise in the name of the University or in the name of any school, college, department, or other unit of the University shall be transfers to the *Regents of the University of Minnesota*. The *Regents of the University of Minnesota* has the authority to manage all transfers intended for the corporation.

SECTION III. CORPORATE SEAL AND DELEGATION OF AUTHORITY.

The Board adopted the current seal of the *Regents of the University of Minnesota* on May 9, 1939.

(a) Official Use - The embossed seal is the corporate mark of identification signifying authenticity of contracts, agreements, and other documents executed in the name of the corporation, and its use is limited to that purpose. The instrument of the seal and any replicas shall be in the custody of the corporate secretary of the University.
(b) Use in Reproductions - In its unofficial, unembossed, reproduced form the seal may be used for purposes authorized by the president or delegate in the following manner:

(i) Inside the University in accordance with standards authorized by the corporate secretary of the University and maintained by the president or delegate.
(ii) Outside the University, under a license agreement with the University, subject to standards authorized by the corporate secretary of the University and maintained by the president or delegate.

(c) Standards - Standards regarding use and reproduction of the seal are available from the corporate secretary of the University.

SECTION IV. UNIVERSITY MARKS.

The University shall maintain a consistent visual identity system, including name, marks, and logos, that (a) reinforces and protects the University's identity; (b) distinguishes the University from other institutions; and (c) reflects the University's traditions and heritage.

SECTION V. IMPLEMENTATION.

The president or delegate shall maintain administrative policies and procedures to implement this policy.

Supersedes: Founding Date of the University dated October 14, 1939; Regents of the University of Minnesota as the Corporate Body of the University dated November 4, 1939; and Use of the Corporate Seal dated January 8, 1982.