Governance & Policy Committee

September 2017

September 8, 2017

8:45 a.m. - 10:15 a.m.

Boardroom, McNamara Alumni Center

GOV - SEP 2017

1. 2017-18 Committee Work Plan

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

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3. Board Operations, Part 1: Fundamental Planning Documents

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4. Committee Charges: Finance & Operations Committee

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **September 8, 2017**

AGENDA ITEM: 2017-18 Committee Work Plan

☐ **Review** ☐ **Review + Action** ☐ **Action** [X] **Discussion**

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

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

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the 2017-18 committee work plan.

BACKGROUND INFORMATION

The *Resolution Related to Board Committee Structure* describes the role of the Governance & Policy Committee as follows:

> The Governance & Policy Committee oversees and makes recommendations related to policy and processes to ensure the integrity and high performance of the Board.

Governance & Policy Committee
2017-2018 Work Plan

Date	Topics
2017	
September 7-8	• **2017-2018 Committee Work Plan** • **Board of Regents Policy: *Institutional Conflict of Interest* - Review** Review proposed amendments to Board of Regents Policy: *Institutional Conflict of Interest.* The amendments seek to make the financial disclosure process more efficient by reducing the number of positions required to complete the more extensive disclosure. • **Board Operations Part 1: Fundamental Planning Documents** Complete the comprehensive review of Board of Regents Policy: *Board Operations and Agenda Guidelines* by providing input on possible changes in three parts. This first discussion will assess the fundamental planning documents noted in policy, with particular attention on the budget process, six-year capital plan, and possible addition of a system-wide strategic plan to policy. 2016-17 committee input will be summarized and shared. • **Committee Charges: Finance & Operations Committee** Review and discuss a draft charge for the Finance & Operations Committee as a part of the process to formalize the new committee structure. The charge will be added to other amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines.*
October 12-13	• **Board of Regents Policy: *Institutional Conflict of Interest* - Action** Take take action on proposed amendments to Board of Regents Policy: *Institutional Conflict of Interest.* • **Board Operations Part 2: Meeting Procedures and Emergency Approval** The second discussion of Board of Regents Policy: *Board Operations and Agenda Guidelines* will focus on how agenda items come to the Board and whether the current process meets the Board's needs. The committee will also provide input on the policy's emergency approval provisions. • **Committee Charges: Mission Fulfillment Committee** Review and discuss a draft charge for the Mission Fulfillment Committee as a part of the process to formalize the new committee structure. The charge will be added to other amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines.* • **Board Approval Thresholds** Review the Board's approval thresholds as defined in Board of Regents Policy: *Reservation and Delegation of Authority*. The purpose of the conversation is to provide guidance and input on potential realignment of approval thresholds. This guidance and input will inform development of a proposal for consideration by the committee in December. • **Information Items** ○ Board Policy Comprehensive Review Update ▪ Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks*

December 14-15	• **Board of Regents Policy: *Reservation and Delegation of Authority* (Approval Thresholds) - Review**
	Review proposed amendments to thresholds contained in Board of Regents Policy: *Reservation and Delegation of Authority* based on committee feedback from October.
	• **Board Operations Part 3: Legislative Reports and Presidential Performance Review, Evaluation, and Compensation**
	This third discussion of Board of Regents Policy: *Board Operations and Agenda Guidelines* will seek input on which reports to the Minnesota Legislature require Board approval before submission. The committee will also review policy language establishing the performance review, evaluation, and compensation process for the president.
	• **Committee Charges: Audit & Compliance Committee**
	Review and discuss a draft charge for the Audit & Compliance Committee as a part of the process to formalize the new committee structure. The charge will be added to other amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines.* The discussion will also consider repealing Board of Regents Policy: *Audit Committee Charter* by integrating it into *Board Operations and Agenda Guidelines.*
	• **Committee Charges: Governance & Policy Committee**
	Review and discuss a draft charge for the Governance & Policy Committee as a part of the process to formalize the new committee structure. The charge will be added to other amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines.*
	• **Information Items**
	  ○ Board Policy Comprehensive Review Update
	  ▪ Board of Regents Policy: *Mission Statement*

2018	

February 8-9	• **Board of Regents Policy: *Reservation and Delegation of Authority* (Approval Thresholds) - Action**
	Take action on proposed amendments to the thresholds in Board of Regents Policy: *Reservation and Delegation of Authority* that are based on committee feedback from October.
	• **Board of Regents Policy: *Board Operations and Agenda Guidelines* - Review**
	Review proposed amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines* drafted in response to committee feedback from 2016-17, 2017-18, and committee charge discussions.
	• **Transparency of the Board and Public Engagement**
	Review ways the public can engage with the Board's work, including a review of the Board's website and YouTube analytics. This item also will seek input on the use of public forums and testimony at Board meetings.
	• **Possible Board policy - Review**
	• **Information Items**
	  ○ Board Policy Comprehensive Review Update
	  ▪ Board of Regents Policy: *Associated Organizations*
	  ▪ Board of Regents Policy: *Attorneys and Related Services*

June 7-8	• **Board of Regents Policy: *Board Operations and Agenda Guidelines* - Action** Take action on proposed amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines* drafted in response to committee feedback from 2016-17, 2017-18, and committee charge discussions. • **Possible Board policy - Action** • **Information Items** o Board Policy Comprehensive Review Update ▪ Board of Regents Policy: *American Indian Advisory Boards* ▪ Board of Regents Policy: *Legal Claims and Settlements* ▪ Board of Regents Policy: *Legal Review of Contracts and Transactions*

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **September 8, 2017**

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

[X] **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 review proposed off-cycle amendments to Board of Regents Policy: *Institutional Conflict of Interest.*

The annual conflict of interest process defined by *Institutional Conflict of Interest* requires that all University officials, as defined in 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 judgment, exercise of University responsibilities, or performance of University-related activities.

The policy identifies 180 individuals as University officials. To reduce administrative burden, the proposed amendments seek to eliminate the annual FDUO filing requirement for 129 people in 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.

The president or delegate has the ability to designate that other individuals not in a University official position 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.

PRESIDENT'S RECOMMENDATION

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

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 Review

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.

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 **September 8, 2017**

AGENDA ITEM: Board Operations Part 1: Fundamental Planning Documents

☐ **Review** ☐ **Review + Action** ☐ **Action** [X] **Discussion**

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

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

PURPOSE & KEY POINTS

This item is the first 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 assess the fundamental planning documents noted in BOAG, with particular attention to the budget process and possible addition of a system-wide strategic plan to policy.

BOAG identifies the following fundamental planning documents: the *University Plan, Performance, and Accountability Report* and the University Budget: Operating and Capital. With regard to the capital budget, the policy articulates that it is delivered in two parts – the six-year capital plan and the annual capital improvement budget. Budgets are required to come for review and action in successive meetings.

BACKGROUND

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 in spring 2018.

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)

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 Operations Part 1: Fundamental Planning Documents

Brian R. Steeves
Executive Director & Corporate Secretary

University of Minnesota
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Why is BOAG so important?

- *Board Operations and Agenda Guidelines* (BOAG) establishes the **structure and processes** that facilitate the Board's governance work.
- BOAG defines the Board's committees, agenda development process, key planning documents, and the president's performance review process.

Remaining Items to Review

- **Fundamental Planning Documents**
- Meeting Procedures and Emergency Approval
- Legislative Reports (e.g., Report on Progress Toward Performance Goals; State Capital Appropriations Report, etc.)
- Presidential Performance Review, Evaluation and Compensation

Fundamental Planning Documents

1. University Plan, Performance & Accountability Report
2. Annual Operating Budget
3. Capital Budget

1. University Plan, Performance & Accountability Report

- Fulfills University Charter requirement.
- Articulates University's mission and vision.
- Publicly demonstrates University's accountability for progress toward stated goals and objectives.
- "Sets forth major goals, objectives, and timelines" and "sets the framework for the University budget."

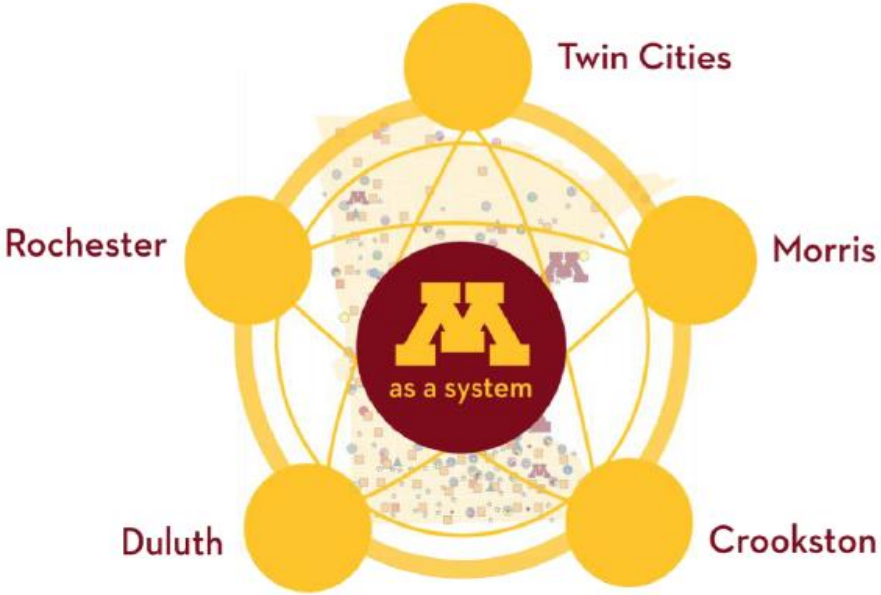
2. Annual Operating Budget

- All campuses, all programs, and all funds (revenues and expenditures).
- Comes to Board in “successive meetings.” Recently, Board has planned opportunities for input earlier in the process.
- Student representatives have encouraged greater clarity regarding base and changes to funding levels for specific items.

3. Capital Budget

- Capital budget has two parts: six-year capital plan, annual capital improvement budget.
- Six-year capital plan:
  - Projects approved to proceed with preliminary project planning.
  - Projects greater than $1 million.
- Annual capital improvement budget:
  - Authorizes completion of design and construction projects with approved financing and schematic design.
  - Projects greater than $500,000.

Discussion Question #1



Should a system-wide strategic plan – or something similar – be added as a fundamental planning document?

Discussion Question #2

- Should any additional operating budget touch points with the Board be formalized in policy?
- 2016-17 Process
  - September 2016 – FY 2018 Budget Assumptions
  - October 2016 – Overview of Major Budget Levers
  - March 2017 – FY 2018 Budget Framework
  - June 2017 – FY 2018 Annual Operating Budget: Review
  - Special June 2017 – FY18 Annual Operating Budget: Action

Discussion Question #3

- Are any changes needed to the annual capital budget or six-year capital plan?
- If so, what?

Health Sciences Education Center

Discussion Question #4

- The University's Progress Card, first adopted in October 2015, is now included in the Accountability Report. Should it be formally required in policy?

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Progress Card: Gold Measures

- Well understood and agreed upon data sources
- Able to set a quantifiable goal for 2021
- Reasonable historic data and accuracy
- University can take action to influence

Entering year	Campus	2009	2010	2011	2012	Goal/Year
4-year graduation rate	Crookston	34.7%	42.5%	44.5%	46.5%	45%/2017 cohort
	Duluth	37.5%	38.2%	39.0%	38.9%	45%/2017 cohort
	Morris	53.2%	53.4%	52.6%	54.3%	60%/2017 cohort
	Rochester	50.0%	50.0%	63.7%	56.4%	60%/2017 cohort
	Twin Cities	59.1%	60.9%	63.3%	65.2%	65%/2017 cohort
Entering year		**2007**	**2008**	**2009**	**2010**	**Goal/Year**
6-year graduation rate	Crookston	46.6%	51.7%	48.4%	56.7%	60%/2015 cohort
	Duluth	66.7%	65.5%	66.5%	64.7%	68%/2015 cohort
	Morris	68.2%	73.5%	68.7%	69.1%	80%/2015 cohort
	Rochester	NA	NA	60.0%	62.0%	60%/2015 cohort
	Twin Cities	75.7%	78.7%	77.6%	78.9%	82%/2015 cohort
Entering year		**2009**	**2010**	**2011**	**2012**	**Goal/Year**
4-year graduation rates of Pell-eligible students	System	41.7%	43.9%	45.4%	47.4%	54%/2017 cohort
		2013–14	**2014–15**	**2015–16**	**2016–17**	**Goal**
Freshman average ACT	Twin Cities	27.9	27.9	28.2	28.3	>28.0
		2012-13	**2013–14**	**2014–15**	**2015–16**	**Goal/Year**
Institutional gift aid	System	$216M	$223M	$233M	$246M	$275M/2021
		FY2012	**FY2013**	**FY2014**	**FY2015**	**Goal/Year**
R&D expenditures	Twin Cities	$826M	$858M	$877M	$881M	$900M/2021
		FY2013	**FY2014**	**FY2015**	**FY2016**	**Goal/Year**
Medical School ranking	Twin Cities/ Duluth	27	30	32	34	Top 20/2021
		2010–11	**2011–12**	**2012–13**	**2013–14**	**Goal/Year**
Faculty awards (N and Rank: Public Universities)	Twin Cities	25 (10th)	33 (5th)	32 (6th)	26 (8th)	35+ (Top 10)/2021
			2013	**2014**	**2015**	**Goal/Year**
% Participation, Employee Engagement Survey	System		57%	64%	67%	72%/2021
		FY2014	**FY2015**	**FY2016**	**FY2017**	**Goal/Year**
Op Ex–continued progress on $90M	System	$18.8M	$38.3M	$53.8M	$68.4M	$90M/FY19

Next Steps

- Oct. 2017 – Meeting Procedures and Emergency Approvals
- Dec. 2017 – Legislative Reports; Presidential Performance Review and Compensation
- Sept-Dec. 2017 – Committee Charges
- February 2018 – Draft language for review

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Governance & Policy **September 8, 2017**

AGENDA ITEM: Committee Charges: Finance & Operations Committee

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

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

PRESENTERS: Brian D. Burnett, Senior Vice President
Jason Langworthy, Board Associate, Policy & Committees

PURPOSE & KEY POINTS

The purpose of this item is to discuss a draft committee charge for the Finance & Operations Committee. This is the first 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 Finance & Operations Committee by combining three previous committees - Facilities, Planning, & Operations; Faculty & Staff Affairs; and Finance. The resolution also 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 three previous committees are contained in *Board Operations and Agenda Guidelines* Section II, Subd. 3.

DRAFT COMMITTEE CHARGE

FINANCE & OPERATIONS COMMITTEE

The Finance & Operations Committee oversees and makes recommendations related to the University's operations, fiscal stability, physical assets (e.g., land, buildings, infrastructure, technology, and equipment), and long-term economic health. The committee also advises the administration on faculty and staff compensation, benefits, recruitment, and engagement.

Specifically, this committee recommends:

- appointments reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section IV.
- budgetary, financial, and investment matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VII.
- property, facilities, and capital budgets reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII.
- employment and labor relations matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section XI.

This committee provides oversight of:

- long-range financial planning strategies, including total indebtedness of the University and investment portfolio;
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities;
- potential risks within University finance and operations;
- long-range physical asset planning strategies, including technology infrastructure;
- public safety and emergency preparedness;
- operational services such as housing, parking, transportation, and dining;
- faculty and staff employment, compensation and benefits policy, including senior leader compensation, benchmarking, and terms of employment; and
- employee engagement and workforce development.

This committee also reviews:

- the annual report on central reserves;
- semi-annual capital financing and debt management reports;
- semi-annual management reports;
- semi-annual capital planning and project management reports;
- quarterly purchasing reports and violations of Board of Regents Policy: *Purchasing*;
- quarterly asset management reports;
- selected financial metrics that measure the University's fiscal condition;
- periodic updates on future facilities projects;
- design guidelines when a project design represents an exception to adopted campus master plans; and
- other financial reports, employment reports, and facilities management reports and significant issues.