

UNIVERSITY OF MISSOURI
Columbia . Kansas City . Rolla . St. Louis



BOARD OF CURATORS
Minutes of the Board of Curators Meeting
Thursday, November 19, 2020

Board Committee meetings were held November 10 and 12, 2020 in conjunction with the November 19, 2020 Board meeting.

BOARD OF CURATORS MEETING – PUBLIC SESSION

A meeting of the Board of Curators was convened in public session at 8:30 A.M. on Thursday, November 19, 2020, via Zoom webinar and at remote locations via conference telephone pursuant to public notice given of said meeting. Curator Julia G. Brncic, Chair of the Board of Curators, presided over the meeting.

Present

The Honorable Julia G. Brncic
The Honorable Darryl M. Chatman
The Honorable Maurice B. Graham
The Honorable Gregory E. Hoberock
The Honorable Jeffrey L. Layman
The Honorable Phillip H. Snowden
The Honorable David L. Steelman
The Honorable Robin R. Wenneker
The Honorable Michael A. Williams

Also Present

Dr. Mun Y. Choi, President, University of Missouri System
Mr. Stephen J. Owens, General Counsel
Ms. Cindy S. Harmon, Secretary of the Board of Curators
Mr. Remington Williams, Student Representative to the Board of Curators
Dr. C. Mauli Agrawal, Chancellor, University of Missouri – Kansas City
Dr. Richard Barohn, Executive Vice Chancellor for Health Affairs
Dr. Beth Chancellor, Vice President for Information Technology and MU Chief Information Officer
Dr. Mohammad Dehghani, Chancellor, Missouri University of Science and Technology

Ms. Kamrhan Farwell, Chief Marketing and Communications Officer
Ms. Marsha Fischer, Associate Vice President for Human Resources and Chief Human Resources Officer
Dr. Steven W. Graham, Senior Associate Vice President for Academic Affairs
Ms. Christine Holt, Chief of Staff, UM System
Ms. Michelle M. Piranio, Chief Audit and Compliance Officer
Mr. Ryan D. Rapp, Vice President for Finance and Chief Financial Officer
Dr. Kristin Sobolik, Chancellor for University of Missouri-St. Louis
Dr. Marshall Stewart, Vice Chancellor, Extension and Engagement
Mr. Christian Basi, Director of Media Relations
Media representatives

General Business

University of Missouri Board Chair's Report – presented by Chair Brncic

Chair Brncic thanked President Choi for being a catalyst for change and is inspired by the work of the University leaders. The University is resilient given a tough year and is now doing things differently such as eLearning, academic analytics, Precision Health Initiative and working to provide broadband access across the state. Chair Brncic also recognized the recent Curators' Distinguished Professor designations from UMSL, Robert Rocco Cottone and Uma Segal.

University of Missouri System President's Report – presented by President Choi (slides on file)

President Choi recognized 2020 Presidential awardee, Uma Segal, for the Cross-Cultural Engagement award.

The President also presented an update for the research and creative works compact that included major grants and awards for each university, as well as recognized top faculty. An update for the planning, operations and stewardship compact was also presented. He expressed thanks to all faculty and staff who have shown commitment during the pandemic.

Student Representative to the Board of Curators Report – presented by Remington Williams (slides on file)

Student Representative Williams discussed initiatives of the Intercampus Student Council and how the change to more technology focused learning this semester has opened opportunities for easier access for students and increased participation in tutoring, career services and mental health services.

Review of Consent Agenda – No discussion.

Consent Agenda

It was endorsed by President Choi, moved by Curator Graham and seconded by Curator Chatman, that the following items be approved by consent agenda:

CONSENT AGENDA

Action

1. Minutes, September 24, 2020 Board of Curators Meeting
2. Minutes, September 15 and 16, 2020 Board of Curators Committee Meetings held in Conjunction with the September 24, 2020 Board of Curators Meeting
3. Remote Ceremony for Honorary Degrees, UM
4. Sole Source - Weighted Bin Inventory Management System – MUHC
5. Naming Opportunity, Missouri S&T
6. Naming Opportunity, Missouri S&T
7. Naming Opportunity, Missouri S&T
8. Naming Opportunity, MU
9. Amendments to Collected Rules and Regulations 200.010 Standard of Conduct

1. Minutes, September 24, 2020 Board of Curators Meeting – as provided to the Curators for review and approval.
2. Minutes, September 15 and 16, 2020 Board of Curators Committee Meetings held in Conjunction with the September 24, 2020 Board of Curators Meeting – as provided to the Curators for review and approval.

3. Remote Ceremony for Honorary Degrees, UM

that the University of Missouri, Columbia; the Missouri University of Science and Technology; and the University of Missouri, St. Louis be authorized to award honorary degrees *in absentia* for academic year 2020-2021.

4. Sole Source - Weighted Bin Inventory Management System – MUHC

that MUHC be authorized to purchase a Weighted Bin Inventory Management System from PAR Excellence Systems Inc., Cincinnati, Ohio, at a total initial estimated cost of \$1,019,271 for a five-year term with the option to expand the system for future supply chain needs.

Funding is as follows:

MUHC Surgical Services Operating Funds

H0266-733100

5. Naming Opportunity, Missouri S&T

to name the June and Fred Kummer Institute for Student Success, Research and Economic Development in recognition of June and Fred Kummer's extraordinary contributions to Missouri S&T.

6. Naming Opportunity, Missouri S&T

to name the Kummer School of Innovation, Entrepreneurship and Economic Development in recognition of Fred and June Kummer's extraordinary contributions to Missouri S&T.

7. Naming Opportunity, Missouri S&T

that the Department of Chemical and Biochemical Engineering be named the Linda and Bipin Doshi Department of Chemical and Biochemical Engineering, in recognition of their extraordinary contributions.

8. Naming Opportunity, MU

that the west entrance to the NextGen Precision Health Facility be named the Patrick K. Donnelly Family Plaza in recognition of the extraordinary contributions of the Donnelly Family.

9. Amendments to Collected Rules and Regulations 200.010 Standard of Conduct

That Collected Rules and Regulations, Section 200.010, Standard of Conduct, be revised as attached.

200.010 Standard of Conduct

Amended Bd. Min. 3-20-81; Bd. Min. 8-3-90, Bd. Min 5-19-94; Bd. Min. 5-24-01, Bd. Min. 7-27-12; Bd. Min. 12-7-12; Bd. Min. 6-19-14; Revised 9-22-14 by Executive Order 41; Revised 11-3-15 by Executive Order 41; Amended 2-9-17; Amended 11-19-20.

A student at the University assumes an obligation to behave in a manner compatible with the University's function as an educational institution and voluntarily enters into a community of high achieving scholars. A student organization recognized by the University of Missouri also assumes an obligation to behave in a manner compatible with the University's function as an educational institution. Consequently, students and student organizations must adhere to community standards in accordance with the University's mission and expectations.

These expectations have been established in order to protect a specialized environment conducive to learning which fosters integrity, academic success, personal and professional growth, and responsible citizenship.

- A. **Jurisdiction of the University of Missouri** generally shall be limited to conduct which occurs on the University of Missouri premises or at University-sponsored or University-supervised functions. However, the University may take appropriate action, including, but not limited to the imposition of sanctions under Sections 200.020 and 600.030 of the Collected Rules and Regulations against students and student organizations for conduct occurring in other settings, including off campus, in order to protect the physical safety of students, faculty, staff, and visitors or if there are effects of the conduct that interfere with or limit students' ability to participate in or benefit from the University's educational programs and activities.
- B. A **student organization** is a recognized student organization which has received official approval in accordance with Section 250.010 of the Collected Rules and Regulations. To determine whether a student organization is responsible for conduct outlined in Section 200.010.C, all circumstances will be considered, including but not limited to whether:
 1. The student organization approved, condoned, allowed, encouraged, assisted or promoted such conduct;
 2. The prohibited behavior in question was committed by one or more student organization officers or a significant number of student organization members;
 3. Student organization resources, such as funds, listservs, message boards or organization locations, are used for the prohibited conduct; and/or
 4. A policy or official practice of the student organization resulted in the prohibited conduct.
- C. **Conduct** for which students and student organizations, when applicable, are subject to sanctions falls into the following categories:
 1. **Academic dishonesty**, including but not limited to cheating, plagiarism, or sabotage. The Board of Curators recognizes that academic honesty is essential for the intellectual life of the University. Faculty members have a special obligation to expect high standards of academic honesty in all student work. Students have a special obligation to adhere to such standards. In all cases of academic dishonesty, the instructor shall make an academic judgment about the student's grade on that work and in that course. The instructor shall report the alleged academic dishonesty to the Primary Administrative Officer.
 - a. The term **cheating** includes but is not limited to: (i) use of any unauthorized assistance in taking quizzes, tests, or examinations; (ii) dependence upon the aid of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (iii) acquisition or possession without permission of tests or other academic material belonging to a member of the University

- faculty or staff; or (iv) knowingly providing any unauthorized assistance to another student on quizzes, tests, or examinations.
- b. The term **plagiarism** includes, but is not limited to: (i) use by paraphrase or direct quotation of the published work of another person without fully and properly crediting the author with footnotes, citations or bibliographical reference; (ii) unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials; or (iii) unacknowledged use of original work/material that has been produced through collaboration with others without release in writing from collaborators.
 - c. The term **sabotage** includes, but is not limited to, the unauthorized interference with, modification of, or destruction of the work or intellectual property of another member of the University community.
2. **Forgery, alteration, or misuse of University documents, records or identification, or knowingly furnishing false information to the University.**
 3. **Obstruction or disruption of teaching, research, administration, conduct proceedings, or other University activities, including its public service functions on or off campus.**
 4. **Physical abuse or other conduct which threatens or endangers the health or safety of any person.**
 5. **Stalking** another by following or engaging in a course of conduct with no legitimate purpose that puts another person reasonably in fear for one's safety or would cause a reasonable person under the circumstances to be frightened, intimidated or emotionally distressed.
 6. **Violation of the University's Equal Employment/Education Opportunity and Nondiscrimination Policy** located at Section 600.010 of the Collected Rules and Regulations.
 7. **Violation of the University's Sex Discrimination, Sexual Harassment and Sexual Misconduct in Education/Employment Policy located at Section 600.020 of the Collected Rules and Regulations.**
 8. **Threatening or Intimidating Behaviors**, defined as written or verbal conduct that causes a reasonable expectation of injury to the health or safety of any person or damage to any property or implied threats or acts that cause a reasonable fear of harm in another.
 9. **Participating in attempted or actual taking of, damage to, or possession without permission of property of the University or of a member of the University community or a campus visitor.**
 10. **Unauthorized possession, duplication or use of keys to any University facilities or unauthorized entry to or use of University facilities.**
 11. **Violation of University policies, rules or regulations, or of campus regulations** including, but not limited to, those governing residence in the University-provided housing, or the use of University facilities, or student organizations, or the time, place or manner of public expression.
 12. **Manufacture, use, possession, sale or distribution of alcoholic beverages or any controlled substance without proper**

- prescription or required license or as expressly permitted by law or University regulations**, including operating a vehicle on University property, or on streets or roadways adjacent to and abutting a campus, under the influence of alcohol or a controlled substance as prohibited by law of the state of Missouri.
13. **Disruptive conduct.** Conduct that creates a substantial disruption of University operations including obstruction of teaching, research, administration, other University activities, and/or other authorized non-University activities that occur on campus.
 14. **Failure to comply with directions of University officials acting in the performance of their duties.**
 15. **The illegal or unauthorized possession or use of firearms, explosives, other weapons, or hazardous chemicals.**
 16. **Hazing**, defined as an act that endangers the mental or physical health or safety of a student, or an act that is likely to cause physical or psychological harm to any person within the University community, or that destroys or removes public or private property, for the purpose of initiation, admission into, affiliation with, or as a condition for continued membership in a group or organization. Participation or cooperation by the person(s) being hazed does not excuse the violation. Failing to intervene to prevent, failing to discourage, and/or failing to report those acts may also violate this policy.
 17. **Misuse of computing resources in accordance with University policy**, including but not limited to:
 - a. Actual or attempted theft or other abuse;
 - b. Unauthorized entry into a file to use, read, or change the contents, or for any other purpose;
 - c. Unauthorized transfer of a file;
 - d. Unauthorized use of another individual's identification and password;
 - e. Use of computing facilities to interfere with the work of another student, faculty member, or University official;
 - f. Use of computing facilities to interfere with normal operation of the University computing system; and
 - g. Knowingly causing a computer virus to become installed in a computer system or file.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Health Affairs Committee Chair Report

Curator Graham provided an overview of committee business.

School of Medicine Medical Student Education Update – (slides on file for this information item)

MU Health Care and School of Medicine Strategic Plan Unification – presented by Richard Barohn, MD (slides on file for this information item)

MU Health Clinical Consolidation and Integration Strategies – presented by Richard Barohn, MD (slides on file for this information item)

Quarterly Financial Report, MUHC – Written Report Only

No discussion.

Quarterly Compliance Report, MUHC – Written Report Only

No discussion.

Finance Committee Chair Report

Curator Steelman provided time for discussion of committee business.

Approval of Collected Rules and Regulations 140.015 Investment Pool Policy, UM – (information and slides on file)

It was recommended by Vice President Rapp, endorsed by UM System President and MU Chancellor Mun Y. Choi, recommended by the Finance Committee, moved by Curator Steelman and seconded by Curator Hoberock, that the:

Existing investment policy of Collected Rules and Regulations, Section 140.015, be amended, as noted in the attached documents (and as on file with the minutes of this meeting). Further, the asset allocation changes noted in Section 140.015 should occur in a methodical manner over a reasonable period of time as determined by investment staff:

140.015 Investment Policy for Retirement, Disability and Death Benefit Plan

Bd. Min. 6-26-12, Revised Bd. Min. 6-14-13, Revised Bd. Min. 9-12-13, Revised 6-25-15, Revised 2-4-16; Revised 4-14-16; Amended Bd. Min. 9-28-17; Amended Bd. Min 11-19-20.

- A. **Introduction** -- The University's Retirement, Disability and Death Benefit Plan ("Plan") was established to provide retirement income and other stipulated benefits to qualified employees in amounts and under the conditions described in the plan. A Trust was established in 1958 and is being funded to provide the financial security of those benefits.

B. **Responsibilities and Authorities** – See CRR 140.010 “*Policy for Management and Oversight of Selected University Investment Pools.*”

C. **Investment objectives** -- The primary objective to be achieved in the active management of Trust assets is to provide for the full and timely payment of retirement, disability and death benefits to qualified employees. In order to fulfill this objective the University must maintain a prudent actuarially sound funding of the Plan's liabilities. This funding requirement is derived from three principal sources; the total investment return on Trust assets and the amount of University and employee contributions.

Trust assets should be managed in a manner that maximizes returns while attempting to minimize losses during adverse economic and market events, with an overall appetite for risk governed by the Plan’s liability structure and the need to make promised benefit payments to members over time. This will be accomplished through a more ‘risk-balanced’ portfolio that seeks meaningful diversification of assets, which necessarily means less equity risk and more long-term bond exposure relative to peers. To offset potentially lower returns from a more risk-balanced portfolio, a key component of this strategy includes a less common, yet prudent, program of return enhancement commonly referred to in the investment industry as portable alpha. These investment objectives seek to prioritize the long-term structural needs of our Retirement Plan over short-term performance comparisons of the investment portfolio relative to peers.

D. **Authorized Investments** – The Plan shall be invested in externally managed funds, consistent with the guidelines established in CRR 140.011, “*Policy for Investment Manager Selection, Monitoring and Retention*” and CRR 140.017, “*Allowable Investments,*” in the following asset classes:

Asset Class	Economic Environment	Risk Factor(s)	Sub-Class Target	Asset Class Target	Range
Public Equity	<i>Rising Growth Falling Inflation</i>	<i>Equity Currency</i>		35%	25%-45%
Private Equity	<i>Rising Growth Falling Inflation</i>	<i>Equity Currency Liquidity</i>		12%	7%-17%
Public Debt				20%	10%-30%
<i>Sovereign Bonds</i>	<i>Falling Growth Falling Inflation</i>	<i>Interest Rates Currency</i>	<i>10%</i>		
<i>Inflation-Linked Bonds</i>	<i>Falling Growth Rising Inflation</i>	<i>Inflation Interest Rates Currency</i>	<i>10%</i>		
<i>Opportunistic</i>	<i>Rising Growth Falling Inflation</i>	<i>Interest Rates Credit Spreads</i>	<i>0%</i>		
Private Debt	<i>Rising Growth Falling Inflation</i>	<i>Credit Spreads Liquidity</i>		6%	3%-11%
Diversifiers				27%	17%-37%
<i>Risk Balanced</i>	<i>Rising Growth Falling Growth Rising Inflation Falling Inflation</i>	<i>Diversified</i>	<i>12%</i>		
<i>Commodities</i>	<i>Rising Growth Rising Inflation</i>	<i>Inflation</i>	<i>5%</i>		
<i>Real Estate/ Infrastructure</i>	<i>Rising Growth Rising Inflation</i>	<i>Equity Credit Spreads Inflation Liquidity</i>	<i>10%</i>		
<i>Opportunistic</i>	<i>Rising Growth Rising Inflation</i>	<i>Equity Interest Rates</i>	<i>0%</i>		
Total Portfolio				100%	

E. Portfolio Rebalancing

Asset allocations shall be monitored on an ongoing basis as changes in market behavior may cause variations from the target asset mix. Rebalancing of the portfolio shall be considered at least quarterly, and more often if necessary to maintain allocations within the allowable ranges. The need to rebalance shall take into account any logistical issues associated with fully funding a particular asset sector, as well as any tactical decisions to overweight or underweight a particular asset sector based on current market conditions. The University may utilize external managers to rebalance portfolio exposures consistent with targets and allowable ranges established by this policy. In those instances, conventional derivative instruments commonly accepted by other institutional investors, such as futures, swaps, options, forward contracts and reverse repurchase agreements may be utilized.

Actual asset classes allocations shall not fall outside of the allowable ranges, with the exception of violations caused solely by periods of extreme market distress, when it may not be possible or advisable to immediately bring such allocations back to within the allowable ranges.

F. Currency Risk Management

In the context of a global investment portfolio, currency risk exists to the extent that investments contain exposures to foreign currencies. The desirability of this currency exposure is not necessarily aligned dollar for dollar with the desired exposure to assets denominated in foreign currencies. As such, external managers in any asset class may implement currency strategies to alter the currency exposure of the portfolio when deemed prudent to do so in the context of the particular investment mandate. In addition, the University may utilize external managers to implement currency strategies to alter exposures in an active or passive manner as part of a portfolio or asset class overlay when deemed prudent to do so.

G. Portable Alpha Program

Synthetic market exposures across asset classes including equities, sovereign bonds, inflation-linked bonds and commodities may be obtained through derivative instruments commonly accepted by other institutional investors, such as futures, swaps, options, forward contracts and reverse repurchase agreements. These derivative instruments shall be managed by external investment firms with appropriate expertise, experience and depth of resources.

When synthetic market exposures are obtained through derivative instruments, a portion of the resulting cash and cash equivalent balances may be invested by active alpha managers seeking to add returns over the benchmark. These alpha managers will possess broadly diverse strategies/styles and, in the aggregate, are expected to produce returns that show little or no relationship to the economic environment being experienced at any given time. Furthermore, this portfolio of managers will be constructed with a goal of low/no correlation to the synthetic market exposures obtained through the derivative instruments. The risk drivers within the portable alpha portfolio should generally be well-known, empirically-tested, sources of return that can be systematically harvested through dynamic long/short strategies. They can be thought of either as returns that underlie "classic" hedge fund strategies (hedge fund risk premia), such as arbitrage and macro or the returns from "classic" styles (style premia), such as value, momentum, carry, defensive and low volatility.

Legal account structures will be in the form of one or a combination of separate accounts, institutional commingled funds and/or limited partnerships or other similar forms.

The allowable range of the portable alpha portfolio shall be 0-27% of the total Retirement Plan.

Management of liquidity risk is a critical component of the portable alpha program. If not managed appropriately, there is a risk that synthetic market exposures may need to be unwound at undesirable points in time in order to meet margin calls during volatile markets. To help mitigate this risk, prudent balances

of cash and cash equivalents shall be maintained as part of the program and monitored daily.

The following table outlines the minimum cash requirements with associated replenishing guidelines:

	Cash Margin*	Replenishing Guidelines
Target	30%	n/a
Range 1	29.9% to 20%	Develop action plan to replenish to Target within 12 months
Range 2	19.9% to 10%	Develop action plan to replenish to Range 1 within 60 days, with subsequent plan to replenish to Target within 12 months
Range 3	9.9% or less	Take immediate action to replenish to Range 2 as quickly as possible. Follow with plan to replenish to Range 1 within 60 days, and subsequent plan to replenish to Target within 12 months

**Cash Margin is defined as Portable Alpha Program cash and cash equivalents divided by the total of synthetic market exposures outstanding across all asset classes with the program.*

H. **Other** – The Board of Curators delegates to the President of the University the following responsibilities with respect to the Plan:

1. Recommend contributions to the Plan.
2. Recommend annuity, mortality and other tables as may be useful in actuarial determination.
3. Recommend actuarial valuations made by experts retained for that purpose.
4. Maintain data necessary for actuarial valuations of the assets of the Plan.
5. Maintain accurate records for the Plan.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Financial Policies and Governance, UM

It was recommended by Vice President Ryan Rapp, endorsed by UM System President and MU Chancellor Mun Y. Choi, recommended by the Finance Committee, moved by Curator Steelman, seconded by Curator Hoberock, that

Collected Rules and Regulations, Section 230.010, Tuition and Supplemental Course Fees, be amended as outlined in the following pages (and as on file with the minutes of this meeting),

and

Collected Rules and Regulations, Section 140.025 Financial Performance and Accountability; Executive Order #47 be amended and moved from a presidential executive order to a Board-approved Collected Rule as outlined in the following pages (as on file with the minutes of this meeting) be approved:

230.010 Tuition and Supplemental Course Fees

Bd. Min. 6-29-79; Amended Bd. Min. 12-17-82; Amended Bd. Min. 5-2-86; Amended Bd. Min. 1-27-95; Amended Bd. Min. 5-4-06; Amended Bd. Min. 12-9-16; Amended Bd. Min. 2-9-17; Amended Bd. Min. 11-19-20.

A. Authorization and Approval

1. The Board of Curators shall set and approve tuition and supplemental course fees charged to undergraduate, graduate, and first-professional students enrolled at each university.
2. The amount of the tuition and supplemental course fees for each student level shall be assessed for any credit course enrollment.
3. The University reserves the right to make changes at any time in any or all tuition and fees without advance notice.

B. Tuition and Supplemental Fee Assessment

1. Assessment of tuition and supplemental fees shall be based on the credit value of a course, a flat fee per semester, or an equivalent value in the case of a zero-credit course. Assessment of tuition and fees shall be made regardless of whether a student is enrolled in a course for credit or auditing a course.
2. Residents of Missouri, as defined in Section 230.020, shall be assessed the tuition at resident rates. Students who are not residents of Missouri shall be assessed the tuition at nonresident fees.

C. **Tuition Waivers** -- The Board delegates to the Chancellor of each University or his/her designate the authority to waive all or a portion of the tuition, if deemed appropriate and for sound educational purposes.

D. Effective on the date of adoption hereof, the Board hereby revokes and repeals all previous rules and regulations adopted by the Board authorizing, establishing or limiting the amount of tuition, educational and supplemental course fees. This action shall not be construed to revoke or repeal any schedule or listing of educational and supplemental course fees currently in effect. The Board finds such action to be necessary for the maintenance and operation of the University.

140.025 Financial Performance and Accountability

Executive Order No. 47, November 7, 2019; Amended Bd. Min. 11-19-20 and moved to a Board Approved Collected Rule and Regulation.

System and University/Health System (Unit) leadership will set and track progress against financial performance targets. Financial performance targets will be set by System Leadership in the context of the Unit's mission and will work in concert with delivery on the enterprise (the four universities and health system) mission and budget constraints. Each Unit leadership team will implement policies and procedures to establish accountability frameworks that meet the defined financial performance targets.

Primary responsibility for determining financial performance targets for the enterprise rests with the UM System President and UM System Chief Financial Officer (CFO) [collectively, System Leadership) and will be approved by the Board of Curators. In setting financial performance targets, the President and CFO will consider both external context (i.e., market environment, investor expectations, capital market benchmarks, etc.) and internal context (i.e., short versus long-term considerations, strategic priorities, risk tolerance, etc.). The Board of Curators will approve the annual financial performance targets at the Unit and enterprise level.

Financial performance targets will encompass the entirety of the enterprise's financial health, including: revenue growth, expense management, inter-university transfers, return on spending, return on capital employed, reserve adequacy, and appropriate use of debt/capital. Performance targets will be set during the five-year financial planning process and reviewed during the annual budget process. Performance target adjustments will be considered through an interactive planning process involving System and Unit leadership. Building towards a comprehensive five-year financial plan and annual operating budget, System and Unit leadership will consider each Unit's strategic, staffing and capital plans.

Financial performance must fall within an acceptable, defined range of the individual targets on an annual basis. Average performance over the preceding five-year period should meet the defined financial performance targets. Adjustments to the range may be made at the discretion of System Leadership to reflect unexpected and extreme environmental shocks, such as an unexpected withhold of state appropriations late in a fiscal year. Any changes in performance expectations will incorporate an adjustment period and will be communicated to the accountable and responsible parties. Unit leadership is accountable for maintaining performance at or above target over time. Failure by a Unit to perform at targeted levels will require a corrective action plan to be presented to and approved by the President and Board of Curators.

Units that fail to perform at targeted levels may experience preventative or corrective measures, including but not limited to one or more of the following:

- Forced Capitalization/Principal Paydown - strategic funding from investment earnings will be used to stabilize financial performance
- Strategic Funding Restrictions - any spending of strategic funding from investment earnings by the Unit requires approval from outside of the Unit.
- Capital Project Probation - no new projects may be presented to the Board while on probation.
- Debt Prohibition - no new debt or internal loans until performance moves back into range.
- Reserve Lockbox - any spending above plan requires approval from outside the Unit.
- Hiring Freeze - any job postings/hiring requires approval from outside the Unit.
- Employee Separations - Disciplinary action following relevant HR policies at the discretion of the leader's supervisor.

Performance targets will reflect the entirety of the financial health of the enterprise and reference best practices for financial management. These metrics will be reviewed

with the Board annually and change with best practices for financial management within the industry.

Role of Chancellors and Health System Chief Executive Officer:

- Accountable for financial performance to target.
- Ensure the Unit meets the mission while balancing financial performance.
- Conduct an annual financial planning process that aligns the strategic plan, staffing plan, capital plan, and operations with the financial performance targets.
- Submit financial plans and related performance against targets to the Board of Curators for approval.
- Receive updates from CFO and monitor financial performance against targets throughout the year. Inform the President of performance below target and corrective action plans to improve performance.
- Delegate financial and operational targets for leaders including the Provosts, Deans, Directors and other leaders. (The Chancellor / Chief Executive Officer remains ultimately accountable for their Unit's performance)

Role of University and Health System Chief Financial Officers:

- Responsible for financial performance to target.
- Develop assumptions for campus financial plans and approve college/division plans for financial reasonableness and alignment.
- Accountable for the validity and completeness of financial assumptions as a part of the annual financial planning process. Advise the leadership team on the impact of various strategic and operating initiatives on financial performance.
- Submit financial plans and related performance against targets to the UM System CFO for approval.
- Monitor financial performance against plan on a monthly basis. Report performance against plan to UM System CFO. Advise Chancellor/Hospital CEO when performance is off plan and work jointly to develop corrective action plans. Request target adjustment for material unforeseen, non-controllable factors (example: mid-year state appropriation withholds).

Role of President:

- Accountable for the financial health of the University of Missouri at the enterprise level.
- Ensure the institution meets the mission while balancing financial performance.
- Approve and set the financial performance targets.
- Oversee and approve the financial, strategic, and capital plans of each Unit.
- Monitor financial performance against plan for the enterprise.
- Hold leadership accountable for financial performance and manage lower than expected performance with appropriate measures above.

Role of UM System Chief Financial Officer:

- Responsible for the financial health of the University of Missouri at the enterprise level.
- Collaboratively propose the financial performance targets for each Unit.
- Present capital and financial plans to the Board of Curators for approval.

- Monitor financial performance for the enterprise. Provide a quarterly update on projected financial performance to the President and Board on financial performance starting in the second quarter.
- Report to the Board when performance is materially off plan for the enterprise with appropriate corrective actions.
- Determines key performance metrics with approval from the President. Approves adjustments to performance targets for unforeseen, non-controllable factors for each Unit. Consults President on target adjustments if there is a risk of missing enterprise-level performance targets.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Resource Allocation Principles, UM

It was recommended by Vice President Ryan Rapp, endorsed by UM System President and MU Chancellor Mun Y. Choi, recommended by the Finance Committee, moved by Curator Steelman, seconded by Curator Hoberock, that the Resource Allocation Principles outlined in the following pages be approved.

Resource Allocation Principles

1. Each campus will retain all resources, such as tuition and fees, gifts, sales and services, that it generates through its own activities. Each campus will retain resources that it generates through cost reductions.
 - A. Each university will set tuition and fees independently to allow market demand and the differential costs of programs to drive price. This allows the individual campus to control price and brand to generate additional fee revenue.
 - B. Within the shared responsibility among the University, the State government, and the Federal government, each campus will manage its financial aid relative to its recommended tuition increases and its student demographics in order to maintain financial access and affordability. Financial aid decisions will be delegated to the Chancellors, as reflected in the update to CRR 230.010.
2. Resource allocation for state funding will consider the different missions and unique nature of each campus with funding based on enrollments, programs and levels of students (undergraduates versus graduates and professionals). The Council of Chancellors will propose the allocation of state funding to the Board for approval. The Board has full discretion on the allocation of State Appropriations.
 - A. Funding for the University's fiduciary responsibilities (e.g., the Missouri Endowed chair program) will be the first priority in the allocation process.

- B. Additional funding requests will be decided by the Council of Chancellors and approved by the Board of Curators each year. This will determine the allocation of appropriations on the appropriations request. The final budget for state appropriations will be determined by the State's annual budget process approved by the legislature and signed by the governor. These final amounts will serve as the annual budget, which is approved by the Board of Curators annually.
 - C. Any unexpected cuts or withholds will be allocated first based on the line items defined by the governor. Mandatory programs will be maintained via the cuts. The remaining cuts will be allocated based on each University's share from the Board Approved budget. The Council of Chancellors may propose a different allocation of State Appropriation cuts for Board of Curators approval. Any changes cannot override legislative or governor allocations.
3. As a land grant, University Outreach and Extension is an integral part of the University's mission. University Outreach and Extension has been funded primarily by county, state and federal appropriations in compliance with Smith-Lever Act regulations and state and federal grants. As federal and state support shrink, program offerings will need to be adjusted to match county, state, and federal resources or other sources of funding will need to be identified. University Outreach and Extension will remain at MU and serve all four universities where collaboration opportunities exist.
 4. As research universities, investment in research remains a key priority for each institution to maintain their status and rankings. Research investments will be managed by each Chancellor, with all research related revenues and overhead reimbursement retained by the university generating the awards.
 5. Each university will retain all sales and services income generated from auxiliary operations. Each Chancellor is responsible for ensuring the operations generating these income streams meet their obligations, with the first and foremost being the obligations that arise from the debt issued for the campus. Failure by a University to meet financial performance expectations as a whole will result in sanctions, as defined in CRR 140.025.
 6. Investment income will be allocated based upon each university's relative assets that generated the income. This principle is already followed for the endowment pool where each account receives a pro-rata share of income, with smoothing principles for market volatility. This same principle will be followed for interest income earned on the University's working capital. The Board will retain approval rights for the use of the dividend portion of the proceeds, which represents the excess earnings above a cash rate of return provided to each campus. Each Chancellor will submit a plan for the use of the dividend to the Board for approval as a part of the annual budget

process. These dividend earnings will be utilized to help capitalize individual universities who underperform on their financial performance targets.

7. System administration, which provides university-wide services in finance, human resources, information technology, government relations, and legal counsel, has been funded primarily by state appropriations and investment income. With the changing resource allocation principles, System administration will change to a cost center funded by the four universities and health system. The state appropriations previously allocated to system will be allocated via principle #2, whereas investment income will be allocated via principle #6.
 - A. The cost for providing these services will be allocated to each university based on its share of total operating expense or other cost drivers for specific services.
 - B. Any percent annual cost growth in these services will be capped at percent revenue growth for the enterprise.
 - C. The President could override this cap as needed in consultation with the Council of Chancellors.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Project Approval – Children’s Hospital Facility, MU Health Care, MU

It was recommended by UM System President and MU Chancellor Mun Y. Choi, recommended by the Finance Committee, moved by Curator Steelman and seconded by Curator Chatman, that the following action be approved:

the project approval for the MU Health Care – Children’s Hospital New Facility,
MU

Funding of the project budget is from:

Reserves	\$ 32,000,000
Long Term Debt (not to exceed)*	<u>\$200,000,000</u>
Total	\$232,000,000

*Gifts received will reduce long term debt for project.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Academic, Student Affairs, Research and Economic Development Committee Chair Report

Curator Chatman provided an overview of committee business.

Intercollegiate Athletics Annual Report per Collected Rule and Regulation 270.060
(information on file for this information only item)

Governance, Compensation and Human Resources Committee

Curator Williams provided an overview of committee business.

The only public session business for the Governance, Compensation and Human Resources Committee was a vote to go into an executive session meeting later in the day.

General Business

University of Missouri – St. Louis Campus Highlights – Chancellor Sobolik (slides on file for this information only item)

Strategic Theme Discussion – Council of Chancellors and Administrative Efficiency Reports – President Choi, Chancellor Agrawal, Chancellor Dehghani, Chancellor Sobolik, Vice President Rapp and Dr. Terry MacTaggart (slides and information on file)

At the July 28, 2020 Board of Curators meeting, a decision was made to combine the roles of the UM System President and MU Chancellor & create a Council of Chancellors. The Board asked the Council to consider the challenges and opportunities of this change and to develop a structure that takes into consideration systemwide strategic thinking, collaborative academic initiatives, integrative shared services and to leverage the distinctive strengths of all four universities. Also, at the July meeting, the Board passed a resolution that asked the Council of Chancellors and Vice President Rapp to address five questions:

- What role and services should the University of Missouri System provide?
- What should be the role of the President?
- What should be the role of the Chancellors?
- What will be the scope of the Council, and how should it function within the parameters set forth herein?
- What will the campus committee review, how frequently will it meet with the Council, and who will serve on it?

Vice President Rapp was also asked to review and propose best practices for achieving innovative operational changes that increase administrative efficiency while upholding operational excellence systemwide.

The reports were presented (as on file with the minutes of this meeting) to the Board, President, Chancellors and Vice President Rapp and discussion was held regarding the information and any questions. Next steps include obtaining input from the campus communities by November 27. The input will then be taken into consideration and final reports presented to the Board for approval at a special meeting in early December.

Election of Board of Curators Chair, 2021

Upon the motion of Curator Graham, Curator Chatman was nominated to serve as Chair of the Board of Curators for the term January 1, 2021 through December 31, 2021.

The nomination was seconded by Curator Layman.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Election of Board of Curators Vice Chair, 2021

Upon the motion of Curator Wenneker, Curator Hoberock was nominated to serve as Vice Chair of the Board of Curators for the term January 1, 2021 through December 31, 2021. The nomination was seconded by Curator Steelman.

The motion carried unanimously (9-0) by voice vote with no abstentions.

Board Officer Transition

Chair-Elect Chatman presented Chair Brncic with an engraved plaque in recognition of her service as 2020 Board Chair.

Chair Brncic presented Chair-Elect Chatman with The University of Missouri, A Centennial History, a book by Jonas Viles and read a short passage from the book.

Chair Brncic recognized Curators Graham and Snowden for their service on the Board. Curator Layman then recognized Chair Brncic for her service on the Board. The three of them each delivered remarks regarding their time as a Curator.

Good and Welfare of the Board

Draft February 4, 2021 Board of Curators meeting agenda – no discussion (on file)

Resolution for Executive Session of the Board of Curators Meeting, November 19, 2020

It was moved by Curator Brncic and seconded by Curator Graham, that there shall be an executive session with a closed record and closed vote of the Board of Curators meeting November 19, 2020 for consideration of:

- **Section 610.021(1), RSMo**, relating to matters identified in that provision, which include legal actions, causes of action or litigation, and confidential or privileged communications with counsel; and
- **Section 610.021(2), RSMo**, relating to matters identified in that provision, which include leasing, purchase, or sale of real estate; and
- **Section 610.021(3), RSMo**, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; and
- **Section 610.021(12), RSMo**, relating to matters identified in that provision, which include sealed bids and related documents and sealed proposals and related documents or documents related to a negotiated contract; and
- **Section 610.021 (13), RSMo**, relating to matters identified in that provision, which include individually identifiable personnel records, performance ratings, or records pertaining to employees or applicants for employment; and
- **Section 610.021 (14), RSMo**, relating to matters identified in that provision, which include records which are protected from disclosure by law.

Roll call vote of the Board:

Curator Brncic voted yes.
Curator Chatman voted yes.
Curator Graham voted yes.
Curator Hoberock voted yes.
Curator Layman voted yes.
Curator Snowden voted yes.
Curator Steelman voted yes.
Curator Wenneker voted yes.
Curator Williams voted yes.

The motion carried.

The public session of the Board of Curators meeting recessed at 11:45 A.M. on November 19, 2020.

Board of Curators Meeting – Executive Session

A meeting of the University of Missouri Board of Curators was convened in executive session at 12:50 P.M., on Thursday, November 19, 2020, via Zoom video and at remote locations via conference telephone, pursuant to public notice given of said meeting. Curator Julia G. Brncic, Chair of the Board of Curators, presided over the meeting.

Present

The Honorable Julia G. Brncic
The Honorable Darryl M. Chatman
The Honorable Maurice B. Graham
The Honorable Greg E. Hoberock
The Honorable Jeffrey L. Layman
The Honorable Phillip H. Snowden
The Honorable David L. Steelman
The Honorable Robin R. Wenneker
The Honorable Michael A. Williams

Also Present

Dr. Mun Y. Choi, President
Mr. Stephen J. Owens, General Counsel
Ms. Cindy Harmon, Secretary of the Board of Curators
Mr. Remington Williams, Student Representative to the Board of Curators
Ms. Kamrhan Farwell, Chief Marketing and Communications Officer
Ms. Marsha Fischer, Associate Vice President for Human Resources and Chief Human Resources Officer
Ms. Christine Holt, Chief of Staff, UM System
Mr. Ryan D. Rapp, Vice President for Finance and Chief Financial Officer

Governance, Compensation and Human Resources Committee Meeting – Executive Session

Annual Performance Review, General Counsel Stephen J. Owens

It was recommended by the Compensation and Human Resources Committee, moved by Curator Graham and seconded by Curator Layman, that the annual performance

review for General Counsel, Stephen J. Owens for the period July 1, 2019 through June 30, 2020, was conducted and that in light of financial constraints, there will be no increase to his base salary effective September 1, 2020.

Roll call vote of Board of Curators:

Curator Brncic voted yes.
Curator Chatman voted yes.
Curator Graham voted yes.
Curator Hoberock voted yes.
Curator Layman voted yes.
Curator Snowden voted yes.
Curator Steelman voted yes.
Curator Wenneker voted yes.
Curator Williams voted yes.

The motion carried.

Performance Review and Contract Revision, Dr. Mun Y. Choi

It was moved by Curator Steelman and seconded by Curator Brncic, that the following be approved:

That Board Chair Brncic or her successor in office is authorized to enter into a restated Contract for Employment with Dr. Mun Y. Choi, under the same or substantially similar terms as provided to the members of the Board of Curators at the November 19, 2020 Board of Curators meeting subject to approval by the General Counsel as to legal form and with the following amendments:

- The Board approves the numbers as presented in the restated Contract for Employment and requests Dr. Mun Choi to provide a proposal for a minimum annual three percent salary increase to the Executive Committee of the Board along with performance criteria for negotiation. Upon consensus, a recommendation would be submitted to the full Board, and
- The Board amends the faculty appointment letter to provide Dr. Mun Choi with twelve months of development leave and a salary no less than the faculty salary or \$250,000.

Roll call vote of Board of Curators:

Curator Brncic voted yes.
Curator Chatman voted yes.
Curator Graham voted yes.
Curator Hoberock voted yes.
Curator Layman voted yes.
Curator Snowden voted yes.
Curator Steelman voted yes.
Curator Wenneker voted yes.
Curator Williams voted yes.

The motion carried.

Ms. Farwell and Ms. Holt joined the meeting.

General Business

President's Report on personnel and contract matters – presented by President Choi

No action taken by the Board.

General Counsel's Report – presented by General Counsel Owens

No action taken by the Board.

Consent Agenda – Executive Session

It was endorsed by University of Missouri System President and MU Chancellor Choi, moved by Curator Brncic and seconded by Curator Chatman, that the following items be approved by consent agenda:

Action

1. ³¹⁷Property Lease, MU – this item may be given public notice upon completion.
2. ³¹⁸Property Lease, MUHC – this item may be given public notice upon completion.

Roll call vote of the Board:

Curator Brncic voted yes.
Curator Chatman voted yes.
Curator Graham voted yes.
Curator Hoberock voted yes.

Curator Layman voted yes.
Curator Snowden voted yes.
Curator Steelman voted yes.
Curator Wenneker voted yes.
Curator Williams voted yes.

The motion carried.

Adjourn, Board of Curators Meeting and Committee Meetings, November 19, 2020

It was moved by Curator Graham and seconded by Curator Chatman that the Board of Curators meeting and committee meetings, November 19, 2020, be adjourned.

Roll call vote of the Board:

Curator Brncic voted yes.
Curator Chatman voted yes.
Curator Graham voted yes.
Curator Hoberock voted yes.
Curator Layman voted yes.
Curator Snowden voted yes.
Curator Steelman voted yes.
Curator Wenneker voted yes.
Curator Williams voted yes.

The motion carried.

There being no other business to come before the Board of Curators, the meeting was adjourned at 2:38 P.M. on Thursday, November 19, 2020.

Respectfully submitted,



Cindy S. Harmon
Secretary of the Board of Curators
University of Missouri System

Approved by the Board of Curators on February 4, 2021.