Call to Order  Regent Gooden

1. Status Report of Work Plan on Executive Compensation and Governance (information)

2. Reconvene to Closed Session (action)
TOPIC: Status of Work Plan on Executive Compensation and Governance

COMMITTEE: Organization and Compensation

DATE OF MEETING: May 15, 2018

SUMMARY: The attached spreadsheet provides a status report of the work plan developed to address the recommendations of the Report on Executive Compensation and Governance from Sibson.

The committee will discuss outstanding items and reprioritize the remaining actions, if needed.

ALTERNATIVE(S): The Committee could choose not to discuss the topic.

FISCAL IMPACT: Components of the work plan may require external expertise; however, it is anticipated that the fiscal impact will be minimal.

CHANCELLOR’S RECOMMENDATION: The Chancellor recommends that the Committee discuss the status report and suggest any necessary edits.

COMMITTEE ACTION: DATE: May 15, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 410-576-5734
### Executive Compensation and Governance Study Work Plan

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Status</th>
<th>Target Completion Date</th>
<th>Responsible Staff</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outline the goals and desired objectives of the executive compensation program, compensation elements, peer group, desired pay positioning, etc.</td>
<td>Completed</td>
<td>Completed 9.15.17</td>
<td>Chancellor’s Office</td>
<td></td>
</tr>
<tr>
<td>Develop a compensation philosophy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance governance tools and processes</td>
<td>Completed</td>
<td>Completed 12.15.17</td>
<td>Chancellor’s Office</td>
<td></td>
</tr>
<tr>
<td>Create tally sheets for the Chancellor and presidents to provide year-over-year detailed compensation to regents in a consistent format</td>
<td>Completed</td>
<td>Complete</td>
<td>Chancellor’s Office</td>
<td></td>
</tr>
<tr>
<td>Develop an annual calendar of key actions required in performance assessment and compensation administration</td>
<td>Completed</td>
<td>Completed 12.15.17</td>
<td>Chancellor’s Office</td>
<td></td>
</tr>
<tr>
<td>Conduct education sessions for the Organization and Compensation Committee and/or the BOR on current topics in executive compensation and governance</td>
<td>Completed</td>
<td>As needed</td>
<td>Outside Assistance</td>
<td></td>
</tr>
<tr>
<td>Streamline goal setting and evaluation approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop a standard template and process for annual goal development and performance evaluation to allow for a simpler, quicker assessment that also balances the Chancellor and presidents’ needs for personalization with System’s need for greater consistency. The template should be automated, if practicable, and may incorporate scorecard/longitudinal metrics currently used at the System and longer-term strategic planning measurement.</td>
<td>Completed</td>
<td>Draft approved at 4.20.18 BOR meeting</td>
<td>Chancellor’s Office</td>
<td></td>
</tr>
<tr>
<td>Review the current guidelines for five-year presidential reviews and recent five-year review reports and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.</td>
<td>In progress</td>
<td>Summer 2018</td>
<td>Chancellor’s Office</td>
<td>Discussed at Org and Comp meeting on 3.29.18</td>
</tr>
<tr>
<td>Conduct periodic total remuneration reviews</td>
<td>In progress</td>
<td>May-18</td>
<td>Chancellor’s Office</td>
<td>Administration and Finance aging data</td>
</tr>
</tbody>
</table>
The use of incentive pay has been increasing across higher education and is expected to continue. Sibson Consulting estimates that currently about 20-30% of institutions provide incentives to executives, however, they are more prevalent in private institutions than public institutions.

### Explore the use of incentives and/or deferred compensation vehicles

<table>
<thead>
<tr>
<th>The use of incentive pay has been increasing across higher education and is expected to continue. Sibson Consulting estimates that currently about 20-30% of institutions provide incentives to executives, however, they are more prevalent in private institutions than public institutions.</th>
<th>Summer 2018</th>
<th>Outside Assistance</th>
</tr>
</thead>
</table>

### Review process and guidelines for chancellor and presidential searches and create a succession planning process across the system

<table>
<thead>
<tr>
<th>Review current process, outcomes and guidelines for chancellor and presidential searches and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.</th>
<th>Summer 2018</th>
<th>Chancellor’s Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a succession planning process to help retain high performing incumbents who demonstrate top executive potential and help alleviate the future expected competition over scarce resources.</td>
<td>TBD</td>
<td>Outside Assistance</td>
</tr>
</tbody>
</table>

Discussed at Org and Comp meeting on 3.29.18 - will continue discussions.
TOPIC: Convening Closed Session

COMMITTEE: Organization and Compensation

DATE OF MEETING: May 15, 2018

SUMMARY: The Open Meetings Act permits public bodies to close their meetings to the public in special circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Board of Regents will now vote to reconvene in closed session. As required by law, the vote on the closing of the session will be recorded. A written statement of the reason(s) for closing the meeting, including a citation of the authority under §3-305 and a listing of the topics to be discussed, is available for public review.

It is possible that an issue could arise during a closed session that the Committee determines should be discussed in open session or added to the closed session agenda for discussion. In that event, the Committee would reconvene in open session to discuss the open session topic or to vote to reconvene in closed session to discuss the additional closed session topic.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact

CHANCELLOR’S RECOMMENDATION: The Chancellor recommends that the BOR Committee on Organization and Compensation vote to reconvene in closed session.

COMMITTEE ACTION: DATE: May 15, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906
STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS
ORGANIZATION AND COMPENSATION COMMITTEE

Date: May 15, 2018
Time: Approximately 12:05 p.m.
Location: Conference Rooms 314
Towson University

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

(1) To discuss:

[X] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or

[X] (ii) Any other personnel matter that affects one or more specific individuals.

(2) [X] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.

(3) [ ] To consider the acquisition of real property for a public purpose and matters directly related thereto.

(4) [ ] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.

(5) [ ] To consider the investment of public funds.

(6) [ ] To consider the marketing of public securities.

(7) [ ] To consult with counsel to obtain legal advice on a legal matter.

(8) [ ] To consult with staff, consultants, or other individuals about pending or potential litigation.

(9) [ ] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.
(10) [ ] To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:

(i) the deployment of fire and police services and staff; and

(ii) the development and implementation of emergency plans.

(11) [ ] To prepare, administer or grade a scholastic, licensing, or qualifying examination.

(12) [ ] To conduct or discuss an investigative proceeding on actual or possible criminal conduct.

(13) [ ] To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

(14) [ ] Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

Md. Code, General Provisions Article §3-103(a)(1)(i):

[ ] Administrative Matters

TOPICS TO BE DISCUSSED:

1. Review of employment agreement subject to review under BOR VII-10.0 Policy on Board of Regents Review of Certain Contracts and Employment Agreements.
2. Information update regarding athletics contracts at University of Maryland College Park subject to review under BOR VII-10.0 Policy on Board of Regents Review of Certain Contracts and Employment Agreements.
3. Review of employee’s request for an exception to the Tuition Remission Policy.
5. Annual performance review of Chancellor’s Direct Reports.

REASON FOR CLOSING:

1. To maintain confidentiality of discussion regarding employment agreements (§3-305(b)(1)).
2. To protect the privacy of an individual about a matter not related to public business (§3-305(b)(2)).