AGENDA FOR OPEN SESSION

Call to Order

1. Convene to Close Session (action)*

2. Training Sessions with Sibson (information)
   a. Succession Planning
   b. Incentive Pay

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

*Please note: the first action item occurs at 8:30 a.m. prior to the start of the closed session.
TOPIC: Convening Closed Session

COMMITTEE: Organization and Compensation

DATE OF MEETING: September 11, 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: September 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734
STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS
ORGANIZATION AND COMPENSATION COMMITTEE

Date: September 11, 2018
Time: 8:30 a.m.
Location: Chancellor’s Conference Room
         Elkins Building, Adelphi

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) [ ] 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) [X] 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. Update on collective bargaining negotiations at SU.
2. Ratification of collective bargaining MOU at BSU.
3. Update on status of collective bargaining at USM institutions.
4. Information update regarding athletics contracts at UMES, TU, and UMCP subject to review under BOR VII-10.0 Policy on Board of Regents Review of Certain Contracts and Employment Agreements.
5. Review of appointment letter for institutional president.

REASON FOR CLOSING:

1. To maintain confidentiality regarding collective bargaining negotiations (§3-305(b)(9)).
2. To maintain confidentiality of discussion regarding individual employment agreements (§3-305(b)(1)).
TOPIC: Sibson Consulting Report on Executive Compensation and Governance

COMMITTEE: Organization and Compensation

DATE OF MEETING: September 11, 2018

SUMMARY: As part of the Executive Compensation and Governance Report from, Sibson Consulting recommended education sessions for the Organization and Compensation Committee and the Board of Regents.

Sibson will be conducting trainings on succession planning and incentive pay at this meeting, as requested by the Committee.

ALTERNATIVE(S): This is an information item.

FISCAL IMPACT: No direct fiscal impact at this time.

CHANCELLOR’S RECOMMENDATION: This is an information item.

COMMITTEE ACTION: DATE: September 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson; dwilkerson@usmd.edu; 301-445-1906 or 410-576-5734
TOPIC:  Status of Work Plan on Executive Compensation and Governance

COMMITTEE:  Organization and Compensation

DATE OF MEETING:  September 11, 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:  Information item only.  DATE:  September 11, 2018

BOARD ACTION:  DATE:

SUBMITTED BY:  Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734
<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>Expand and formalize the charter for the Organization and Compensation Committee</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>In progress</td>
<td>Sibson presenting first sessions at September 11, 2018 meeting</td>
<td>Outside Assistance</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 - agreed to change to three-year review instead of five-year review</td>
<td>Fall 2018</td>
<td>Chancellor’s Office</td>
<td>Discussed at Org and Comp meeting on 3.29.18</td>
</tr>
<tr>
<td>Supplement annual base salary reviews of recently developed peer groups with total remuneration assessments every 3 to 5 years to ensure continued market competitiveness of the full compensation package. Components include the aging of data, update of data from peers and reassessment of peers.</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>Chancellor’s Office</td>
<td>Administration and Finance aging data</td>
</tr>
<tr>
<td>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.</td>
<td>In progress</td>
<td>Sibson providing session on incentive pay at September 11, 2018 meeting</td>
<td>Outside Assistance</td>
<td></td>
</tr>
<tr>
<td>Review process and guidelines for chancellor and presidential searches and create a succession planning process across the system</td>
<td>In progress</td>
<td>Summer 2019</td>
<td>Chancellor’s Office</td>
<td>Discussed at Org and Comp meeting on 3.29.18 - will continue discussions</td>
</tr>
<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>In progress</td>
<td>Sibson providing session on succession planning at September 11, 2018 meeting</td>
<td>Outside Assistance</td>
<td></td>
</tr>
</tbody>
</table>