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| <p style="text-align: center;">Board Policies Manual (BPM) Point Loma Nazarene University (PLNU)</p> |
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Part 1. Introduction and Administration

This Board Policies Manual (BPM) contains all of the current standing (on-going) policies adopted by the Board of Point Loma Nazarene University (PLNU) since the initial approval on March 1, 2013.

1.1 Reasons for Adoption. Our reasons for adopting this BPM include:

- * Efficiency of having all on-going Board policies in one place
- * Ability to quickly orient new trustees to current policies
- * Elimination of redundant, or conflicting, policies over time
- * Ease of reviewing current policy when considering new issues
- * Clear, pro-active policies to guide the President and staff
- * Models an approach to governance that other organizations might use

1.2 Consistency. Each policy in this document is expected to be consistent with the law, the Articles of Incorporation, and the Bylaws, all of which have precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approve minutes, elect an officer, etc.), which are recorded in Board minutes, all on-going Board policies shall be included or referenced in this document. The President is responsible for developing institutional and administrative policies and procedures that are not inconsistent with this BPM.

1.3 Transition. As soon as some version of this BPM is voted on as the “one voice” of and by the entire Board, these policies are deemed to supersede any past policy that might be found in old minutes unless a prior Board resolution or contract obligates the institution to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or Board resolutions, the matter shall be resolved by the Chair or the entire Board as may be appropriate.

1.4 Changes. These policies will be reviewed and refined at every regular Board meeting. The President helps the Board formulate new language in the BPM by distributing his proposed changes in advance. We will use software that shows all changes for readers to review. [Or, alternatively, when language is recommended for deletion, it is shown in ~~strike-through~~ format and proposed new language is underlined. Each section with a proposed change can be preceded by the # sign to help readers quickly locate proposed changes.] Any change to this BPM must be approved by a quorum of the Board. Any trustee as well as the President may submit proposed changes. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee, whose recommendations are then presented to the

Board for action. Whenever changes are adopted, a new document should be dated and quickly made available to the Board and to staff who assist the Board in its work. The previous version should be kept on a disk for future reference if needed.

1.5 Specificity. Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the "outside in," i.e., the broadest policy statement should be stated first, then the next broadest, etc. down to the level of detail that the Board finds appropriate for Board action and below which management is afforded discretion as to how it implements the policies.

1.6 Oversight Responsibility. The contents of the BPM, the committees primarily responsible for monitoring those parts, and the individuals given authority to interpret and make decisions within the scope of those policies follows:

| Part/Chapters | Oversight Committee | Implementation Authority |
|-----------------------------------|--------------------------------|---------------------------------|
| 1. Introduction | Board Membership | President |
| 2. Organization Essentials | Full Board | President |
| 3. Board Structure & Processes | Board Membership | Chair |
| 4. Board-Staff Relationship | Executive Committee | Chair/ President |
| <i>Executive Parameters</i> ----- | | |
| 5. Finances | Financial & Business | President |
| 6. Academic Affairs | Academic Affairs | President |
| 7. External Relations | External Relations | President |
| 8. Spiritual Development | Spiritual Development | President |
| 9. Student Development | Student Development | President |
| 10. Audit and Compliance | Audit and Compliance Committee | President |
| 11. Miscellaneous | Any Committee or Board | President |

1.7 Maintenance of Policies. The Staff Board Secretary shall update and distribute a new version within five business days after the Board approves any changes. Legal counsel should review this BPM at least biennially to ensure compliance with existing law. Discrete documents referred to in the BPM and listed at the end as addenda or exhibits shall be provided to all trustees in digital form for their personal use on their own computers and kept in an online password-protected Board portal. (Note: some boards are subscribing to commercial e-governance tools such as www.BoardEffect.com)

1.8 Context of Other Policies. This BPM fits into this hierarchy of policies within which authority flows down and accountability flows up.

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| 1. Laws and Applicable Regulations |
| 2. Any Required or Essential Expectations/Standards of Church, WASC, Moody's or Others |
| 3. Articles of Incorporation |
| 4. Bylaws |

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| 5. Board Policies Manual |
| 6. President-approved Institutional Policies |
| 7. Policies Set by Administrators Under the President |

Part 2. Organization Essentials

2.1 Vision: Point Loma Nazarene University will be a nationally prominent Christian university and a leading Wesleyan voice in higher education and the church – known for excellence in academic preparation, wholeness in personal development, and faithfulness to mission.

2.2 Mission: Point Loma Nazarene University exists to provide higher education in a vital Christian community where minds are engaged and challenged, character is modeled and formed, and service becomes an expression of faith. Being of Wesleyan heritage, we aspire to be a learning community where grace is foundational, truth is pursued, and holiness is a way of life.

2.3 Values:

- Excellence in teaching and learning
- An intentionally Christian community
- Faithfulness to our Nazarene heritage and a Wesleyan theological tradition
- The development of students as whole persons
- A global perspective and experience\ethnic and cultural diversity
- The stewardship of resources
- Service as an expression of faith.

2.4 Strategic Priorities:

2.4.1 Strengthen Our Distinctive Learning Community

- **Strengthen our commitment** to an undergraduate Christian liberal education by designing a shared educational experience.
- **Identify, support, and implement best practices** in student learning and engagement in curricular and co-curricular programs.
- **Develop and enhance student programs and experiences** which deepen students’ understanding of and service commitment to local and global communities.
- **Identify and implement learning technologies** in curricular and co-curricular programs, which enhance information literacy and student learning.
- **Ensure that personnel, resources, and facilities** are appropriate to achieve the educational priorities of the university.

2.4.2 Increase Educational Access

- **Identify, develop, and implement additional opportunities** for students to obtain a PLNU undergraduate and graduate education (i.e., community college partnerships, new locations, graduate degrees, community partnerships, continuing education programs, technology, etc).
- **Refine infrastructures to recruit, support, and retain** first-generation and culturally and ethnically diverse students.
- **Seek strategies to increase student access and educational affordability** through innovation, creative cost structures, and new educational delivery models.

2.4.3 Foster Innovation and Agility

- **Develop a fast track system** for curricular innovation, experimentation, and pilot testing.
- **Create a clearly defined process** for evaluating proposals for new programs.
- **Develop the infrastructure** to provide decision makers with vital institutional and external data with relevant benchmarking information to be used in decision making, program planning, and innovation.
- **Develop a system of environmental scanning** to identify and communicate trends and new educational opportunities that foster innovation and agility for PLNU.

2.4.4 Demonstrate Accountability

- **Use what we have learned from ten years** of student learning outcome data to refine our system for gathering data, aggregating data, and using data for program improvement.
- **Conduct a prioritization of resources** utilizing a process based on the Dickeson model in order to ensure a competitive faculty and staff workforce, appropriate financial reserves, enhanced financial strength, capacity for new initiative development, and financial transparency.
- **Strengthen our planning system** that links strategic planning, assessment, program review, quality assurance, and budgeting.

2.5 Strategic Plans. The Board is expected to think strategically at all times. The President is expected to develop an institutional strategic plan based on the policies in this BPM, update it as necessary, link major activities in the plan to the relevant sections of this BPM, and provide digital copies of the current plan to the Board for information by Spring each year (**See Attachment A for latest copy of the Strategic Plan**).

Part 3. Board Structure and Processes

- 3.1 Governing Style.** The Board will approach its task with a style that emphasizes:
- outward vision rather than an internal preoccupation,
 - encouragement of diversity in viewpoints,
 - strategic leadership more than administrative detail,
 - clear distinction of board and staff roles,
 - and pro-activity rather than reactivity.

In this spirit, the Board will:

- 3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect of clarified roles, speaking to management and the public with one voice, self-policing of any tendency to stray from the governance structure and process adopted in these Board policies, maintain confidentiality as concerns Board dialogue, and support Board actions once decisions are made.
- 3.1.2 Be accountable to its stakeholders and the general public for competent, conscientious and effective accomplishment of PLNU's mission. It will allow no officer, individual, or committee of the Board to usurp this role or hinder this commitment.
- 3.1.3 Monitor and regularly discuss the Board's own process and performance, seeking to ensure the continuity of its governance functions by selection of capable trustees, providing meaningful orientation, training, and evaluation.
- 3.1.4 The Board, not the Administration, will be responsible for Board performance.

- 3.2 Board Job Description.** The work of the Board is to lead the institution toward fulfillment of the institutional mission and ensure that it occurs. The Board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. To perform its job, the Board shall:

- 3.2.1 Determine the mission and values of the university and hold the president accountable for the strategies, and major goals/outcomes.
- 3.2.2 Determine the parameters within which the President is expected to achieve the goals/outcomes.
- 3.2.3 Monitor the performance of the institution relative to the achievement of the goals/outcomes within the executive parameters.
- 3.2.4 Maintain and constantly improve all on-going policies of the Board in this BPM.

- 3.2.5 Select, fairly compensate, nurture, evaluate annually and, if necessary, terminate a President, who functions as the Board's sole agent.
- 3.2.6 Ensure financial solvency and integrity through accountability for fiscal policies.
- 3.2.7 Require periodic financial and other external audits to ensure compliance with the law and good practices.
- 3.2.8 Ensure that the Board and its leaders become knowledgeable about the dynamics of higher education including changing trends and issues, particularly those of Christ-centered campuses.
- 3.2.9 Evaluate and constantly improve the Board's performance as the governing Board and set expectations for trustees' volunteer involvement beyond the board setting.
- 3.3 Trustee Criteria and Nominations.** In nominating members for the Board, the Board Membership Committee shall guide a process based on current Bylaws and good practice. This includes monitoring and making recommendations for any changes to a Board-approved Profile for Selecting New Trustees (**See Attachment B**)
- 3.3.1 Board composition (For complete details see Bylaws Article 2)
- Board membership initial target of 24, membership range 15-33 (BL 2.1)
 - Qualification
 - Living under Lordship of Jesus Christ
 - Local church member in good standing
 - Support doctrines and practices of CoN
 - Member of CoN exceptions: ex-officio Alumni President, Foundation Board President & up to three trustees (BL 2.3.4)
 - Composition
 - Ex-officio – University President, Foundation Board President, Alumni President (BL 2.3.2)
 - Every district of the Southwest Educational Region has a minimum of one trustee comprised of:
 - One-half the number of regional District Superintendents (BL 2.3.3.1)
 - Remaining districts are represented by a regional trustee (BL 2.3.3.2)
 - Other Trustee members as necessary to meet the current membership target.
 - Trustee term of office is three years (BL 2.4) (Approximately one-third annual term rotation)
- 3.3.2 Nomination process (See Bylaws Article 2) (Flow Chart: **See Attachment C**)
- 3.4 Orientation.** Prior to election, each nominee shall receive copies of the Articles, Bylaws, this BPM, the current university budget, latest audit, and strategic priorities.,

Additionally briefings will be given on the role of the Board, officers, and university personnel. Soon after election, each new trustee will be given additional comprehensive orientation on university programs, finances and training to help them to be as fully engaged and effective as soon as possible.

3.5 Board Officers

3.5.1. Chair's Role. The job of the Chair is, primarily, to maintain the integrity of the Board's structure and process. The Chair “manages the Board.” The Chair is the only trustee authorized, other than the president, to speak for the Board. The Chair ensures that the Board acts consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that, according to Board policy, clearly belong to the Board to decide, not staff.

The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with any reasonable interpretation of Board policies. The Chair has no authority to make decisions beyond policies created by the Board. Therefore, the Chair has no authority to direct the President’s or other employees’ work, but is expected to maintain close communication, offer advice, and provide encouragement to the President and staff on behalf of the Board. (BL 3.2)

3.5.2 Vice Chair’s Role – In the absence or disability of the Chair, the Vice Chair shall perform all the duties of the chair of the board. (BL 3.3)

3.5.3 Secretary’s Role – The secretary shall keep a full and true report of all the meetings of the board of trustees unless a professional staff board secretary is employed. The secretary shall by electronic signature sign all diplomas. (BL 3.4)

3.5.3.1 Staff Secretary’s Role – The Board may authorize the President of the University to hire a professional Staff Board Secretary. In such case, the professional Staff Board Secretary shall serve as a member of the University President’s staff, rather than as a member of the Board. He or she shall be accountable to both the President of the University and Chair of the Board. The President of the University shall nominate the individual for approval by the Board. The term of service shall be at the pleasure of the President and the Chair. The duties shall include the keeping of all important governance documents including a full and true report of all meetings of the Board of Trustees, have charge of all of the books and documents pertaining to his or her office and assisting the President of the University and Chair of the Board in assuring that the Board of Trustees’ business is conducted effectively. (See BL 3.4.1)

3.6 Board Meetings. Board events often will include time for guest presenters, interaction with staff, board training, committee meetings, social activities, (i.e. spring board meeting faculty, administrator reception) fellowship, plenary and executive business sessions.

Policies that are intended to improve the process for planning and running meetings follow:

3.6.1. Regular Meetings –

- Board meeting dates shall be set at least two years in advance. (BL 4.1) (See Trustee Portal for dates)
 - The fall meeting shall be the annual organizational meeting of the board and include elections, the annual report of the president, a review of the performance of the president and the organization for the past year, a review of the current year budget and forecast, the establishment of the revenue budget parameters for the following fiscal year and designation of committee assignments for the coming year.
 - The Spring meeting shall include presentation and approval of the operating budget for the next fiscal year, an in-depth focus on board development, university strategic priorities and goals.
 - Special meetings of the Board can be called according to the Bylaws Article 4.2.

3.6.2. Agenda, Reports & Materials - The President and or designees shall work with the Chair and committee chairs in developing agendas, background materials for the Board and committees, monitoring reports and recommendations for changes in the BPM. Previous minutes shall be distributed or posted on the Board's trustee portal as soon as they are available. All such documents shall be delivered at least two weeks in advance of Board meetings. In preparation for discussions Trustees are expected to read all advance reports.

3.6.3 Minutes - Minutes and the updated BPM shall be placed on the Board's trustee portal as soon as available following the meeting.

3.6.4 Regular Board meetings shall be held two times a year as established by the board.

3.6.5 Board Meeting Evaluation – The Board Staff Secretary in collaboration with the Board Chair and the President shall distribute a meeting evaluation survey for completion by each trustee within five business days following a Board meeting. In order to advise on how meetings can be improved over time the Executive Committee shall review, analyze, and summarize the survey results.

3.7 Standing Committees. Committees help the Board be effective and efficient. They speak "to the Board" and not "for the Board."

- Authority - Unless authorized by the whole Board, a committee may not exercise authority that is reserved to the whole Board by the Bylaws or by the laws of California governing not-for-profit organizations. Committees are not created to advise or exercise authority over staff.

- Membership and Term of Service - Once committees are created by the Board, the Board Chair, in consultation with the President, shall recommend to the Executive Committee the roster of committee members and chairs for one-year terms for the Fall meeting. Committee terms to begin at the adjournment of the Fall meeting subject to Board affirmation (which can be solicited by electronic means).
 - Ex-Officio Members - The Board Chair and the President are *ex officio* members of all committees except the Audit and Compliance Committee.
 - Resource Persons - The President shall assign at least one senior executive staff to assist the committee chair with creation of the committee agenda and to facilitate the work of each committee meeting.
 - Minutes - Committee minutes of each committee meeting shall be given to the Staff Board Secretary or designee.
 - Committee Reports & Action Items - Committee minutes and recommended changes to the BPM will be presented to the plenary or executive sessions of the Board.
- 3.7.1 **Academic Affairs** - The Academic Affairs Committee shall develop and recommend to the Board those policies related to: academic programs, academic partnership agreements, educational effectiveness, academic accreditation standards, and personnel policies as they affect faculty and other instructional staff. The committee will set these policies in the context of PLNU's mission, vision and strategic priorities and based on knowledge about the changing environment of higher education.
- 3.7.2 **Financial Affairs** – This committee is charged to learn about, help determine and then monitor key metrics to achieve the mission and make appropriate governance level policy recommendations to the board, including changes to this BPM, in these areas: sound financial structure; fiscal operations; budgets; audit and compliance; financial aid; long-range financial plans including long term debt; risk management; buildings and grounds.
- 3.7.3 **Student Development** - The purpose of the Student Development committee is to ensure a robust co-curricular Student program appropriate to the mission of the university and the needs of students enrolled in PLNU programs.
- 3.7.4 **Spiritual Development** - This committee is charged to learn about, help determine and then monitor key metrics to achieve the mission, and make appropriate governance-level policy recommendations to the board in these areas: programs and policies that foster vital Christianity in a Wesleyan tradition; allocation of resources adequate for comprehensive spiritual development activities including the chapel program, pastoral care, missions and service; and related matters.
- 3.7.5 **External Relations** - This committee is charged to learn about, help determine and monitor key metrics to achieve the mission, and make appropriate governance-level policy recommendations to the board in these areas: overall fundraising strategies; undergraduate admissions; graduate admissions; alumni relations; marketing and creative services; public affairs; external program development and revenue generation.

3.7.6 **Board Membership** - This committee is charged to learn about, help determine and then monitor key metrics to achieve the mission, and make appropriate governance-level policy recommendations to the board in these areas: qualification, screening, orientation and nomination of prospective trustees; nomination of officers; orientation and training of new trustees; evaluation of board structure and processes; evaluation and improvement of the contribution of individual trustees and officers; and Board Policy Manual and Bylaw changes related to board membership. The committee will also develop a roster of potential trustees based on the Board profile, (**Attachment D**).

3.7.6.1 **Board Membership Committee Composition**

The Board Membership Committee (BMC) will generally be composed of six (6) members of the Board of Trustees and shall include the Board Chair and the University President as ex-officio members of the BMC.

Members, other than the Committee's ex-officio members, may not serve on the BMC during the year in which their re-nomination will be considered.

3.7.6.2 **Board Membership Committee Term of Office**

The term of service on the BMC will be for two (2) consecutive years, except for ex-officio members. Re-elected Board members are eligible to serve again on the BMC. Membership on the BMC will begin following the Spring meeting of the Board of Trustees.

3.7.6.3 **Board Prospect Pool Limitations**

Prospects not nominated for board membership shall remain in the prospect pool for a period of two years following their first consideration as a nominee

3.7.6.4 **Board Prospect Qualification Process**

Solicit names and contact info of prospects (including sitting board members who qualify to be in the prospect pool) based on current board member gap analysis and preferred attributes:

- A. Districts and other organizations - max of two names per org
- B. Individuals - max of one name

Upon receipt of prospect name and contact info:

- A. Prospect and qualified sitting board member receives:

- 1. Invitation letter describing # of names received and # of positions available and request to declare further interest via completion of the enclosed packet by a specific date.

- 2. Packet includes request for resume'/vita, responses to questions related to the board member profile, substantive writing sample, requests for references, authorization for background check, etc.

Upon receipt of prospect packet staff review of information occurs to insure completion of packet and, if necessary, follow up with request for further information

to complete packet. Completed packets are reviewed by the President and Staff Secretary of the Board for reference checks, grading/scoring of writing samples, initial interview of prospects for qualification, etc. Summary of follow up information for each prospect forwarded to BMC for consideration and ranking and potential nomination. BMC meets to determine qualified nominees based on wide variety of accumulated and reviewed information rather than just the information on a form. Those not nominated to the board receive follow up appropriate contact or letter informing them of their status. Sitting board members will be contacted by the chair of the BMC. New prospects will receive appropriate communication. Those nominated to the board receive follow up contact indicating their status. Those elected to the board informed of their election, board orientation, date of board meeting, etc.

- 3.7.7 **Audit and Compliance** - This committee is charged to oversee the University's internal accounting controls; recommend external auditors for Board approval; review the external auditors' annual audit plan; review the annual report, management letter, and the results of the external audit.

The committee, or its designee, shall have an annual private conversation with the auditor and, as appropriate, legal counsel, all of whom may be contacted by the committee chair directly. In addition, the committee shall be responsible for oversight of regulatory compliance, policies and practices regarding corporate responsibility and ethics, including compliance with all Federal, state, and local laws governing tax-exempt universities.

The Audit and Compliance Committee shall be comprised of one elected Trustee and two or three other qualified members.

- 3.7.8 **Executive Committee** –

Membership - This committee shall comprise the Chair, University President, Board officers, President of the PLNU Foundation and the Chairs of the other committees in Section 3.7 except the Audit and Compliance Committee.

Responsibilities - Except for the actions enumerated below in 3.7.8.1, it shall have the authority to act for the Board on all matters so long as the Executive Committee determines that it would be imprudent to wait for the next Board meeting to take such action.

Reporting - With respect to any action taken on behalf of the Board, (1) the Executive Committee is required to report the action to the Board within 5 business days and (2) the minutes of each meeting will be on the next regular Board meeting agenda for review and approval.

Conflict of Interest Review - The committee shall also oversee written conflict of interest policies and procedures of trustees, officers and appropriate employees.

Authorization of Presidential Performance Task Force – The Executive Committee shall authorize the Board Chair, Vice Chair and Chair of the Board Membership Committee to fulfill the requirements of BPM section 4.5.

Termination of Direct Reports to the President - As required by the Bylaws Article 5.2(j), and when initiated by the President, consult regarding termination of faculty and staff who report directly to him or her.

(This is already a requirement in Bylaws Article 5.2(k).)

3.7.8.1 **Decision Making Limitations** - The Executive Committee is **not** authorized to make decisions with respect to the following matters:

- a. Dissolve the corporation
- b. Hire or fire the chief executive
- c. Enter into or approve contracts or unbudgeted expenditures exceeding 2% of the expenditure budget.
- d. Adopt or eliminate major programs
- e. Amend the Articles or Bylaws
- f. Change any policies in this BPM.

3.7.9 **Advisory Groups, Committees, and Task Forces** - To increase its knowledge base and depth of available expertise, the Board supports the use of groups, councils, and task forces of qualified advisers. The term "task force" refers to any group appointed by the President or the Chair to assist him or her in carrying out various time-limited goals and responsibilities. Although either the Chair or the President may form a task force, he or she shall notify the Board of its formation, purpose and membership within 10 days of its formation. The President may assign a senior staff member to serve advisory groups. Board established advisory groups, if any, are listed in **Attachment E**.

3.7.10 **Honorary Degrees** – This committee, shall include the President, Chair of the Board, the Provost, Chair of Academic Affairs Committee and two members of the faculty members appointed by the President, who shall chair the task force, for such time as he/she may determine. Recommendations, as appropriate given PLNU’s practice of granting few honorary degrees, will be presented for approval to the Board.. (**See Attachment F, Honorary Degree Policy**)

3.7.11 **Board Members' Code of Conduct**

- Conflict of Interest - The Board expects of itself and its members ethical and businesslike conduct. Trustees must maintain their duty to the university as a priority.
 - In the event that decisions are required by the Board that conflict with financial relationships, with family members, business, advocacy or interest groups, including membership of boards and staff, trustees must reveal and disclose those relationships and base their decisions on the best interests of the University. Trustees must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or any conduct of private business or personal services between any trustee and the organization except as procedurally

controlled to assure openness, competitive opportunity, and equal access to "inside" information.

- Trustees will take no private action that might compromise the board or administration and will respect the confidentiality of privileged information.
 - In the event of a real or potential conflict of interest Trustees will recuse themselves from the discussion, decision and be excused from the meeting during the related discussion or action. Trustees shall abide and respect decisions of the board, while retaining the right to seek changes in such decisions through ethical and constructive channels.
 - Trustees will encourage and respect the free expression of opinion by fellow board members, including statements regarding the President's and staff's performance. Trustees will participate in board discussions in an open, honest and respectful manner, honoring differences regarding opinion or perspective.
 - **Communications Restrictions.** To preserve our image in the community, the President and any designee are the only spokespersons authorized to speak for the institution and the Chair and President the only spokespersons for the Board. None of the spokespersons may represent the organization in any way inconsistent with the policies in this BPM; make statements that may be perceived as supporting a political party or platform; author an article, book, or publication that includes classified or sensitive information about the institution; or engage in lobbying activities at any governmental level on behalf of PLNU without prior permission from the Board or from University administration.
- Each trustee, including nominees prior to their election, is expected to complete and sign:
 - An Annual Affirmation (**See Attachment G**)
 - A Conflict of Interest Statement (**See Attachment H**), which covers, *inter alia*, Board conflicts of interest, in accordance with the laws of the State of California governing not-for-profit organizations, and other Board-approved expectations of trustees.

3.7.12 **Board Finances** - Expenses incurred to fulfill Board activities normally can be an individual tax deduction if not reimbursed by his or her employer; however, a trustee may submit for reimbursement any approved expenses incurred to attend Board or committee or special task force meetings.

3.7.13 **Board Member Philanthropy.** Every trustee is expected to be a donor of record during each fiscal year.

Part 4. Board – President/Faculty/Staff Relationship

- 4.1 Delegation to the President** - While the Board's job is generally confined to establishing high-level policies, implementation and subsidiary policy development is delegated to the President.
- 4.1.1 All Board authority delegated to faculty or staff is delegated through the President, so that all authority and accountability of faculty and staff -- as far as the Board is concerned -- is considered to be the authority and accountability of the President.
- 4.1.2 Organizational Essentials policies (BPM Part II) direct the President to achieve certain results. Executive Parameters policies (BPM Part V) define the acceptable boundaries of prudence and ethics within which the President is expected to operate. The President is authorized to establish all further policies, make all decisions, take all actions, and develop all activities – directly, by delegation, or in collaboration with faculty and staff -- as long as they are not inconsistent with any reasonable interpretation of the Board's policies in this BPM.
- 4.1.3. The Board may change its policies during any meeting, thereby shifting the boundary between Board and President. Consequently, the Board may change the latitude of choice given to the President, but so long as any particular delegation is in place, the Board and its members will respect and support the President's actions. This does not prevent the Board from obtaining information in the delegated areas.
- 4.1.4 Except when a person or committee has been authorized by the Board to incur some amount of staff cost for study of an issue, no trustee, officer, or committee has authority over the President. Only officers or committee chairs may request information that is not readily available, but if such request -- in the President's judgment -- requires a material amount of staff time or funds or is disruptive, it may be refused until the Chair determines that the work is important for Board work.
- 4.2 President's Job Description** - As the Board's single official link to the operating organization, the President's performance will be considered to be synonymous with organizational performance as a whole. Consequently, the President's job contributions can be stated as performance in two areas: (a) organizational accomplishment of the major organizational goals in Section 2.8, and (b) organization operations within the boundaries of prudence and ethics established in Board policies on Executive Parameters in Part 5.
- 4.3 Communications and Counsel to the Board** - With respect to providing information and counsel to the Board, the President shall keep the Board informed about matters essential to carrying out its policy duties. Accordingly, the President shall:

- 4.3.1 Inform the Board of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- 4.3.2 Relate to the Board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the Board.
- 4.3.3 Report immediately any actual or anticipated material noncompliance with a policy of the Board, along with suggested modifications for the future.

4.4 Monitoring Executive Performance -

The purpose of monitoring is to determine the degree to which the mission is being accomplished and Board policies are being fulfilled. Information that does not do this shall not be considered monitoring. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to affect the future rather than to review the past. A given policy may be monitored in one or more of three ways:

- 4.4.1 Direct Board inspection: Discovery of compliance information by a trustee, a committee or the Board as a whole. This includes Board inspection of documents, activities, or circumstances that allows a "prudent person" test of policy compliance.
- 4.4.2 External report: Discovery of compliance information by a disinterested, external person or firm who is selected by and reports directly to the Board. Such reports must assess executive performance only against legal requirements or policies of the Board, with suggestions from the external party as to how the organization can improve itself.
- 4.4.3 President's Reports: The President shall help the Board determine what tracking data are possible to measure progress in achieving the mission and goals and conforming with Board policies. Currently the Board requests regular monitoring reports, in addition to any specific reports requested in other sections of the BPM:
 - 4.4.3.1 Periodically: Informal President reports on achievements, problems, and Board notices.
 - 4.4.3.2 Semi-Annually (A) "Dash board" reports showing agreed upon key indicators that track designated financial and program results over a three-year period in graphic form; (B) Expense and revenue against budget reports with comparison to previous year and revised budget projections for current year; (C) Balance sheet; (D) Cash flow projections; (E) Enrollment statistics. (F) Other summary reports as the Board may define in this BPM.
 - 4.4.3.4 Annual: With respect to that year's audited financial reports to include: (A) End of year expense and revenue against budget; (B) Balance sheet; (C) Other reports that the Board may define in this BPM.

4.5 Annual Performance Review -

- Evaluation Task Force - Under the auspices of the Executive Committee a performance evaluation task force, comprised of the Board Chair, Vice Chair, and the Chair of the Board Membership Committee shall formally evaluate the President annually. The Board Chair shall serve as Chair of the task force.
- Evaluation Criteria The evaluation will be based on achievement of the President's goals, University performance and any other specific goals the Board and President have agreed upon in advance. The President will prepare a written self-assessment for the evaluation.
- Evaluation Process
 - By August 15 the President will provide the Task Force self-assessment and performance materials.
 - By October 1 The Task Force will conduct the annual performance review with the President, except during the final year of the President's contract, the task force shall complete a performance review by the Fall meeting that includes a "360 degree" review, including feedback from Trustees, University employees, and individuals outside the organization who have appropriate knowledge of the President's work.
 - At the Fall board meeting the Task Force will present the findings of the annual performance review.
 - Prior to the Spring board meeting the Task Force will recommend to the Executive Committee the President's Compensation.
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4.6 Employee Compensation - The President is expected to hire, train, motivate, compensate, and terminate faculty and staff in a professional and caring fashion.

- Faculty salaries will be targeted at the 80th percentile of Carnegie IIB institutions.
- Staff salaries will be set according to a positional competitive analysis conducted by the Human Resource Office and based on local or national comparative data appropriate to the position. Staff salaries are set across a range of quadrants according to expertise and experience.
- Cabinet salaries will be targeted at the 60th percentile based on the CUPA-HR board adopted benchmark and will be established annually by the president.
- President's salary will be targeted at the 60th percentile based on the CUPA-HR board adopted benchmark as specified in BPM 4.5.
- Employee benefits will be competitive with the local and national market in order to attract and retain qualified faculty and staff.
- The President shall (A) develop and maintain employee staff and faculty manuals that are reviewed periodically by competent legal counsel and (B) provide copies in the Trustee Portal.

4.7 Faculty and Staff Treatment - With respect to treatment of faculty and staff, the President should build a climate of trust through appropriate collegiality and finalize

institutional policies that are not inconsistent with board documents, in consultation with competent legal counsel.

4.8 Presidential Transitions - At any time, the Chair may appoint a transition task force to explore options and propose strategies and Board policies related to succession and transition of the President and to facilitate any special needs of the outgoing and incoming President and their families.

The incumbent President shall give the Board, if possible, a three month notice of intent to leave that office. Any need for an acting or interim President will be considered and determined by the Board, upon recommendation of the Executive Committee.

The Board Chair is authorized, as soon as a vacancy or scheduled departure of the President is known, to appoint a search committee and committee chair. The search committee may include people not on the Board. The committee shall within 30 days recommend for Board approval a position announcement, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee shall present two qualified candidates in preferred order to the full membership of the Board for selection.

The Executive Committee shall, at the time of selection, negotiate the new President's compensation and service agreement and give both the incumbent and successor President any special performance priorities from the Board.

After he/she leaves the organization the outgoing President may be given a paid role, but only with the approval of the new President in consultation with the officers and the approval of the Board.

4.9 Board Document Access - The President shall develop and maintain a web based trustee portal for all key Board documents.

Part 5. Executive Parameters

The purpose of Part 5 (with its several sections) is to detail those Executive Parameters that will guide the President, faculty and the staff as they accomplish the University's mission. These parameters are intended to free the President and others on campus to make timely decisions without undo Board directives. For simplicity of use, we have numbered the major sections below according to the major functions of our institution and our committee structure, understanding that we may choose to add, merge or delete such sections in the future.

Overall, the Board expects that the President will do nothing that is illegal, unethical, or imprudent. Beyond these very general parameters, the Board details its Executive Parameters in the major sections that follow.

Section 5. Finance Parameters

- 5.1 Finance General.** The President must ensure that the financial integrity of the organization is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and non-financial assets are appropriately protected.
- 5.2 Fiscal Operations & Budget.** The institutional budget shall reflect the mission, goals, and strategic plan of PLNU. Accordingly, each year the president shall develop a budget which:
- 5.2.1 Is presented to the Board for approval in advance of the start of each fiscal year.
 - 5.2.2 Identifies and defines major planning assumptions, including but not limited to enrollment, tuition, fees, and salary increases.
 - 5.2.3 Does not result in any planned operating deficit.
 - 5.2.4 Includes a contingency – with a specific target to be established annually by the Board – to allow for unexpected variations in revenues and expenses.
 - 5.2.5 Includes a capital reserve – with a specific target to be established by the Board – to be used for longer-term capital replacements and new capital investments.
 - 5.2.6 In addition, the President will prepare and present to the board each year a multi-year budget projection that forecasts significant elements of revenue and expenses for the purpose of anticipating the trajectory of the university’s finances.
- 5.3 Financial Controls.** The President must exercise care in the accounting for and protecting the financial assets of the organization. To that end, the President is expected to incorporate generally accepted principles of accounting and internal controls in the financial systems that are employed in the organization. In addition, the President may not:
- 5.3.1 Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor’s standards.
 - 5.3.2 Approve an unbudgeted expenditure or commitment greater than 1% of the approved fiscal year budgeted expenditures..
 - 5.3.3 Approve an unbudgeted expenditure or commitment between 1% and 2% of the approved fiscal year budgeted expenditures without approval of the Finance Committee and approval of the Executive Committee.
 - 5.3.4 Approve an unbudgeted expenditure or commitment greater than 2% of the approved fiscal year budgeted expenditures without the approval of the Board.

- 5.4 Asset Protection.** The President may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the President may not:
- 5.4.1 Fail to insure against theft and casualty losses to facilities and equipment of at least 90 percent of replacement value, and against liability losses to trustees, employees, or the organization itself beyond the minimally acceptable prudent level.
 - 5.4.2 Allow non-bonded/uninsured personnel access to material amounts of funds.
 - 5.4.3 Acquire, encumber, or dispose of real property greater than 1% of the approved fiscal year budgeted expenditures .
 - 5.4.4 Acquire, encumber, or dispose of real property between 1% and 2% of the approved fiscal year budgeted expenditures without Finance Committee approval and approval of the Executive Committee.
 - 5.4.5 Acquire, encumber, or dispose of real property greater than 2% of the approved fiscal year budgeted expenditures without Board approval.
- 5.5 Financial Aid.** The President shall develop and annually review and revise (as necessary) a financially-sustainable program of institutional scholarships and grants that assists the university in meeting its enrollment targets and in retaining students.
- 5.6 Personnel.** The President shall exercise care in the hiring and retention of university employees and shall ensure that:
- 5.6.1 A compensation structure (salaries and benefits) exists that assists in the hiring and retention of qualified employees
 - 5.6.2 The university's personnel-related policies and practices comply with all applicable laws.
- 5.7 Buildings and Grounds.** The President shall ensure that the university's buildings and grounds are adequately maintained and periodically renovated or replaced in order to maximize their useable life, functionality and appearance.
- 5.8 Technology.** The President shall ensure that the university's strategic plan and operating budget related to technology is sufficient and appropriate to support the academic and administrative needs of the university.
- 5.9 Investment Principles.** The President shall ensure that prudent management principles are followed with respect to the holding and investment of operating capital (cash and investments). Care should be taken to ensure that excessive cash balances are not maintained at any financial institution, and that any investments in securities

are managed in accordance with PLNU's "Investment Policy for Short & Intermediate Term Investments" dated March 1, 2012.

Section 6. Academic Parameters

In general, the President is expected to establish, maintain, and eliminate academic programs and services as will best fulfill the University's mission and achieve institutional goals effectively and efficiently. The President will also ensure that the university's academic programs and faculty employment policies undergo regular review to maintain excellence in the disciplines, responsiveness to the needs of the communities that we serve and address emerging trends in the higher education environment.

- 6.1 Higher Education Context:** The Academic Affairs Committee will receive an annual update from the President or Provost on the state of higher education and accreditation to identify which changes or trends might positively or negatively affect PLNU's core educational mission. The Committee will report to the full Board of Trustees on the most significant issues that will include some potential ways that PLNU can respond to these issues.
- 6.2 Faculty:** The Academic Affairs Committee shall ensure that all faculty personnel policies as they relate to hiring, continued employment, promotion and tenure should include strong alignment criteria with the Christian mission, vision and core values of the University and demonstrate reasonable consistency with current and established standards within higher education. The Academic Affairs Committee will annually recommend to the Board of Trustees ratification of the new full-time faculty hires. Furthermore, the Committee will recommend for approval to the Board of Trustees faculty promotion, tenure, sabbatical and emeritus recommendations received from the President.
- 6.3** The Academic Affairs Committee will ensure that the University is providing adequate faculty development and enrichment opportunities as well as resourcing the academic programs in support of fulfilling the mission and achieving the vision of the University.
- 6.4** The Academic Affairs Committee will perform a periodic review of the faculty handbook to assure that it is in compliance with the mission of the University, the Board Policy Manual and best university practices.
- 6.5** The Academic Affairs Committee expects that the University curriculum and approach to teaching will be governed by high academic standards and deeply reflect and connect with the University's Christian mission, vision and core values. Because disciplinary or guild standards are rooted in secular philosophy and belief, it is expected that they would be taught with the appropriate care and critique.

- 6.6** The Academic Affairs Committee expects that the primary responsibility for overseeing the content, quality and effectiveness of the curriculum lies with the Faculty under the leadership of the President and Chief Academic Officer. Content includes elements of breadth, depth, currency and relevance to the degree program. Quality includes alignment of content and learning outcomes with appropriate disciplinary and/or guild standards as well as the utilization of appropriate pedagogies that promote student engagement and learning. Effectiveness includes regular assessment of student learning to determine if our teaching methods and practices are helping students to achieve the learning outcomes expected from a high quality educational experience.
- 6.6.1 Teaching location and modes of delivery are not under the purview of the faculty responsibilities of curricular content, quality and effectiveness.
- 6.6.2 The President is given primary authority for the financial and administrative implications of academic and curricular programming. Decisions regarding teaching locations and mode of delivery are delegated to the President. The President and administration will work with the faculty to ensure curricular quality and financial viability of the academic programming.
- 6.7** The University maintains a six-year cycle for program reviews. The Academic Affairs Committee will annually review all recently completed academic program reviews. The program reviews contain information about the alignment of the program with institutional mission, student learning outcomes, program efficiencies and curricular structure. These documents will assist the Academic Affairs Committee in understanding the strengths, weaknesses, goals and action plans of the University's academic programs. The Committee will report to the full Board of Trustees any findings that are relevant for Board decision making.
- 6.8 Academic Programs:** All new programs which require WASC approval for their formation must be brought to the Academic Affairs Committee and approved by the Board of Trustees.
- 6.9** The Academic Affairs Committee, through regular review of the annual University budgets, will ensure that the academic programs of the University are adequately resourced. The committee will task the administration to see that resource allocation to curricular programs shall be assessed and adjusted regularly with respect to program size, quality, and strategic priorities.
- 6.10** It is an expectation of the Academic Affairs Committee that new academic programs requiring additional financial resources should be projected to make a net financial contribution (as defined by the CFO) to the University within three years. The Academic Affairs Committee will be kept apprised of the financial status of all new academic programs in their first five years of existence.

- 6.11** It is the expectation of the Academic Affairs Committee that University academic programs are financially viable. The Administrative Cabinet of the University shall create benchmarks for financial viability. Any undergraduate major or graduate program which falls below the benchmarks for financial viability for three consecutive years shall undergo a mandated review to be completed prior to the fall board meeting following the third consecutive year. This review will include a written report with recommendations to the Administrative Cabinet by a task force appointed by the President. The findings from that review will be presented to the Academic Affairs Committee.
- 6.12** It is the expectation of the Academic Affairs Committee that any program to be conducted in partnership with another organization shall demonstrate alignment with the mission and strategic priorities of the University, and undergo a successful review by PLNU's legal counsel before being formalized. The Academic Affairs Committee will be updated annually on the progress of any academic partnership with particular attention to mission alignment and student outcomes.

Section 7. External Relations Parameters

The President is responsible to see that important and substantive issues and proposals emanating from the Office of the Vice President for External Relations are consistent with the Mission and Vision of the University. Additionally, the President will ensure that the various efforts to represent the organization to the public (Marketing & Creative Services, Fundraising, Admissions, Alumni Relations, Public Affairs) shall be integrated sufficiently so that the University's brand/positioning in the external world is positive and effective so that the present and future operation of the University is sustained.

- 7.1 Admissions Strategy.** The President shall ensure that the strategies for undergraduate and graduate recruitment and admissions are effective to fulfill the annual enrollment goals of the University.
- 7.2 Fundraising Strategy.** The President shall develop and maintain a fundraising plan which, as a minimum, includes direct mail, major donor initiatives, planned giving, and web-based giving. Such plan shall be provided to trustees for review each March, along with results for each initiative.
- 7.2.1 Donor Bill of Rights.** The President shall develop and provide the latest version to the Board, a Donor Bill of Rights, which shall include, *inter alia*, the following restrictions, i.e., the President may not allow the names of donors to be revealed outside the organization; represent to a donor that an action will be taken that violates Board policies; fail to honor an enforceable restriction from a donor; or fail to confirm receipt of a donor's contribution and send him/her an annual summary of donations. The President shall also ensure that we attempt to honor donors' requests and statements of desire as to how their donations are used so long as applicable circumstances allow, provided that those donors are adequately informed that their

- requests and statements of desire do not constitute binding obligations on the organization, and that the organization retains ultimate discretion and control over use of their donations.
- 7.2.2 **Training.** The President shall ensure that appropriate members of the Board and staff receive annual training in new fundraising techniques and shall budget for such expenses.
- 7.3 **Governmental Relations.** The President shall communicate to the Board as needed regarding state and federal legislation that may impact the University, its students and employees. The President may request that members of the Board contact their elected representatives on legislative or policy matters that are deemed of importance to the University.
- 7.4 **Public Affairs.** The President shall exercise care in representing that we are a charitable, mission-centered, listening organization and develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.
- 7.5 **Marketing and Creative Services Communications Plan.** The President shall develop and maintain a communications plan, shared with the Board as appropriate, that describes how the organization will communicate with its various stakeholders. The plan shall identify the stakeholder segments, how the organization will both speak and listen to each segment, and who is allowed to speak for the organization.
- 7.6 **Alumni Relations.** The President shall ensure that an effective alumni relations program is developed to maintain relationships with all University alumni in support of the future of the institution.
- 7.7 **Revenue Generation -** The committee shall review updates on planning for revenue generation that will support the mission and vision of the university.

Section 8. Spiritual Development

- 8.1 The President shall determine policies and programs which foster an environment of vital Christianity in the evangelical and Wesleyan tradition.
- 8.2 The President will see that the Chapel schedule will be reviewed annually to determine the effective expression of the core values of PLNU. This would include but not be limited to the assessment of adequate speakers/topics with Wesleyan viewpoints, diverse backgrounds and/or the ability to articulate the faith life and practice of the community.

- 8.3 The President will ensure that program learning outcomes will be clearly stated and assessment materials provided for review.
- 8.4 Program areas will report to the President percentage levels of student engagement of overall student body. Any programs engaging less than 10% of the student body for three consecutive years shall be reviewed with a report from the responsible Director of area including assessment data.
- 8.5 The President will ensure that provision for pastoral care for the undergraduate and graduate student population shall be provided as needed.

Section 9. Student Development

- 9.1 The President will ensure that the Office of Student Development will affirm the value and role of the co-curricular to the student experience and mission of PLNU.
- 9.2 The President will ensure effective policies and programs to maximize student engagement and retention
- 9.3 The President will ensure that Student Development administration develops and maintains student programs based on the best practices of Student Affairs and the standards maintained by the Council on Academic Standards. Student Development administrative areas include: student engagement and retention, student success and wellness, intercollegiate athletics, residential life and student conduct, and department of public safety.
- 9.4 The President will ensure adequate budget for maintaining a Student Development program consistent with the mission, size, and location of the university's main campus-based undergraduate programs.

Section 10. Audit and Compliance.

The President shall take the necessary steps to ensure that the integrity of our systems and procedures comply with all pertinent legal, regulatory, and professional requirements and to report to the Board any material variations or violations.

- 10.1 **Annual External Audit.** An independent auditor will be hired and supervised by the Audit and Compliance Committee, after a careful selection and annual evaluation. The President shall work with the auditor to gain a clean opinion of the annual financial statements and respond in detail to items in the auditor's management letter concerning opportunities to improve systems and procedures related to financial controls.
- 10.2 **Internal Compliance.** The President shall meet all requirements for complying with

federal, state, or local laws and regulations. The President shall maintain a list of compliance actions and reports that are required of a nonprofit organization, or recommended by the IRS as reflected in questions contained in the Form 990 report, and periodically submit the list for inspection by the Audit and Compliance Committee. The President shall insure periodic legal and compliance review of pertinent laws, regulations and contracts.