

The Board Policy Manual (the "Manual") gives trustees an opportunity to define and understand the way the Board will operate in order to:

provide good governance

Board's governance committee, whether or not receiving a reference from trustees, should review the Manual at least once each calendar year.

2.1 Statement of University mission and vision

2.1.1 Mission Statement

Andrews University, a distinctive Seventh-day Adventist Christian institution, transforms its students by educating them to seek knowledge and affirm faith in order to change the world.

2.1.2 Vision Statement

Andrews University, a distinctive Seventh-day Adventist Christian institution, stands at the center of Adventist intellectual life as it demonstrates the transformative power of biblical faith and learning, excellence through diversity, collaborative scholarship, leadership development, and generous service. As such, Andrews University aspires to be a great university, which will be the Seventh-day Adventist university of choice for students, parents, and employees alike, as it educates men and women who will demonstrate their biblical faith by utilizing scholarly competencies and leadership skills to transform local and global communities.

2.2 Statement of Board goals/priorities

Trustees seek to govern a financially sound university that fulfills its mission. The University should remain an internationally and domestically diverse institution, which complements and advances the mission of the Seventh-day Adventist Church. Trustees are to bear in mind the institution's priorities in their deliberations and are to secure human and financial resources that enable the University's long-term stability and growth.

3.1 Explanation of Board structure

The Board is comprised of up to 41 trustees. Up to 20 trustees are officials of the Seventh-day Adventist Church; and up to another 20 trustees are individuals not primarily employed by the Seventh-day Adventist Church and representing a wide range of professional and business interests relevant to the mission of the University, and that are Seventh-day Adventist members in regular standing. The sole trustee who is an employee of the University is the University's president. Additional details of the structure of the Board of Trustees can be found in the university's bylaws.

3.2 Explanation of processes for Board meetings

The Board typically meets three times per year. The chair, vice chair(s), and secretary create the agenda. Any trustee who wishes to place a matter on the agenda

should contact one of the Board officers. Materials for reading by the trustees will be sent at least 7 days before the relevant committee takes place. Minutes from the Board and its sub-committees will be published within 7 days of the completion of the relevant meeting.

3.3 Statement of Board's philosophy of governance

The Board shall emphasize forward-think

Voted

Board Policies Manual and other items decided by that Board. The Executive Committee will also deal with issues related to the employment and evaluation of the President.

- 3.6.3.6 Finance and Operations Committee. The Board shall establish a University Finance & Operations Committee consisting of at least seven (7) trustees. This committee shall serve as a strategic budgetary and financial planning committee with authority to mak strategic

3.7 Conduct of Trustees

- 3.7.1 The Board expects of itself, and each trustee, ethical and professional conduct. Trustees must understand, engage in, and support the mission of the Seventh-day Adventist Church.
- 3.7.2 Trustees are expected to prepare for Board meetings, to attend Board meetings and other Board-related obligations, and to champion the University in the fulfillment of its mission. Trustees must at all times be loyal to the interests of Andrews University.
- 3.7.3 Every trustee shall be a donor of record in each calendar year, giving in accordance with the trustee's means.
- 3.7.4 Trustees must avoid any conflict of interest with respect to their fiduciary responsibility and disclose conflicts as they arise. There must be no self-dealing or any conduct of private business or personal services between any trustee and Andrews University except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information. Each trustee must annually complete and sign a Conflict of Interest statement.

3.8 Any Board organizational item that is not addressed specifically in this Manual shall be left to the Board chair to determine.

4.1 Explanation of how Board relates to the president

4.1.1 Role of president

- 4.1.1.1 The president is the chief executive officer. The president is tasked with leading the University so that it carries out the biblical strategic vision of the Board. In general, the president supervises and controls the business and affairs of the University, including all its academic functions. The president accomplishes the will of the Board through implementation of Board-approved policies.
- 4.1.1.2 The president shall keep the Board informed about matters essential to carrying out trustees' duties. The President shall:
 - (a) Inform the Board of relevant trends, anticipated adverse media coverage, and material external and internal changes,

accountable to the president (often through other administrators/supervisors). Trustees do not direct the work of University employees other than the president.

This section contains the policies which the trustees have provided to guide or limit the administrative authority of the president and the University staff.

- 5.1 General Policies of the President and the University Staff
 - 5.1.1 The president shall not be held liable for any act which is illegal or imprudent.
- 5.2 Student Life policies
 - 5.2.1 The president

of \$2.5 million, increase cash by \$2.5 million, spend any net increase in net assets for capital expenditures, reduce debt by a minimum of \$1 million, and move toward achieving faculty and staff remuneration levels at the 40th percentile of comparable universities. The annual University budget shall provide for an operational gain of a minimum of \$2.5 million and should be based on no more than 98% of current enrollment.

5.5.7 Under the supervision of the president, the treasurer and the chief academic officer are jointly responsible to achieve maximum academic financial efficiency. This will include ensuring that current and new financial policies (such as program offerings, class size, teacher load, compensation for administrative duties as chair or program director, use of student labor, adjunct faculty compensation, etc.) are carefully followed. Under the supervision of the president, the treasurer and the chief academic officer are jointly responsible to create and implement new financial policies in areas where none currently exist or modify existing policies to achieve maximum academic financial efficiency.

5.6 Investment policies

5.6.1 The goal is to have an Endowment Investment portfolio in which 85% of funds are invested in equities and 15% in bonds/fixed income investments. The allocation of the investments should be reviewed periodically and if necessary, rebalancing should be done when the investment percentages are +/-5% of the goal, or at the discretion of the investment committee

5.6.2 No more than 5 percent of the investments in equities shall be in REITs and hedge funds.

5.6.3 Distribution of endowment fund proceeds is limited to a maximum of 5 percent of endowment fund principal calculated on a 3-year average.

5.6.4 Investment objective is to obtain investment returns of 9 percent over a 50+ year time horizon. The university plans for long term investment of the Endowment Assets.

5.7 Development policies

5.7.1 Any proposed development project, facility, equipment or program for which funding is proposed by donors must further the University's mission.

5.7.2 The minimum amount necessary to activate a new endowment shall be \$15,000.

5.7.3 The first \$25,000 of an unrestricted cash bequest shall be committed to the unrestricted fund. The remainder of an unrestricted bequest, provided that the bequest is less than \$250,000, shall be allocated by the President in consultation with senior administration. All allocations by the President shall be reported to the Andrews University Board of Trustees on an annual basis. The allocation of any bequest of \$250,000 or more shall be voted by the

Andrews University Board of Trustees upon the recommendation of the Board's committee on University Finance and Operations.

5.7.4 The Board and the president reserve the right to accept (or, in some cases, to decline) any commitment offered to them. The president reserves the right to determine how any commitment will be credited and/or how such commitments will be recognized.

5.7.5 All gifts that will, or may, require expenditure of funds (other than funds) either at the time of the gift or at some future date (e.g., non-performing assets gifted to fund a charitable trust or charitable gift annuity, bargain sales, or outright gifts such as real estate that may impose obligations on the University) shall require the approval of both the president and the Board.

5.8 Miscellaneous policies

5.8.1 Litigation, or threatened litigation, which has the potential of substantially affecting the University's finances, shall be reported to the Board in executive session.