

Summary
Meeting of the Duke University Board of Trustees
September 23-25, 2021

Thursday, September 23

New members of the board participated in orientation and the Audit and Compliance and Governance Committees met in the afternoon.

Friday, September 24

The virtual board meeting began with an executive session, during which the board welcomed its new members, Doha Ali, Mike Bingle, Eddy Cue, Nancy-Ann DeParle, Grant Hill, Vikas Patel, and Gerardo Párraga. Next, the board chair summarized her recent conversations with trustees and also discussed responsibilities of board leadership and deliverables for the year. Lastly, the president provided updates on recent developments and highlighted his key priorities in the new academic year.

After the opening executive session, trustees along with administrators, faculty and students, participated in the first of four sessions this year of strategic education, focused on the topics of *The Duke Brand, and the Future of Higher Education and Academic Medicine*. This first session included discussion of public perceptions of higher education, Duke's current reputation and position, and a recap of the work of Strategy Team 2030, which President Price created at the onset of the COVID-19 pandemic to ensure continued focus on Duke's long-term plans amidst the ongoing public health crisis.

In the afternoon, trustees participated in meetings of the standing committees.

Saturday, September 25

The virtual meeting began in regular session with the introduction of new members of the senior leadership at Duke – Nina King, vice president and director of athletics; Edgardo Colón-Emeric, dean of the Divinity School; and Vincent Guilamo-Ramos, dean of the School of Nursing. The board received a briefing from the leadership of Strategy Team 2021 on the institutional response to the COVID-19 pandemic. Next, Gary Bennett, vice provost for undergraduate education, and Mary Pat McMahon, vice provost and vice president of student affairs, discussed the state of undergraduate life on campus and the continued implementation of the Next Generation Living and Learning Experience recommendations. Trustees received annual reports on Duke's finances and investments (from DUMAC). In addition, trustees also received brief updates on undergraduate admissions and Duke Kunshan University (DKU). After taking action on recommendations from committees, the board meeting concluded with an executive session for open discussion among trustees.

Trustees who were in town attended the Reuben-Cooke Building Dedication on Friday, September 24 and Commencement for the Class of 2020 on Sunday, September 26.

Meeting Summary of the Audit and Compliance Committee

September 23, 2021

What were the key takeaways?

- The external auditor KPMG issued an unmodified opinion on the consolidated financial statements. The firm also confirmed that it had no material differences or internal control weaknesses to report.
- The Office of the Vice President for Research and Innovation is focused on strategic goals that support a combination of research excellence, programmatic compliance and faculty success in both research and translation.
- The compliance assurance programs leverage advisory and collaborative engagements to reduce the impact of risks associated with changing compliance landscapes and expectations.

What were the major topics discussed?

- Duke University audited consolidated financial statements for the fiscal year ended June 30, 2021 (FY21)
- Compliance priorities and faculty conduct initiatives related to scientific integrity and responsible conduct of research
- Assurance programs updates including review of the athletics and institutional compliance plans and results

What were the major insights shared?

- Discussion of key estimates and judgments for the FY21 financial statements and note disclosures
- Updates on institutional, research and athletics compliance assurance plans
 - Partnering for research excellence is a combination of compliance assurance and process evaluation
 - Policies and processes should be flexible, allowing Duke to nimbly respond to changing and evolving regulations

What actions were taken?

- Approved as presented the FY21 audited consolidated financial statements
- Provisionally approved the FY22 athletics compliance plan as presented

What are the next steps to be taken?

- Continue standing updates on compliance and risk management priorities
- Schedule special session for KPMG evaluation and reappointment
- Schedule special session for continuing discussion regarding athletics compliance landscape and related assurance plan

Meeting Summary of the External Engagement Committee

September 24, 2021

What were the key takeaways?

- For Duke to productively and successfully engage and partner with the Durham community, the university needs to actively listen, emphasize honesty, and practice transparency.
- Some best practices for an anchor institution: align and integrate work of community and institution; start with support from the top down; utilize local suppliers and resources to strengthen partnerships; identify community needs/expected outcomes.
- Duke Community Engagement goals and priorities should build trust by virtue of focus, scale and honesty.

What were the major topics discussed?

- A panel discussion on the role of anchor institutions with public-private partnerships in communities.
- The recommendations of the Duke and Durham Today and Tomorrow Task Force that provide strategic insight into Duke's efforts to broaden collaboration with the Durham community.
- The Durham & Community Affairs Strategic Community Impact Plan; the goals/priorities going forward.

What were the major insights shared?

- For Duke to productively and successfully engage and partner with the Durham community: practice active listening; involve community members in identifying needs and what outcomes should/could be; identify where the institution can support the community and follow through; find a way to partner for mutual benefit.
- Duke Community Engagement goals and priorities should consolidate focus and scale. Focus on value based and mission guided goals and priorities. Identify a signature project in an identified critical area, that through community partnerships, will achieve significant impact. Emphasize honesty and transparency about what Duke can and will do, and offer clarity about what Duke is doing and why.
- Some in the community are skeptical of Duke's intentions; the reality vs perception is issue-based and relative to the impression or viewpoint of the entities involved; Duke can seem inaccessible. Views are mixed and revolve around issues such as gentrification, distrust of researchers and how it benefits the community, and Light Rail.
- The Duke and Durham Today and Tomorrow Task Force recommendations reflect an increased focus on equitable and sustainable partnerships. To forge these partnerships, Duke has to be very clear on objectives and goals and what success looks like. Duke will need to prioritize, to be accountable, and to ensure there is good coordination on who is responsible for specific outcomes.

What actions were taken?

- The committee unanimously approved the resolutions for the proposed namings put forth on the agenda.

What are the next steps to be taken?

- The topic for the December meeting will focus on the Duke Campaign led by Administrative Liaison, Dave Kennedy.

Meeting Summary of the Governance Committee

September 23, 2021

What were the key takeaways?

- It remains the committee's highest priority to identify and cultivate potential trustee prospects for future service on the board.
- Having chairs of committees serve three years, as opposed to four, would give more trustees opportunities for leadership positions.

What were the major topics discussed?

- Proposed goals for the year.
- Prospect review, including review of current board composition and areas of expertise, new prospects, update on existing prospects, and discussion of top trustee prospects for 2022.
- Trustee prospects cultivation, engagement, and recruitment strategy.
- Opportunities for trustees to engage with each other.
- Length of service of committee chairs.
- Report on trustee check-in conversations.
- Review of the following: report on trustee conflict of interest disclosures, statement on trustee responsibilities, trustee orientation schedule, committee work plan, committee history timeline, and committee standing items process and timeline.

What were the major insights shared?

- It remains the committee's highest priority to identify and cultivate potential trustee prospects for future service on the board.
 - Need to select trustee prospects for 2022 and then begin to develop a shortlist of top trustee prospects for 2023.
 - Need to obtain a list of top trustee prospects from the Duke Health, DUMAC, and Duke Alumni boards.
 - Need to continue to diversify the board's pipeline, including gender, race/ethnicity/culture, and age.
 - Need to review the areas of expertise categories and revise, if needed.
- Cultivating, engaging, and recruiting trustee prospects has been hampered due to the pandemic and the inability to meet and have events in-person. We need to develop creative ways to cultivate, engage and recruit.
- Trustees have a desire to have more opportunities to engage with each other, both during and outside of board meetings. This is especially important given the number of new trustees that haven't experienced an in-person board meeting. The committee generated a list of possible ideas for engagement, both in-person and virtual, and needs to test a couple out.
- The current practice is for chairs of committees to serve four years. The committee agreed that it should explore changing this to three years, since terms on the board are six years and it would give more trustees opportunities for leadership positions. Additionally, it is important that the effectiveness of committee chairs is evaluated.

What actions were taken?

- None.

What are the next steps to be taken?

- Select trustee prospects for 2022 in December 2021 and bring to the board for approval in February 2022.
- Gather feedback from the committee on new potential prospects.
- Obtain a list of top trustee prospects from the Duke Health, DUMAC, and Duke Alumni boards.
- Develop guidelines for trustee mentors.
- Continue discussion of length of service of committee chairs.

Meeting Summary of the Graduate and Professional Education and Research Committee

September 24, 2021

What were the key takeaways?

- Duke should explore additional means of connecting students across schools through experiential learning, as through Master's Capstones
- Faculty skepticism about the value of experiential learning remains a significant issue; while such experiences are not crucial for many research Master's and PhD students, we need to foster greater appreciation of how those experiences can sustain motivation and cultivate important skills and perspective
- We should explore avenues to expand our capacity for experiential learning, especially for PhD students, to do so in ways that support the Duke-Durham partnership, and that deepen connections between Duke and industry, between Duke alums and graduate/professional students, and between Duke and the public and non-profit sectors

What were the major topics discussed?

- Experiential learning opportunities at Duke for Master's, Professional, PhD students
- Whether, and if so, how to expand and amplify such opportunities
- How to engage external partners and integrate programming across the University

What were the major insights shared?

- A panel of students discussed how internships and applied, collaborative research projects provide crucial benefits for professional and graduate students
- Although deeply embedded in Duke's professional degree programs, such experiential learning is more scattered in TGS Master's and PhD programs
- A significant amount of experiential learning already occurs through engagement with the Durham community, but we still struggle to identify faculty who will craft engaged courses around community-identified priorities
- Bass Connections offers graduate and professional students excellent opportunities for leadership/mentorship, but has capacity limits, especially with regard to meeting UG demand
- The pandemic provided new opportunities to connect students with alums and industry partners through remote internships and mentorship
- The Career Center and new Office of External Partnerships are developing ambitious strategies that can expand opportunities for experiential learning

What are the next steps to be taken?

- Improve software platforms for connecting Duke students and alumni, as through "Ask a Blue Devil," and explore a pilot experiential learning/mentoring program with Alumni Affairs
- Strengthen resources for faculty advising around experiential learning, and for students who wish to seek it out
- Ensure that surveys of graduate and professional students include questions about experiential learning
- Develop holistic outreach strategies to potential external partners, so that they are aware of all the ways they might engage with Duke students (as internship hosts, sponsors of research projects for courses, year-long teams, and summer programs, etc.)

Meeting Summary of the Resources Committee

September 24, 2021

What were the key takeaways?

- The FY 2021 return for the long-term pool (LTP) was 55.9%. This very impressive investment performance significantly strengthened the University's balance sheet.
- The university is in the process of launching a supply chain transformation initiative.

What were the major topics discussed?

- Transitioning to school/unit-level five-year GAAP-based integrated capital and operating plans will take time.
- For FY 2022, leadership will focus on developing long-term financial plans for Athletics which will be shared with the committee in December, and the School of Medicine, which will be shared with the committee in February.
- Early thoughts on the implications of the FY 2021 returns on endowment spending rates and planning moving forward.
- The inherent challenges of implementing the supply chain transformation plan in a decentralized organization, and how this process will take time and the importance of building trust with leaders, faculty and staff colleagues across the university.

What were the major insights shared?

- Annual facility renewal funding increases scheduled from FY 2021-FY 2025 are on target for university buildings.
- Spending on operational renewal for university buildings is under budget while capital renewal projects have been delayed due to the pandemic and assuring that building renovation project programming and fundraising are optimized.
- FY 2021 capital spend is well below ten-year average due to the capital project spending controls that were enacted during the pandemic. Investments in facility renewal will be a priority moving forward.
- The success of the supply chain transformation plan will require leadership support for the supply chain's efforts to drive strategic sourcing across high priority university spend categories in a decentralized organization where departments are accustomed to procuring independently.
- The supply chain transformation plan will require additional resources to achieve targeted savings.
- Central administration will take the lead in pursuing savings opportunities by partnering with the Supply Chain to focus on areas like construction and information technology.

What actions were taken?

- The committee approved Legacy Project additional design funding.

What are the next steps to be taken?

- Continue working with school and unit leadership to develop financial reporting on a cash-basis/disaggregated by fund types to reporting on a GAAP/consolidated across fund types to

improve financial accountability, and set operating margin performance goals that will guide five-year university, school and unit integrated capital and operating planning.

- Evaluate and present recommendations for thoughtful endowment spending plans while being attentive to a long-term view of investment performance and assuring sustainable spending rates across Duke's long-term asset pools.
- Provide the overall effective spending rate for the endowment and other long-term capital pools.
- Establish a path forward for capital projects that have been on hold, ensuring donors are aware of status and plans.
- Continue working on both operational and capital renewal project development and implementation.

Meeting Summary of the Undergraduate Education Committee

September 24, 2021

What were the key takeaways?

- QuadEx, Duke's new residential model, will be introduced in Fall 2021 and implemented in Fall 2022 – with the full benefits developing over time.

What were the major topics discussed?

- Chair Pelham introduced new Trustees and students and shared an overview of the Undergraduate Education Committee's workplan for 2021-2022.
- Gary Bennett, Vice Provost for Undergraduate Education, and Mary Pat McMahan, Vice Provost/Vice President of Student Affairs, provided a comprehensive presentation on the following topics:
 - Progress on the Next Generation Living and Learning Experience initiative: QuadEx
 - Arc of rebuilding the in-person/on-campus experience
 - Special events for the Class of 2024
 - Update on COVID-19 impact

What were the major insights shared?

- QuadEx builds on Task Force recommendations of creating neighborhoods, enhancing faculty engagement, and developing life skills learning modules.
- QuadEx uses the strengths of our existing residential model to create a residential system of seven quads on West Campus that will:
 - Re-center social life on campus
 - Enhance intellectual opportunities for all undergraduates
 - Foster bonds that will last a lifetime, and
 - Align with the values and spirit of Duke.
- QuadEx will foster a sense of belonging by connecting East Campus houses with West Campus quads and offering developmentally-based programming throughout a student's four years.
- Students, with university resources and support, will have increased influence over the social and intellectual direction of their Quad. The new model will also deemphasize selectivity in favor of opportunity and inclusion.
- Student adaptability and buy-in has allowed Duke to balance COVID-19 mitigation efforts with ways to form community and engage with one another.

What actions were taken?

- N/A

What are the next steps to be taken?

- Explore opportunities to support pre-orientation experiences for every incoming undergraduate.
- Implement joint Undergraduate Education/Student Affairs assessment effort to track impact of QuadEx measures.
- Student Affairs and Undergraduate Education staff will continue to host student focus groups and town halls to gather feedback on QuadEx implementation.
- Communications efforts related to QuadEx will continue to foreground student experiences and voices and explain the rationale behind the new system.