



# CHARTER OF THE FINANCE AND INVESTMENT COMMITTEE OF THE MAYO CLINIC BOARD OF TRUSTEES

APPROVED WITHOUT REVISIONS BY THE FINANCE AND INVESTMENT COMMITTEE: NOVEMBER 9, 2023

APPROVED BY THE BOARD OF TRUSTEES: FEBRUARY 16, 2024

APPROVED WITH REVISIONS BY THE FINANCE AND INVESTMENT COMMITTEE: NOVEMBER 10, 2022

APPROVED BY THE BOARD OF TRUSTEES: FEBRUARY 17, 2023

## **ROLE**

The Finance and Investment Committee (the “Committee”) is charged with responsibility for financial oversight and prudence consistent with Mayo Clinic’s mission. It shall recommend policies to the Board of Trustees for implementation by management in connection with financial planning and performance, financial management practices, and prudent management of assets, liabilities, revenues, expenditures and capital financing.

In support of the Committee’s role in prudently managing assets, an Investment Subcommittee (the “Subcommittee”) shall approve investment policies and guidelines with respect to the funds of Mayo Clinic and serve as the Committee’s primary oversight of the investment management process.

## **MEMBERSHIP**

The Membership of the Committee and Subcommittee shall be appointed annually by the full Board of Trustees upon the recommendation of the Chair of the Board of Trustees.

The Committee shall be composed of not fewer than six independent trustee members. The Chair and Vice-chair of the Committee shall each serve three-year terms and the Vice-Chair will also serve as the Chair of the Subcommittee. Members of both the Committee and Subcommittee shall serve staggered terms to provide continuity.

The Investment Subcommittee will consist of not fewer than five voting members, at least two of whom shall be independent trustees and at least two of whom shall be internal trustees. In addition, up to three recognized investment experts who are not trustees or Mayo employees may be invited to become advisory members of the committee, in which role they will neither vote nor be considered fiduciaries of Mayo Clinic investment assets.

## **OPERATIONS**

The Committee and Subcommittee shall meet at least quarterly, in conjunction with the meetings of the full Board of Trustees. The Committee and Subcommittee Chairs, in consultation with the appropriate members of management, will develop the agendas for each meeting.

Each Committee meeting will feature an update on financial results as well as other matters, including matters of financial importance such as:

- Review and approval of proposed operating and capital plans.
- Review of margin goals and performance relative to goals.
- Review of quarterly financial reports relative to plan and prior year performance, key performance statistics and ratios relating to operations, leverage, liquidity, and broad asset and liability management.
- Review of multi-year financial forecasts for operations and capital plans in relation

to Mayo mission and priorities.

- Establish thresholds and criteria for capital and operating expenditures and commitments that require approval by the Board of Trustees; such thresholds and criteria shall be outlined in Attachment 1 to this Charter and shall be subject to approval by the Board of Trustees; this Committee shall review and provide recommendations for approval by the Board of Trustees of any expenditures or commitments that exceed the thresholds or meet the criteria outlined in Attachment 1 to this Charter.
- Review of key business strategies that influence the financial position of Mayo Clinic, e.g., contracting, payer relations, pricing, pension, health plan and other benefit management.
- Post-implementation reviews of major capital projects.
- Review of financial plan within the context of the long-term strategic plan.
- Review of investment performance in the form of a report from the Subcommittee.

Each Subcommittee meeting will feature a report of general investment performance including comparisons to external benchmarks and internal investment objective, relevant information on investment allocations to industry and geographic sectors, and similar information on individual manager performance.

## AUTHORITY

The Committee and Subcommittee shall both have the resources and authority necessary to discharge their Responsibilities including the authority to retain outside counsel or other experts or consultants as it deems appropriate.

## RESPONSIBILITIES

The principal responsibilities and functions of the Committee are as follows:

1. Review and recommend to the Board of Trustees adoption of the annual operating and capital plan.
2. Review the capital plan and financing strategies, including the use of long-term debt.
3. Review asset/liability management strategies and results, particularly in relation to requirements of the operating and capital plan, the pension plans and external debt.
4. Review and recommend to the Board of Trustees approval of proposed issuance of bonds, significant mergers or divestitures of Mayo branded organizations, and significant for profit joint ventures or new company formations with partners that include use of the Mayo brand.
5. Advise the Board of Trustees on other finance matters as appropriate.
6. Annually review long-term strategic plan.
7. Provide risk management oversight with respect to finance and financial performance. The principal responsibilities and functions of the Subcommittee are as follows:

1. Review and approve investment policies and asset allocation guidelines for Mayo Clinic investment funds.
2. Receive and review quarterly investment management reports prepared by Treasury Services, which has the authority to manage all Mayo Clinic investment assets and hire external managers.
3. Oversee Treasury Services' fund management processes with respect to committee-approved investment policies and guidelines, including the hiring of external managers.
4. Evaluate the performance of Mayo Clinic funds relative to investment objectives, performance benchmarks, and risk management objectives included in committee-approved investment policies and guidelines.
5. Provide advice and counsel to the Treasury Services investment staff.

## **POLICIES AND PROCEDURES**

The Committee and Subcommittee are governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, quorum and voting requirements as are applicable to the Board of Trustees.

**Attachment 1**  
**Expenditures and Commitments**  
**Requiring Board of Trustees**  
**Approval**

- I. Capital Expenditures and Commitments (including both Capital and Operating Leases)**
- A. Capital expenditures and commitments greater than or equal to \$50 million require Board of Trustees approval. This threshold applies to the aggregate of all project or program components required to achieve the business plan or objective.
- B. Capital expenditures and commitments less than \$50 million but with strategic significance or of an unusual nature also require Board of Trustees approval. Examples of the types of transactions to which this provision would apply include but are not limited to:
- i. entrance into a new line of business;  
ii. acquisition of another healthcare entity;  
iii. contract with material public relations or brand exposure; or  
iv. initiating significant clinical services in a country other than the United States.
- II. Operating Expenditures and Commitments**
- A. Except as described below in section II.C., operating expenditures and commitments with a total nominal obligation greater than or equal to \$100 million require Board of Trustees approval. This threshold applies to the aggregate of all project or program components required to achieve the business plan or objective.
- B. Operating expenditures and commitments of less than \$100 million may require Board of Trustees approval, at the discretion of the Finance & Investment Committee Chair, in these circumstances:
- i. the expenditure or commitment could result in material public relations exposure or counterparty risk; or  
ii. the expenditure or commitment has strategic significance, e.g., a new line of business, a long term exclusive relationship with a significant partner, etc.

C. The following operating expenditures and commitments greater than or equal to \$100 million do not require Board of Trustees approval:

- i. Those in the normal course of business with health insurance companies for the provision of services;
- ii. those in the normal course of business with suppliers for the acquisition of medical supplies, pharmaceuticals, or support services;
- iii. those in the normal course of business with collection agencies and other revenue cycle service providers; and
- iv. those that are part of a broader approved project (e.g. consulting fees incurred to implement a large IT project, for which a project budget was previously approved).