

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES STUDY SESSION APRIL 18, 2012 McCORMICK ROOM 30 7TH STREET EAST ST. PAUL, MN

Trustees Present: Chair Scott Thiss, Duane Benson, Cheryl Dickson, Jacob Englund, Philip Krinkie, Alfredo Oliveira, David Paskach, Thomas Renier, Christine Rice, Louise Sundin, James Van Houten and Michael Vekich

Trustees Absent: Brett Anderson, Clarence Hightower and Dan McElroy

Chair Scott Thiss convened the study session at 2:15 p.m. He acknowledged Trustee Thomas Renier who was participating by conference call.

Introduction

Chair Thiss remarked that the board has been committed to continuous improvement, and that means pausing occasionally to reflect on what we have done, how we have done it, and what we could do better. The Association of Governing Boards recommends that boards regularly assess their performance and look at their governance. With the turnover of six new trustees on July 1, Chair Thiss thought that the current board's expertise would help future boards. He commented that he has been thinking about the transition in two parts: orientation and board structure. He asked Trustee Dickson to set up a task force to make orientation more meaningful. In March, Trustee Dickson presented a recommendation on improving trustee orientation which will help the new trustees be more effective sooner.

In this study session, the focus is on the structure of the board, particularly committees and how the board can be positioned next year for even more success. The new chancellor and the strategic framework provide a great opportunity to look at the board's own structure. Chair Thiss remarked that Trustees Michael Vekich, Dan McElroy and Christine Rice were asked to serve on a task force. Trustee Vekich chaired the task force and will present their recommendations.

Report of the Task Force

Trustee Vekich reported that the task force met several times and decided to talk about big audacious changes. He will present their recommendations and then open it up for discussion. Because potentially six new trustees will be appointed, the task force wanted to make sure that the recommendations were focused on good governance. Questions we asked included whether the chair will appoint people with specific expertise on committees; should we have one-day board meetings; and should we potentially have concurrent committee meetings. Looking at the schedule, the board could have concurrent committee meetings with the structure that will be

recommended. The task force looked at streamlining, promoting specialization, and improving oversight and more efficient use of staff.

A breakout of the board's committee structure from 1995 through the current year was distributed. Trustee Vekich pointed out that there has been a somewhat natural evolution of committees. Finance and Facilities were separate committees but they were combined as one in 1998. The Seal Committee in October 1998 discussed the logo for the system. The Advancement Committee was created in November 2001 and the Diversity and Multiculturalism Committee was added in 2007. The Technology Committee was a standing committee and then it was combined with Finance, Facilities and Technology in 2007. In July 2010, Technology became a stand-alone committee again.

Proposed Amendments to Policy 1A.2

Trustee Vekich commented that the task force asked if there was a better way to reduce the number of committees, make them much more specific and give the chair the ability to appoint specific ad hoc committees as needed. Instead of talking about this in conceptual form, the task force made changes to Policy 1A.2 for the board's consideration. The proposed draft amendments to Policy 1A.2 were distributed.

Trustee Vekich reviewed each amendment. First, the task force looked at the officers. They are recommending that the office of treasurer be eliminated. The treasurer does not have a lot of responsibility. Trustee Vekich recited a section of Minn. Stat. § 136F.94, Special Revenue Fund that requires that:

The gross total income derived from the sale of bonds, and receipts and income derived from charges or fees, rentals, and all other revenue established for the use and service of any buildings or structures shall, within three days after their receipt, be paid to and held by the treasurer of the Board of Trustees of the Minnesota State Colleges and Universities as a special fund known as, "The Board of Trustees of the Minnesota State Colleges and Universities Revenue Fund."

The next amendment pertains to the duties and responsibilities of the board chair. Section B provides that "the chair may call an emergency or special meeting of the board and may cancel a scheduled meeting due to lack of quorum, inclement weather or other exigent circumstances." The chair has had this authority over a period of time but this language codifies it. The second part is the chair shall recommend the annual board operations budget to the executive committee for approval. The second page, item d. states that "as needed, the chair may establish an ad hoc group to consult on topics relating to government relations and public affairs. Item d. states that "the chair may appoint working groups composed of members of the board and/or members of the public to advise on issues of concern to the board of a committee. The term of a working group shall not exceed one year." Trustee Vekich noted that this has been a practice for some time, but this language provides clarification.

In Subpart H. the chair of the Finance and Facilities Committee would serve as the treasurer to the board, and serve as custodian of the special revenue fund as provided in Minn. Stat. §

136F.94. This may require a change to the legislative language. The election of officers and vacancies and secretary of the board will not change.

Responding to a question about the recommendations, Trustee Vekich replied that the task force looked at good governance. What is good practice? What makes the board more efficient? What happens with the meeting times? Trustee Vekich continued that the board has a lot of meetings and if they can be held down to one-day meetings it would make them more efficient for the chancellor and his staff. Trustee Vekich acknowledged that the recommendations include some big changes and additional work will be needed on the details.

Trustee Vekich noted that the Executive Committee generally has been meeting monthly to work through the agendas. The task force wondered if it was necessary for it to meet to set the agenda. The agenda is typically set with the chair, chancellor and the chairs of the committees. This business can be handled by normal operations. Items one through six of the Executive Committee are virtually unchanged. Subparts B, C and D are amended so that the standing committees members shall consist of no fewer than five and "and no more than seven" members. Subpart E, Audit Committee, states no fewer than three and also has been amended to say "and no more than seven" members.

The Finance and Facilities Committee would add technology to its charge. The Technology Committee would no longer be a standing committee under the proposal. The Finance and Facilities Committee would also be charged with matters related to system pension plans and oversight of system/foundations relations and development. The standing committees would be Executive, Finance and Facilities, Human Resources, Academic and Student Affairs and Audit. The amendments to the Academic and Student Affairs Committee's charge include: diversity and equity matters related to students and academic programs and academic or student-related technology matters. The Human Resources Committee's charge will encompass matters relating to climate, diversity and equity matters related to system employees.

The work of the Advancement, Diversity and Multiculturalism and Technology Committees would be absorbed into other committees. The proposed amendment to Subpart F, Working Groups, simply states that the chair of a standing committee may ask the board chair to appoint a working group. Trustee Vekich explained that, overall, as the task force looked at these recommendations, they looked at the change in administration and aligning the work of the strategic framework and the work of the presidents, chancellor and his staff and at the work of the board. The task force asked: How do we streamline it? What does good governance look like? Trustee Vekich acknowledged again that this is a big change and the task force did not take it lightly. The task force members realize that people feel strongly about certain areas and they respect that. Does this make sense? Is there a transition period? Trustee Vekich invited questions and discussion.

Trustee Benson asked if the task force discussed the notion of the committee of the whole. He also asked if there was any discussion about having only the committee members sit at the table during committee meetings. Trustee Vekich said they were discussed. In the 90's, the board looked at this and also at the Carver Model which is widely used in the nonprofit and academic

world. The debate is whether only the committee members should sit at the table. Responding to a question, General Counsel Gail Olson remarked that there is an open meeting law issue. If the ex officio status were removed the non-committee members would not be allowed to participate in the discussion of the committee. She added that having committees meet simultaneously would not violate the open meeting law.

Trustee Van Houten commented that organizations, such as the National Association of Corporate Directors (NACD), have suggested that committees be attended by board members. One reason is Sarbanes-Oxley, as board members who hear discussions by committees are better informed to carry out their fiduciary responsibilities. Trustee Van Houten suggested going along with the private sector practice.

Trustee Dickson commented that the task force has designed changes that would work reasonably well for the current board because the members are experienced and dedicated. However, two-fifths of the board will be new and that is a huge culture change. The way that new members learn about MnSCU is by attending a lot of committee meetings and listening to the discussions so that one feels relatively competent about all of the areas in the system. The proposed structure takes away discussions that many trustees have used as tutorials. She continued that the recommendation is a design that would work better for a very large board. She continued that having the board meet on fewer days makes her feel less engaged. Trustee Dickson commented that she does not support any of the recommendations at this point.

Trustee Paskach commented that he liked the concept of reducing the number of committees by absorbing those limited functions across the four major committees. He continued that reviving the Technology Committee was critical to operations at one time, but it can now be managed by Finance and Facilities. Also, Diversity and Multiculturalism's charge crosses Academic and Student Affairs and Human Resources. He added that reducing the number of committees to him does not mean to be less engaged. Trustee Paskach proposed meeting two days every two months instead of one day every month as a way to be more engaged and delve into topics on a deeper level. Chair Thiss commented that if the board is meeting two-days a month then it might as well meet as a committee of the whole. The chair would run the meeting and the board would not need specialization in any committee.

Trustee Vekich observed that the task force is not suggesting one-day meetings, but that the board may eventually get to one-day meetings. With the arrival of new members, the board will need a sufficient amount of time for them to become familiar with the system and how it works. This may be the start of a transition period to work through how much time is needed for the board to do its work. The board may be able to do its work in one day.

Trustee Van Houten noted that three years ago the board went to a stronger committee structure. The agenda almost always contained something of interest to hear or speak to. The current structure gives members the opportunity to attend meetings if they wish. He continued that items have been discussed but not scheduled because there has not been enough committee time. For example, a large number of programs were closed and faculty were laid off yet there has been no report to the board. He proposed that someone ought to make a motion that this be presented to a

committee of the whole because everyone would be interested in it.

Trustee Oliveira commented that he shared Trustee Dickson's concern that the board is less engaged. He added that he likes the current committee structure but that there needs to be enough time for the board to engage as a team in discussions. Trustee Benson commented that it might be helpful for the task force to return with a description of what the board should be. The board has never discussed or decided on its role. He added that the former CEO wanted a more involved board. Now, we have a chancellor who is a leader type who wants a reflective board.

Trustee Sundin agreed with Trustees Dickson, Van Houten and Oliveira. She continued that she does not think efficiency should necessarily be the board's biggest priority; one-day is not enough. She continued that she favors the current committee structure so that trustees can participate if they wish. She also questioned the timing of the proposed change, and suggested that the new trustees should be included in the discussion. Trustee Sundin observed that there used to be fewer committees at one time and the committees that were added grew out of them because there was a need for them. She has not seen that need go away.

Chair Thiss commented that two of the Executive Committee meetings were canceled this year because the only topic was the schedule and agendas for the board meeting. Trustee Sundin commented that as a committee chair this year, she has felt pressure to not to have a meeting at every board meeting. She continued that there were issues that should have had more discussion and were put on the back burner for another day.

Trustee Benson commented that the board has not resolved its function. Trustee Vekich agreed. In part five of the task force's recommendation, the wording of everyone sitting at the table during committee meetings was not removed. The task force discussed it and left it in. Trustee Vekich added that in looking at governance a strong committee system works. He trusts their work and if he has any questions he will call the committee chair. Efficiency does not equal effectiveness. He prefers effectiveness and if the board needs to meet two days to get its work done then that is what should be scheduled.

Trustee Dickson commented that her goal is to see that the new members are as educated as they possibly can be on the issues. She supported the task force's recommendation on the treasurer's job, and accepts the proposed new committee structure, but she recommended an amendment to that would make all committees a committee of the whole. Chair Thiss noted that under this concept the meeting would be all day. A quorum would be eight members.

Trustee Van Houten commented that the National Cooperative Business Association is a board of about 23-24 members. They have a committee of the whole, but they still have topic chairs. During the board meeting, for example, the finance chair will make a presentation to the whole board. He spoke in favor of the board's current structure; it saves time at the board meeting because the items have already been covered at the committee meeting.

Trustee Vekich commented that the task force anticipated a spirited discussion. They also made the assumption that the board was going to operate with committee structures. Going forward,

Trustee Vekich proposed a discussion per Trustee Benson's suggestion on how the board wants to operate. Does the board want a strong committee structure? The other route is to experiment with the committee of the whole with topic chairs rather than committee chairs. Or, leave it the way it is. The Carver Model or a strong committee structure. The task force can come back with some direction.

Trustee Krinkie commented that from his experience he thinks that the current model is successful. The committee of the whole is not a good idea. What the board wants to be should best be taken up with the new members. Trustee Krinkie commented that he did not think it a good idea to eliminate the committee on Diversity and Multiculturalism.

Chair Thiss thanked Trustee Vekich for his report. He added that the task force will return and finish the discussion.

The study session concluded at 3:15 p.m.