



**BOARD OF TRUSTEES
EXECUTIVE COMMITTEE MEETING
JANUARY 7, 2016
8:00 AM**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
30 7TH STREET EAST
CONFERENCE ROOM 3310, THIRD FLOOR
SAINT PAUL, MN**

In addition to committee members attending in person, additional committee or board members may participate by telephone. Members of the public may attend in person.

Executive Committee Agenda

Michael Vekich, Chair

- (1) Convene
- (2) **Minutes of December 14, 2015**
- (3) Discuss role of the standing committees:
 - Academic and Student Affairs
 - Audit
 - Diversity and Equity
 - Finance and Facilities
 - Human Resources
- (4) Adjournment

Executive Committee

Michael Vekich, Chair, Chair
Margaret Anderson Kelliher, Vice Chair
Jay Cowles, Treasurer
Thomas Renier, Immediate Past Chair
Alexander Cirillo
Dawn Erlandson
Robert Hoffman

BOLD denotes action item

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
MEETING OF THE EXECUTIVE COMMITTEE
MINUTES
December 14, 2015**

Executive Committee Members Present: Michael Vekich, chair, Margaret Anderson Kelliher, vice chair, Alex Cirillo, John Cowles, Dawn Erlandson, Robert Hoffman, and Thomas Renier

Others Present: Trustees Duane Benson, Phil Krinkie, Maleah Otterson, and Chancellor Steven Rosenstone

Convene and Updates

Chair Vekich convened the meeting at 8:00 am. There were two additions to the agenda: membership on the Technical Advisory Committee and the American Council of Trustees and Alumni's study that evaluated major four-year colleges or universities in all 50 states.

Minutes of November 12, 2015

The minutes were approved.

Chair Updates

Chair Vekich announced that starting with the January meeting, the board will be transitioning to electronic meeting materials. Accommodations will be made for trustees who prefer paper. In addition, a website is being developed for trustees to access the meeting materials and board communications. The site will be operational prior to the March board meeting. To access the site, each trustee will receive a StarID. Chair Vekich also suggested that trustees consider using a MnSCU system email address to keep their personal communications separate from MnSCU communications.

Chair Vekich added that technology improvements to the board room include a new sound board and microphones. Presentations will have larger fonts and be easier to read. A privacy panel will be added to the board table. The expectation is that all of these enhancements will be fully operational by July.

Chancellor Rosenstone Update

Chancellor Rosenstone explained that the artwork on display throughout the system office is a gift from the estate of Malcolm Myers, a renowned painter, printmaker, and educator who was a professor of art for over 50 years at the University of Minnesota. The system is honored to be the beneficiary of such an extensive collection.

January Board Meeting

Chair Vekich commented that the January board meeting will be on a campus. During the meeting, there will be a joint session of the Board of Trustees and the Leadership Council to hear from an expert on poverty – its roots, pervasiveness, and ways to overcome it. Chancellor Rosenstone explained that the January Leadership Council meeting and the Board of Trustees meeting will overlap. The joint session will be an opportunity for a deeper understanding into what it means to be poor and to have a deeper conversation on what it means for our students and how we can help them succeed in college.

Continue Discussion of the Role of the Executive Committee in Board Governance

Chair Vekich announced that reviewing the role of each committee and developing a charter for each committee has begun in earnest. General Counsel Cunningham has drafted a proposed amendment to the role of the Executive Committee in Policy 1A.2, Board of Trustees, Part 5. Standing Committees, Committees and Working Groups of the Board. He has also drafted a charter for the committee.

In reviewing draft changes to Policy 1A.2, Part 5, General Counsel Cunningham presented the draft that proposes the addition of a single paragraph with addressing the role of the Executive Committee, as follows:

The executive committee is charged with oversight of the board's integrity and effectiveness. The executive committee recommends board policies not within the purview of other standing committees, evaluates the effectiveness of the board annually, identifies best practices for boards with an educational mission, reviews the board's practices with respect to participation and conflict of interest, act on unresolved conflict of interest questions, designs and oversees orientation of new board members and leads in succession planning by identifying to the governor qualities to be sought in a trustee and potential new members.

There was support for the proposal to include language that the Executive Committee oversee the governance of the board. In addition, General Counsel Cunningham drafted an amendment to Policy 1C.1 Board of Trustees Code of Conduct, Part. 3 Conflicts of Interest, along with a document for trustees to sign that acknowledges receipt and agreement with the terms of the policy.

Chair Vekich commented that he has asked Board Secretary Chapin and Chief of Staff Joyer to draft an outline for on-boarding new trustees. Chair Vekich added that he will encourage the executive branch to appoint the new trustees earlier than they have in the past.

There was a discussion about adding a student trustee to the Executive Committee. Chair Vekich explained that the chair has discretion to add members that he or she sees as necessary. A suggestion was made to add "and with broad representation of the board" at the end of the sentence in Subpart A, item one, which describes the members of the Executive Committee.

Responding to a question about the Executive Committee taking formal action in lieu of the board, Chair Vekich explained that it has not been used very often. General Counsel Cunningham said this provision has worked well.

The committee agreed to remove item four that charged the Executive Committee with conducting ongoing reviews of board operations procedures.

Charter of the Executive Committee

Chair Vekich explained that the charter is a living document that is easier to change than a policy. The charter sets out the purpose and the structure of the committee. Members suggested edits to item number five to make clear that any proposed board policies not within the purview of other standing committees will be handled by the Executive Committee. Suggested edits to item number 8 were to add qualifications and desired skills to the plan for trustee succession.

Responding to a question whether comments on a board evaluation survey would be public, General Counsel Cunningham replied that evaluations of the board can be done in a closed session. He will look into whether the evaluation results are public information.

Continue Discussion of the Conflicts of Interest Policy

General Counsel Cunningham explained that the existing Conflicts of Interest Policy is based on a statute that governs just financial interest. Trustees have identified that conflicts can rise from other areas. The first section expands the conflict of interest from the financial to other types of conflicts, as follows:

A potential conflict of interest is any circumstance in which the personal, professional or substantial financial interests of the Trustee in a matter before the Board may be reasonably perceived as potentially or actually diverging from his or her fiduciary obligation to the Board and Minnesota State Colleges and Universities. This conflict may arise from the personal, professional or economic interest of themselves, members of their families or others with whom they have a personal or professional relationship, including outside organizations. A substantial financial conflict exists when a decision would confer a particular benefit on a trustee greater than that generally available to the trustee's business or occupational class.

There was a discussion about conflicts arising from "members of their families or others with whom they have a personal or professional relationship, including outside organizations." General Counsel Cunningham explained that he reviewed other higher education organizations' conflicts of interest policies. He will look at the statute to see if it covers families. The goal is to capture potential conflicts of interest and to for them to be discussed with the chair.

There was a recommendation to limit family to the "immediate" family. There also was a discussion about the definition and intent of including the term "outside organizations." There was interest in striking the sentence. General Counsel Cunningham reiterated that the goal was to identify other issues of conflict besides financial. He explained that there is an employee conflict of interest with the recognition in state law that these kinds of considerations are appropriate for state purposes. Chair Vekich added that the conflict arises when a matter comes to a vote. Chancellor Rosenstone explained that there also can be conflicts of loyalty.

Chair Vekich commented that there was consensus on Part. 5 Candidacy for Public Office, requiring a trustee to resign immediately when they announce their candidacy for public office. It was suggested to clarify it by adding "once they file for office." A question arose on whether this applies to other offices such as mayor or city council.

Conflicts of Interest Trustee Acknowledgment

The trustee acknowledgement is intended as an annual form for trustees to review and sign. A suggestion was made to add clarifying language that any conflict will be identified to the board chair. Another suggestion was to add to the "best of my knowledge" to the second sentence on the signature page. Chair Vekich announced that he will work directly with General Counsel Cunningham on the revisions to the policy and acknowledgement.

Technical Advisory Committee

Trustee Hoffman explained that he has been approached by several people who believe that the membership on the Technical Advisory Committee should have broader representation. Vice

Chancellor King explained that the Technical Advisory Committee has been in existence since 1999. Its members are experts who are drawn on a rotating basis from the chief academic officers and chief finance officers. The committee is composed of sixteen campus experts and staffed by the system office. The board can be assured that there will be extensive consultation with all interested groups as the work unfolds.

Chancellor Rosenstone commented that there are many places in the organization where management has the responsibility to do the work and then put it on the table for consultation. One example is the principles for the 2018 capital projects. Vice Chancellor King and Associate Vice Chancellor Yolitz worked hard on the principles while balancing ongoing consultation during the process.

Other

Trustee Krinkie commented that the American Council of Trustees and Alumni conducted a study that evaluated every major four-year college or university in all 50 states. One of our universities received a failing grade. Chancellor Rosenstone said he was not aware of the study and he thanked Trustee Krinkie for the information. He added that when the graduation rate is based on students entering as freshmen it does not accurately measure completion rates for transfer students.

Adjournment

Chair Vekich adjourned the meeting at 10:00 am.

Charter of the Academic and Student Affairs Committee of the Board of Trustees

Drafted: December 29, 2015

Purpose:

The Academic and Student Affairs Committee is charged with oversight of all systemwide academic and student service matters of the organization.

The Academic and Student Affairs Committee shall not have the authority to act on behalf of the board unless specifically delegated by the board. The Academic and Student Affairs Committee shall meet at the call of the committee chair.

Committee Structure:

The committee will consist of no fewer than five and no more than seven members appointed by the chair of the board annually. The chair and vice chair of the Academic and Student Affairs Committee shall be appointed by the chair of the board.

Authority:

The principal elements of the Charter of the Academic and Student Affairs Committee shall be:

1. Provides advice and counsel to the chancellor. (This duty is shared with all other board members.)
2. Preparation of an annual committee workplan.
3. Recommend proposed board policies within the purview of the committee.
4. The committee's oversight includes but is not limited to:
 - Academic program approval
 - Academic standards
 - Transfer policy
 - Institutional names
 - Systemwide strategic planning
 - Diversity and equity matters related to students and academic programs
 - Academic and student-related technology matters
5. This charter is subject to review annually.

Chapter 1 - System Organization and Administration Section A - System & Office Operations

Policy 1A.2 Board of Trustees

Proposed changes to Academic and Student Affairs Committee

Proposed new version:

Subpart D. Academic and Student Affairs Committee. The Academic and Student Affairs Committee of the board shall consist of no fewer than five and no more than seven members to be appointed by the chair annually. The Academic and Student Affairs Committee is charged with governance of the academic programs and student services provided at the system's colleges and universities. The committee's scope includes oversight of board policies for all system academic and student service policy to assure the highest possible quality of academic programming and service to students and the efficient use of the system's academic and service resources. The committee also provides oversight to systemwide strategic planning, diversity and equity matters related to students and academic programs, and academic or student related technology matters.

Current policy:

Subpart D. Academic and Student Affairs Committee. The academic and student affairs committee of the board consists of no fewer than five and no more than seven members to be appointed by the chair annually. The academic and student affairs committee is charged with oversight of all system academic and student service policy. This includes program approval, academic standards, transfer policy, institutional names, systemwide strategic planning, diversity and equity matters related to students and academic programs, and academic or student-related technology matters.

Charter of the Audit Committee

DRAFT 01/04/2016

Purpose:

The Audit Committee shall assist the board in fulfilling its oversight responsibility for MnSCU's system of internal control, the audit process, and compliance with legal and regulatory requirements. The committee provides ongoing oversight of internal and external audits of all system functions including individual campus audits.

Committee Structure:

The committee shall consist of no fewer than three and no more than seven members to be appointed by the chair of the board annually.

Authority:

The principle elements of the charge of the audit committee shall be:

1. Internal Auditing

- Approve decisions regarding the appointment and removal of the executive director who shall report directly to the Audit Committee and board consistent with Board Policy 1A.4.
- Review, at least once per year, the performance of the executive director and concur with the annual compensation and any salary adjustment consistent with Board Policy 1A.4.
- Provide input, review, and approve an annual audit plan that is based on a risk assessment(s). The plan shall include all internal auditing and external audit activities planned for the ensuing fiscal year.
- Review and evaluate the effectiveness of MnSCU's internal control system, including information technology security and control. Review and discuss the audit results and management's response to each internal audit report.
- Review with the executive director the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- On a regular basis, the audit committee chair or vice chair should meet separately with the executive director to discuss any matters that they or the executive director believes should be discussed privately.

2. Independent External Audits

The committee shall oversee the services of independent external auditors.

- Oversee the process for selecting independent auditors. The committee shall select one or more independent auditors to audit system-level or institutional financial statements and recommend their appointment to the board.
- Review any non-audit services proposed by independent external auditors under contract for audit services. The board must approve in advance any non-audit services to be provided by independent auditors under contract for audit services unless the scope of non-audit services is completely distinct from the scope of the audit engagement.
- The audit chair or vice chair should meet separately with the external auditors to discuss any matters that they or the external auditors believe should be discussed privately.
- Review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.

3. Other Responsibilities

The committee shall perform other duties, including:

- The committee has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility.
- Periodically review and assess the adequacy of the committee charter and request board approval for proposed changes.
- Committee members should obtain annual training on their roles and responsibilities.

12/22/2015 DRAFT

**Chapter 1 – System Organization and Administration Section A – System & Office Operations
Policy 1A.2 Board of Trustees**

Proposed changes to the Audit Committee

Subpart E. Audit Committee. The Audit Committee of the board consists of no fewer than three and no more than seven members to be appointed by the chair of the board annually. The Audit Committee is charged with oversight of internal and external audits of all system functions including individual campus audits. The board shall hire an executive director of internal auditing and other auditors who shall report directly to the committee and the board.

The Audit Committee is responsible for overseeing the service of internal and independent external auditors. Policy 1D governs the Office Internal Auditing. The committee has the following responsibilities for independent external auditors:

1. Oversee the process for selecting independent auditors. The committee shall select one or more independent auditors to audit system-level or institutional financial statements and recommend their appointment to the board.
2. Review any non-audit services proposed by independent auditors under contract for audit services. The board must approve in advance any non-audit services to be provided by independent auditors under contract for audit services unless the scope of non-audit services is completely distinct from the scope of the audit engagement.
3. Review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.

Charter of the Diversity and Equity Committee of the Board of Trustees

Drafted: December, 2015

Purpose:

The Diversity and Equity Committee is charged with oversight of all systemwide diversity, equity, and inclusion matters of the organization.

The Diversity and Equity Committee shall not have the authority to act on behalf of the board unless specifically delegated by the board. The Diversity and Equity Committee shall meet at the call of the committee chair.

Committee Structure:

The committee will consist of no fewer than five and no more than seven members appointed by the chair of the board annually. The chair and vice chair of the Diversity and Equity Committee shall be appointed by the chair of the board.

Authority:

The principal elements of the Charter of the Diversity and Equity Committee shall be:

1. Provides advice and counsel to the chancellor. (This duty is shared with all other board members.)
2. Preparation of an annual committee workplan.
3. Recommend proposed board policies within the purview of the committee.
4. The committee's oversight includes but is not limited to:
 - Addresses diversity matters to ensure diverse student success and graduation
 - Closing the Achievement Gap and equity for students from diverse backgrounds
 - Recruitment, retention and inclusion of diverse students, staff, faculty and administrators
 - Oversight of the System's Equal Opportunity and Non Discrimination policies and Affirmative Action in Employment
 - Monitoring of systemwide diversity demographics, including student enrollment, participation, and a diverse workforce
 - Campus partnerships with diverse communities
 - Diverse supplier and vendor participation
5. This charter is subject to review annually.

Charter of the Finance and Facilities Committee of the Board of Trustees

Drafted: December 28, 2015

Purpose:

The Board of Trustees is responsible for overall systemwide financial management assurance and is committed to long-term stewardship of the state's financial and physical resources. It is the policy of the Board of Trustees to provide sound financial administration to safeguard the resources of the State of Minnesota, the system, the colleges and universities and the constituencies they serve and to preserve the long term viability of the colleges, universities and system as a whole.

The Finance and Facilities Committee is charged with oversight of all systemwide fiscal, facilities and technology matters of the organization.

The Finance and Facilities Committee shall not have the authority to act on behalf of the board unless specifically delegated by the board. The Finance and Facilities Committee shall meet at the call of the committee chair.

Committee Structure:

The committee will consist of no fewer than five and no more than seven members appointed by the chair of the board annually. The chair and vice chair of the Finance and Facilities Committee shall be appointed by the chair of the board.

Authority:

The principal elements of the Charter of the Finance and Facilities Committee shall be:

1. Provides advice and counsel to the chancellor. (This duty is shared with all other board members.)
2. Preparation of an annual committee workplan.
3. Recommend proposed board policies within the purview of the committee.
4. The committee's oversight includes but is not limited to:
 - the system's biennial budget development
 - annual operating budget establishment and performance
 - the system's tuition and fee structure
 - design and administration of the system's allocation framework
 - administration of financial management polices including financial reporting, scholarships, and grant administration

- establishment and administration of the system's pension program and related plans (in cooperation with the Human Resources Committee of the board)
- oversight of college and university foundation relations and development
- approval of capital budget requests
- administration of the system's capital asset program including the design, construction and maintenance program for the built environment
- policies related to system technology practices and programs (in cooperation with the Academic and Student Affairs Committee of the board)
- oversight of college and university administrative programs including the areas of campus housing and dining, parking, safety and security, occupational health, environment compliance and emergency management.

5. This charter is subject to review annually.

DRAFT

Charter of the Human Resources (HR) Committee

Purpose:

The Human Resources Committee is charged with assisting the Board of Trustees in fulfilling its oversight responsibilities in the arena of personnel policy and compensation. The board acknowledges that to fulfill the mission of the organization, a high level of professionalism and commitment to student success is critical. It further holds that MnSCU will endeavor to nurture a safe, inclusive, and supportive workplace for all faculty, staff, and student employees.

Committee Structure:

The Human Resources Committee of the board shall consist of no fewer than five and no more than seven members to be appointed by the chair of the board annually.

Authority:

The principal elements of the Charter of the Human Resources Committee are:

1. To provide advice and counsel to the chancellor and vice chancellor for human resources.
2. The preparation of an annual committee work plan.
3. Recommending employment contract (union) negotiation strategies and contract approvals.
4. Recommending employment plan (non-union) approvals.
5. Recommending selection of senior system executives (chancellor, vice chancellors, and college/university presidents).
6. Address additional matters deemed appropriate by the chancellor, vice chancellor for human resources, or the board.

The Human Resources Committee shall not act on behalf of the board unless specifically delegated to do so by the board.