

Minnesota State Colleges and Universities
Board of Trustees Meeting Minutes
June 21, 2017

Present: Chair Michael Vekich, Vice Chair Dawn Erlandson, Treasurer Jay Cowles, and Trustees Basil Ajuo, Ann Anaya, Elise Bourdeau, Alex Cirillo, Bob Hoffman, Jerry Janezich, Roger Moe, Rudy Rodriguez, George Soule, Louise Sundin, Cheryl Tefer, and Chancellor Steven Rosenstone

Absent: Trustee Amanda Fredlund

Call to Order

The meeting was called to order at 11:08 am. Trustee Ann Anaya participated by telephone.

Chair's Report

Chair Vekich announced the following revisions to the Consent Agenda. The FY2018 Capital Budget Program Recommendation, Students United Fee Increase, and the 2018 Annual Operating Budget are removed from the Consent Agenda and will be taken up during the report of the Finance and Facilities Committee by Trustee Jay Cowles, committee chair.

Report of Closed Session Meeting of the Board of Trustees on the Chancellor's Annual Performance Evaluation on June 20, 2017

The Board of Trustees met on June 20, 2017, and reviewed the report of the Chancellor's Performance Review Committee. The members of the committee are Trustees Ann Anaya, Dawn Erlandson, Rudy Rodriguez, and Michael Vekich. The board also met with Chancellor Steven Rosenstone.

Trustee Rodriguez presented the following report on Chancellor Rosenstone's FY 2016-FY2017 Performance Review:

In the fall of 2016, the board agreed to five goals to serve as the priorities for the chancellor's FY2016-2017 work plan. For this final year, the chancellor continued to provide strong leadership during a time of significant change that included the search for a new chancellor and an ambitious work plan. Amidst this time of change, the chancellor stayed focused to deliver his goals and successfully lead the transition to the interim chancellor.

First, Chancellor Rosenstone and his leadership team successfully facilitated the transition in leadership. The transition plan and supporting documents were thoughtfully conceived and leveraged Chancellor Rosenstone's experience and the collective wisdom of the system. The transition included not only the practical knowledge required to lead Minnesota State, but also a clear identification of the ongoing issues, risks, and challenges we face now and in the future. Throughout the transition, the chancellor provided the board with good counsel when requested, maintained morale and confidence, and was clearly invested in the success of the interim chancellor.

Second, Chancellor Rosenstone empowered his team to successfully champion the biennial legislative request and to ensure legislators understood the importance of our colleges and universities to students as well as to our communities across Minnesota. The chancellor led a well-orchestrated campaign that included proactive and strategic communication to champion the needs of Minnesota State that was delivered through social media, a campus grassroots communication effort, and effective influencing from the chancellor and his leadership team with legislators. Because of these efforts, the chancellor and the team secured a majority of the incremental higher education funding. This was accomplished while also protecting the board's priorities and revenue targets.

Third, Chancellor Rosenstone did an outstanding job of developing the Strategic Roadmap for Long Term Financial Stability for Minnesota State. He effectively worked with all key stakeholders and addressed bargaining unit concerns to deliver a recommendation. The chancellor clearly and passionately advocated the case for change starting at the September board retreat and throughout the year, delivering the sobering message that our costs are outpacing revenue and that our financial model is not sustainable. He subsequently developed the implementation strategy and priorities, including the new internal financial model that was adopted by the board in November.

Fourth, Chancellor Rosenstone continued to coach and develop the presidents, cabinet, and Leadership Council. The board recognizes the efforts of the chancellor to further develop his staff while also continuing to drive change with a vision of working as one collaborative enterprise. This was accomplished by ongoing coaching, improved hiring practices, and retention strategies. This year, the chancellor on-boarded six new presidents, two new cabinet members, and led the completion of 360 assessments.

Fifth, we asked Chancellor Rosenstone to complete the implementation of Charting the Future, to implement the metro baccalaureate plan, to continue to make progress on the campus diversity and inclusion plans, to implement the branding initiative, and to develop and implement the federal relations plan. The chancellor successfully implemented these board and systemwide priorities.

- The Charting the Future milestones were met and all 15 initiatives in the 2017 work plan have been completed or are near completion.
- There was progress in the ongoing implementation of the metro baccalaureate plan with fall enrollment increasing 9% versus last year and the addition of 25 new program locations across metro colleges.
- The chancellor and his leadership team continued to advocate and drive results behind the campus diversity plans, including the training of campus chief diversity officers, providing each president feedback on their campus diversity plans, and inclusion of diversity goals and metrics in the annual performance review of every president.
- Progress was made in the rebranding of Minnesota State, including the completion of a brand standard guide.

- Continued to build public trust and momentum through a proactive public relations plan focusing on key messages of affordability, accessibility, and talent development.
- And finally, there was some early progress in the federal relations plan resulting in board member participation in the ACCT National Summit, and meetings with members of Minnesota’s congressional delegation.
- In summary, Chancellor Rosenstone delivered a strong performance on the agreed-upon goals and priorities. He led and empowered his team to make Minnesota State a stronger enterprise to ensure access to an extraordinary education for all Minnesotans.

Chair Vekich concluded the report with the following comments:

The Board of Trustees for Minnesota State thanks and recognizes Chancellor Steven Rosenstone for his vision and significant accomplishments. Minnesota State is in a better position today because the chancellor delivered a vision, ideas, and the case for change to strengthen the organization. Through his leadership, tenacity in the face of headwinds, and a strong passion for diversity, he leaves Minnesota State in a stronger position to deliver on our core value to provide opportunity for all Minnesotans to create a better life for themselves, for their families, and for their communities. Of the many accomplishments during his tenure, Chancellor Rosenstone’s legacy includes the following three hallmarks:

- Chancellor Rosenstone established a strong vision for Minnesota State through the implementation of *Charting the Future* that provides more Minnesotans with access, affordability, and excellence by maximizing the power, talent, and resources of the entire organization.
- Chancellor Rosenstone advanced the long-term financial sustainability of Minnesota State through courageous conversations with the board and all stakeholders about the challenges of our outdated financial model.
- Chancellor Rosenstone championed diversity with double digit increases in student, employee, and system leadership diversity.

The board thanks the chancellor for his six years of extraordinary service to the State of Minnesota and to Minnesota State, and wishes him well in his future endeavors.

Chancellor Report

Chancellor Steven Rosenstone addressed the board:

“Chair Vekich, Trustee Rodriguez, and members of the board, thank you for your kind words both about my performance this past year and about our collective accomplishments over my tenure as chancellor. As you appropriately noted, this has been a team effort and I would like to express my gratitude to all who have contributed to this endeavor. Thank you to the students, faculty, staff, presidents, cabinet members, and trustees who crafted *Charting the Future*. Thank you to the presidents and hundreds of students, faculty

and staff from campuses all over Minnesota who identified the priorities and led the campus-based implementation these past two years.

Together, we have indeed maximized the remarkable talents of faculty and staff across our entire enterprise to better serve students; to meet the needs of communities across Minnesota; and to be better stewards of the state's resources. We are finally realizing many of the opportunities envisioned 25 years ago when our system of colleges and universities was created.

Thank you to the Legislature and Governor Dayton for their unwavering support of our students, colleges, and universities.

There are many things for us all to be proud of, but there is nothing I am more proud of than the collaborative team of leaders we have built over the years. I have had the privilege of working with remarkable – truly remarkable – people. And, I can easily say that in my 44-year career in higher education, I have never worked with a more talented and dedicated team of public servants than the individuals who lead our campuses and this system. Everyone – here in the system office and on our campuses across Minnesota – everyone understands why we are here. This is the most mission-driven organization I have ever been part of. Everyone is committed to serving Minnesota students and Minnesota communities. This shared value permeates our entire enterprise. It's what drives every employee. It's what drives this board.

To our presidents and members of the cabinet, thank you. Thank you for your leadership, your friendship, and your support over the years. I am not only grateful for, but proud of, your leadership and the work we have done together. A special thank you to all the presidents who have served on the Leadership Council's executive committee over the years and to those who have served on the executive committee this past year: Presidents Blackhurst, Ester, Gores, and McDonald.

I would also like to thank those who have provided the day-to-day, often minute-by-minute support that has strived against all odds to keep me on track. To Chief of Staff Nancy Joyer, thank you for being such a strong and generous resource to our presidents; for helping to recruit and onboard great leaders; and for providing the support they have needed to soar. Thank you for helping to orchestrate the strategies required to drive both the priorities that the board has set and the jam-packed work plans that we took on each year. To Vicki Tschida and Kalae Verdeja, thank you for your remarkable administrative support, for doing the seemingly impossible – managing my calendar and ensuring that I left each night with the homework that needed to be completed by the next day. I deeply appreciate your good cheer, generosity of spirit, and great work.

A final thank you to Maria Antonia for her profound generosity and unwavering encouragement through this journey.

The first time I appeared before this board, back on February 2, 2011, as a candidate for chancellor, I said I was standing for this position because I wanted to continue to contribute to the vitality of our state. And, I thought that the most effective way I could do so was to lead Minnesota State Colleges and Universities. I said on that Wednesday morning, that students and their families as well as businesses and communities across Minnesota were counting on us. I said that Minnesota State's future depended upon us because Minnesota would not have the talent it needed to compete globally unless Minnesota State colleges and universities made it happen.

Following an hour of board interrogation, you invited me to offer some closing comments and I did so by reminding us that our campuses are a place of hope and opportunity where we provide an opportunity for all Minnesotans to create a better future for themselves, for their families, and for their communities.

And I pledged that if I were asked to serve as chancellor,

- I would serve as a steward of this system,
- a steward on behalf of our students, and
- a steward to serve the people of Minnesota.

Every day over the past six years, we have worked together to do so. We knew we would face plenty of challenges and when we stood together in the State Capitol's historic rotunda on October 19, 2011, for my installation,

- I spoke of the commitment we needed to make to the people of Minnesota, to each other, and to the state.
- I spoke of the courage we needed to have to do what's needed when it's needed, and,
- I spoke of the creativity we would need to draw upon to make the impossible possible.

By working together, we have kept our commitments to each other and to the people of Minnesota; and together we have acted with courage and creativity. The past six years have been both the most challenging and most rewarding experience of my professional life. I am grateful for the confidence that you and your predecessors placed in me, and I am grateful for the opportunity to serve.

Finally, I would like to thank the board for the opportunity to work on the transition in leadership with Chancellor-designate Devinder Malhotra. Dr. Malhotra will lead with grace, wisdom, and dedication. He shares our core values and is committed to the mission of our colleges and universities. We still have some transition work to complete over the next five and a half weeks, but rest assured, Minnesota State will be in good hands under Chancellor Malhotra's leadership.

Minnesota State is on a steep, and positive trajectory and I look forward to watching great things continue to happen over the years ahead. Thank you.”

Consent Agenda

Chair Vekich called for a motion to approve the revised Consent Agenda. A motion was made by Trustee Hoffman and seconded by Trustee Janezich and carried unanimously.

- 1. Board of Trustees Meeting Minutes of April 19, 2017**
- 2. Board of Trustees Meeting Minutes of May 17, 2017**
- 3. Proposed FY2019 Meeting Calendar (Second Reading)**
- 4. North Dakota Reciprocity Agreement**
- 5. Approval of Contracts Exceeding \$1 Million or Five-Year Length**
 - a. Interagency Agreement with State of Minnesota Office of Information Technology**
 - b. Oracle Contract Extension**
 - c. Minneapolis Community and Technical College Construction Project**
 - d. Minnesota State University, Mankato, 7700 France Avenue Lease**
 - e. Metropolitan State University Janitorial Services**
 - f. Winona State University Contract for Enrollment Management Services**
 - g. Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation**

Board Standing Committee Reports

- a. Human Resources Committee, Chair Dawn Erlandson
 - **Appointment of Interim President of St. Cloud Technical and Community College**
Committee Chair Erlandson offered the following motion that was approved unanimously:

The Board of Trustees, upon the recommendation of Chancellor Rosenstone appoints Lori Kloos as interim president of St. Cloud Technical and Community College effective August 1, 2017, subject to the completion of an employment agreement. The board authorizes the chancellor, in consultation with the chair of the board and the chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.

Student Associations

Minda Nelson, president, LeadMN, addressed the Board of Trustees.

Chair Vekich welcomed the president-elect Isaac Jahraus, a student at Normandale Community College.

Joe Wolf, chair, Students United, addressed the Board of Trustees.

Chair Vekich welcoming the incoming chair Faical Rayani, a student at Minnesota State University, Mankato.

Minnesota State Bargaining Units

There were no comments from the leads of the bargaining units

Board Standing Committee Reports (continued)

b. Joint Meeting, Academic and Student Affairs and Diversity, Equity, and Inclusion Committees, Co-chairs Alex Cirillo and Ann Anaya

- Closing the Opportunity Gap

Committee Co-chair Cirillo reported that the committees reviewed recent trends, readiness, financial resources, and completion rate of students of color, American Indian students, and white students, and goals for eliminating the opportunity gap. Approximately two-thirds of the opportunity gap can be attributed to gaps in academic preparation and financial resources. The strategies for closing the gap are focused on financial and academic preparedness. The data show that despite our efforts, the gap remains. There was also a discussion around the K-12 feeder system. The expectation of the report is the need to work to deconstruct some of the structural issues such as poverty and institutional racism.

c. Finance and Facilities Committee, Chair Jay Cowles

Committee Chair Cowles reported on the non-action agenda items before taking up the action items.

1. ISRS NextGen Update

The committee received an update on the plans for the ISRS NextGen. Funding and associated risks for the program's implement were discussed.

2. 2017 Legislative Summary

The committee reviewed the results from the legislative session and were grateful to the legislative leadership and governor's office and to all of the stakeholders who effectively advocated for our requests.

3. FY2018 Capital Program Recommendation

Committee Chair Cowles reported that the committee approved the FY2018 Capital Program Recommendation. Chair Vekich called the question and the following motion was approved unanimously.

The Board of Trustees approves the FY2018 capital program request as presented in Attachment A (located on page 32 of the Finance and Facilities Committee's meeting materials), specifically the projects and priorities for the 2018 legislative session. The chancellor is authorized to make cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the governor and legislature for consideration in the state's FY2018 capital budget. The chancellor is authorized to make adjustments to Attachment A if warranted as a result of a special session of the legislature after consultation with the Chair of the Board and the Chair of the Finance committee. The chancellor shall advise the board of any subsequent changes in the approved capital program prior to the 2018 legislative session. In addition, as funding is authorized and appropriated by the legislature and approved by

the governor, the chancellor or the chancellor's designee is authorized to execute contracting actions necessary to deliver on the project scope and intent.

4. Students United Fee Increase

Committee Chair Cowles explained that Board Policy 3.7 Student Association requires two readings on the proposed Students United fee increase. The committee suspended the rules and approved the Students United fee increase. The committee recommends board approval.

Committee Chair Cowles moved that the Board of Trustees suspend the rules. The motion was seconded and carried unanimously.

Chair Vekich called the question and the motion carried that the Board of Trustees accepts the increase of the Students United fee from \$.43 to \$.47 per credit hour beginning fall semester 2017.

5. FY2018 Annual Operating Budget

The Board of Trustees adopted the following motion:

Adopted the annual total all funds operating budget for fiscal year 2018 as shown in Table 3 (see page six of the FY2018 Annual Operating Budget located at: http://www.mnscu.edu/board/materials/2017/fin-06-operating_handout.pdf).

Approved the proposed tuition structure recommendations and differential tuition rationale for fiscal year 2018 as detailed in Attachments 1A through 1F (see pp.16-54 of the FY2018 Annual Operating Budget). The approval of the St. Cloud State University banded tuition plan is subject to an implementation plan approved by the chancellor.

Tuition rates are effective summer term or fall term 2017 at the discretion of the president. The chancellor or designee is authorized to approve any required technical adjustments, and is requested to incorporate any approvals at the time fiscal year 2019 tuition recommendations are presented to the Board of Trustees.

Continued the policy of market-driven tuition for closed enrollment courses, customized training, and non-credit instruction, continuing education, and contract postsecondary enrollment option programs.

Approved the Revenue Fund and related fiscal year 2018 fees for room and board, student union, wellness and recreation facilities, and parking ramps/surface lots as detailed in Attachments 2A through 2E (see pp. 55-62 of the FY2018 Annual Operating Budget), including any housing fees that the campuses may charge for occupancy outside the academic year.

Approved Student Life/Activity fee (\$117.36 per term) for St. Cloud State University.

Authorized the chancellor or designee to enter into an agreement with the Learning Network of Minnesota to provide the funding appropriated to the organization in Minnesota Laws 2017, Chapter 89, Article 1, Section 3, Subdivision 4, in the amount of \$4,115,000.

- d. Audit Committee, Chair Bob Hoffman
 - 1. Fiscal Year 2017 Audit Plan Update
Committee Chair Hoffman provided an update on the FY2017 audit plan.
 - 2. Fiscal Year 2018 Annual Audit Planning
Committee Chair Hoffman remarked that the FY2018 audit plan will be developed in consultation with Baker Tilly.

Trustee Reports

Trustee Ajuo reported that he attended the Association of Community College Trustees Governance Leadership Conference in Washington, D.C.

Trustee Moe commented that he called several legislative leaders to thank them for their support of Minnesota State.

Trustee Bourdeau's Service

Trustee Erlandson acknowledged Trustee Bourdeau and thanked her for her service. Chair Vekich thanked Trustee Bourdeau, adding that she represented students well during the four years she has served on the board. Chancellor Rosenstone thanked Trustee Bourdeau for her service to students and to the system.

Other Business: Election of Chair and Vice Chair

Michael Vekich was re-elected unanimously as chair and Dawn Erlandson was re-elected unanimously as vice chair of the board.

Updates and Adjournment

Chair Vekich announced that the retreat will be on September 19-20, 2017.

The meeting adjourned at 12:20 pm.



Ingeborg K. Chapin, Secretary to the Board