



**BOARD OF TRUSTEES
GOVERNANCE COMMITTEE
Leonard D. Schiavone, Chair
Delores E. Crawford, Vice Chair
All Trustees are Members**

**Wednesday, December 6, 2017
3:30 p.m.**

**Tod Hall
Board Meeting Room**

AGENDA

A. Disposition of Minutes

B. Committee Items

1. Discussion Items

- Tab B.1.a a. November 9, 2017 Trustees Annual Conference – Columbus, OH**
- b. November 5-7, 2017 Board Retreat**
- c. Board of Trustees Board Planning Survey**
- d. 2018 Board Meeting Start Time – 10:00 a.m. vs. 3:00 p.m.**

2. Action Items

- Tab B.2.a a. Resolution to Amend The Bylaws of the Board of Trustees of Youngstown State University**

C. New Business

D. Adjournment

2017 Trustees Conference

Report Out from Attendees: Trustees Molly Seals & Delores Crawford

Agenda:

AFFORDABILITY AND EFFICIENCY WRAP-UP / ODHE STAFF UPDATE ON AGENCY INITIATIVES

Jim Bennett, Chief of Staff of the Ohio Department of Higher Education, and other agency staff provided an update on the latest efficiency initiatives taking place in Ohio's higher education institutions as well as reported on the Ohio Department of Higher Education Annual Efficiency Summit held in August with almost 90 attendees. A number of innovative and promising practices were highlighted, including:

1. Arizona State University of Tempe
2. Georgia State University
3. University of Maryland - Baltimore County
4. University of Michigan -Ann Arbor

OPENING PLENARY - EXPLORING TRUSTEE FIDUCIARY EXPECTATIONS AND ACCOUNTABILITY

Deputy Chief Legal Counsel Mark Altier and others from the State Auditors Office provided an update on the latest legal interpretations regarding trustee fiduciary responsibilities and expectations. The session included an overview of recently passed legislation that grants the Auditor of State the ability to perform performance audits of higher education institutions. The session helped trustees understand what institutions should expect if an audit is conducted.

Beyond the 3 Fiduciary Duties of a Trustee (Duty of Care, Loyalty & Obedience) and Proper Public Purpose Financial Management, the following key information was shared about the Performance Audit Process and HB 384:

- 1) House Bill 384 was passed and allows the state to conduct a performance audit of a higher education institution as one of the four audits conducted every two years.
- 2) Why is this important? ROI has ranged from 17:1 to 29:1 for performance audits performed over the last couple years with various state institutions and now higher education institutions can benefit from this as well.
- 3) The State Performance Team performs audits of Information Technology, Shared Services Support, Fleet Utilization and Streamlining, Building Utilization and Staffing Optimization, but does not audit institution academic performance.
- 4) The outlay of the University for such audit will range between \$125,000 and \$350,000 depending on number of FTEs attending University. But Universities are able to tap the LEAP (leveraging efficiency, accountability and performance) Fund to help pay for the audit. This fund was originally established to allow state institutions to benefit from the audit process when they could not otherwise afford to do so and functions as a type of revolving loan.

- 5) The Ohio State University has elected to be the first university to undergo the performance audit and the process is currently underway. We should stay tuned to learn more about how OSU benefits from this.
- 6) When an institution is audited, the expectation is to follow recommendations presented or submit to state why it would not be following recommendations.

INSTITUTION RISK MANAGEMENT

Douglas A. Huffner, Senior Director and Chief Risk Officer at The Ohio State University, will provide a view of how administrative leadership at Ohio State and institution trustees work together to identify risks, communicate about risks, develop risk mitigation strategies, and respond to crisis situations both financial and otherwise. Some of the key practices used by OSU trustees included the following;

- Risk Management best practice is for RM to report directly to the Board. Universities are inherently complex organizations. Simplicity arises when you take a rather overwhelming, complex operating environment on its face, understand it as best as you can, and manage it using a strong Governance Framework to Support your ERM Program
- Primary drivers for ERM programs are board driven requirements, regulatory requirements, rating agency expectations, and institutional complexity
- Linkage between ERM and the strategic planning process is an evolving area of focus and future goal for most institutions
- New and emerging risks are being identified informally through risk committees, networking with other institutions, and/or monitoring events and trends within the industry.
- **OSU has applied the COSO model:**
 - The COSO model defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives” in the following categories:
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
 - Compliance with applicable laws and regulations
 - The OSU model focused on shifting from a Risk Management model that focused on “historic” (identifying and controlling risk based on what has happened in past to “an integrated and strategic” one. This type risk management is enterprise-wide and focuses on identifying, preventing and mitigating risks tied to what is happening now and based on the strategic
 - OSU developed a risk committee to manage this process. The following is an overview of the process:

Background of OSU COSO model:

- Strategic look at university-wide risk(s) & compliance issues
- Support strategic planning process through execution: identify risks not captured in plans
- Top tier risks lack : Clarity of Ownership and Adequacy of Planning
- Iterative process

Board Expectations/Mandate:

- Oversight of top tier risks
- Backstop to strategic plans
- Link to scorecards
- Governance process over enterprise (“University”) and Compliance risks

Objective:

- Ensure effective oversight of University risk management practices
- Review, assess, and monitor:
 - Material risks associated with conducting University business
 - Internal risk management processes or systems
 - University policies and procedures for risk management

Responsibilities:

- Design guidelines, controls, and other procedures to manage University risks
- Monitor effectiveness of risk management practices
- Recommend and monitor ongoing mitigation strategies
- Periodically review University Risk Assessment and recommend changes
- Other responsibilities as assigned

FY2014 Risk Assessment
Risk Categories and Examples

Scholarship	Medical	Student Life	Advancement	Financial
<p><i>Inability to perform significant academic or scientific research</i></p> <ul style="list-style-type: none"> • Research excellence • Material drop in research expenditures • Loss of gov’t or industry funding • Conflicts of interest 	<p><i>Significant reduction in performance of the Health system and related colleges</i></p> <ul style="list-style-type: none"> • Changes to reimbursement • Accreditation issues • Health Care Reform • Patient care, quality & satisfaction • Medical staff training / management 	<p><i>Inability to develop an environment conducive to student life</i></p> <ul style="list-style-type: none"> • Material drop in student satisfaction (incl. graduation %) • Nationally publicized student conduct event • Student housing issues 	<p><i>Events impacting the brand, alumni relationships, or Advancement objectives</i></p> <ul style="list-style-type: none"> • Awareness/Branding • Crisis management / public relations failure • Alumni relations • Regulatory reforms 	<p><i>Inability to reach capital, revenue, or cost containment objectives</i></p> <ul style="list-style-type: none"> • Loss of gov’t funding • Investment portfolio losses • Accounting breakdown • Credit rating downgrade • Interest rate risk/exposure
Information Technology	Physical Environment	Athletics	Government, Community, and Affiliates	Compliance
<p><i>Inability to store, develop, transmit, or protect data</i></p> <ul style="list-style-type: none"> • IT alignment to strategy • Systems and data integrity • IT operations and availability • Information security • Aging software maintenance & renewal 	<p><i>Loss of infrastructure; major event impacting ongoing operations, including campus safety</i></p> <ul style="list-style-type: none"> • Protection of physical assets • Campus safety/security • Campus disruption • Traffic Safety 	<p><i>Risk of disruption to Athletics operations, including significant NCAA violations</i></p> <ul style="list-style-type: none"> • NCAA sanctions • Change in NCAA regulatory approach • Adverse event in youth program • Communications failure 	<p><i>Failure to monitor and develop affiliate relationships</i></p> <ul style="list-style-type: none"> • Potential fraud on University by affiliate • Nationally publicized reaction to evolving University business model 	<p><i>Failure to meet regulatory, legal, or policy requirements</i></p> <ul style="list-style-type: none"> • Federal payor (medical, research) • Ethics violations • Title IX/Clery Act • EHS and ADA • Major investigation • Privacy laws (HIPAA, FERPA)

EMERGING TRENDS IN HIGHER EDUCATION

Consultants from Ernst & Young reviewed some trends happening in higher education and shared some promising practices that institutions around the country have implemented to improve student success; to leverage the “digital revolution” and use technology to advance their mission and goals; and how institutions structure partnerships with industry that go beyond the traditional recruitment and internship opportunities. Four of the universities recognized as having some the most innovative practices are:

1. Arizona State University of Tempe
2. Georgia State University
3. University of Maryland - Baltimore County
4. University of Michigan - Ann Arbor

BREAKOUT SESSIONS

- The Ohio Department of Higher Education provided an update on the state’s attainment goal.
- The Association of Governing Boards will feature speakers providing information on best practices and strategies for effectively evaluating board performance.
- This AGB provided information on best practices and strategies for building effective capital and fund-raising campaigns.
- Ernst & Young conducted a breakout session focusing on the essential questions board members should ask to ensure budget transparency and institutional fiscal health.

**RESOLUTION TO AMEND THE BYLAWS OF
THE BOARD OF TRUSTEES OF
YOUNGSTOWN STATE UNIVERSITY**

WHEREAS, the Board of Trustees of Youngstown State University is a self-governing body established under Chapter 3356 of the *Ohio Revised Code*; and

WHEREAS, the Board of Trustees has adopted *Bylaws* regarding its governance and policies regarding its procedures; and

WHEREAS, the Governance Committee of the Board of Trustees has recently undertaken a review of the Board's *Bylaws* and has determined that the *Bylaws* should be amended; and

WHEREAS, pursuant to Article IX, Section 3.A. of the *Bylaws*, the Governance Committee announced its proposed amendment to the *Bylaws* at the regular meeting of the Board of Trustees held September 7, 2017; and

WHEREAS, the Governance Committee has approved certain changes to the proposed amendment to the *Bylaws* as are reflected in the attached redlined version of Exhibit ____ .

NOW, THEREFORE, BE IT RESOLVED, effective immediately, that the Board of Trustees of Youngstown State University does hereby amend Article IV of its *Bylaws* to add a new paragraph B. to create the position of National/Global Trustee, as reflected in the redlined and clean versions of the amended *Bylaws* attached hereto as Exhibit ____; and

BE IT FURTHER RESOLVED, that University administration is authorized and directed to take such actions as are necessary and appropriate to effect the amendment of the Board's *Bylaws*, including the republication of the *Bylaws* booklet.

**Board of Trustees Meeting
December 7, 2017
YR 2018-_____**

Agenda Item _____.

ARTICLE IV
BOARD COMMITTEES

A. Membership – All Trustees and Student Trustees shall be voting members of all Board standing committees, unless otherwise provided by these Bylaws.

B. *National/Global Trustees. In order to take advantage of the diverse talents, resources and experiences of friends and alumni of the university who can contribute to the current and future success of the university the position of National/Global Trustees has been established in accordance with the following guidelines:*

1. *The Board may nominate and appoint persons to the position of National/Global Trustee.* National/Global Trustees shall be nominated and ~~selected~~appointed by the Board of Trustees on the basis of one or more of the following criteria: success in chosen field or business; state or national prominence; ability to serve as an advocate for higher education; ability and willingness to offer advice to the Board and university president and/or ; demonstrated support for Youngstown State University.
2. There shall be no more than three (3) persons serving in the positions of National/Global Trustee at any one time. National/Global Trustees shall serve staggered terms such that ~~only no more than~~ one (1) such position expires annually in a calendar year.
3. Each National/Global Trustee shall be appointed for a three (3) year term and shall be eligible to serve a second consecutive three (3) year term. A National/Global Trustee that has served two consecutive terms shall not be eligible for reappointment as a National/Global Trustee until not less than one (1) year has passed since the conclusion of his or her term as a National/Global Trustee.
4. National/Global Trustees shall have no voting privileges on the Board, shall not be considered in determining whether a quorum is present; and shall not be eligible to be an officer of the Board, but may otherwise participate in all activities of the Board.
5. National/Global Trustees shall not be compensated for their service but shall be paid their reasonable and necessary expenses in the same manner that applies to Trustees.

6. *National/Global Trustees shall follow the Ohio ethics laws, including those set forth in Chapter 102 and Sections 2921.42 and 2932.43 of the Revised Code, the Board's Bylaws and University policy.*
7. *National/Global Trustees shall appointed by Board action after ~~be nominated nomination and elected~~ by the Governance Committee of the Board in accordance with the process described for the nomination and election of Board officers set forth in Article- IV, Section 6.a. of the Board's Bylaws*
8. *National/Global Trustees may be removed by a majority vote of the Board.*
9. *A Trustee may serve as a National/Global Trustee, but cannot be appointed to serve as a National/Global Trustee ~~nominated~~ until at least one (1) year after the Board member's ~~appointment term as a Trustee~~ has ended.*
- 10. An employee or former employee of the university may serve as a National/Global Trustee, but cannot be appointed to serve as a National/Global Trustee until at least one (1) year after that person's compensated service to the university has ended.*
10. *National/Global Trustees shall be entitled to legal defense and indemnification against claims and liabilities ~~which~~ that might arise from the performance of their duties on behalf of the Board to the fullest extent permitted by Ohio law. In addition, the National/Global Trustees will be considered a "volunteer" for purposes of coverage under the University's liability insurance.*

C. Committee Chairperson and Vice Chairperson - The Chairperson shall appoint the chairperson and vice chairperson of each standing committee, and members of such committees that are not otherwise composed of all of the trustees or as otherwise set forth herein, subject to the approval of the Board. Committee chairpersons and vice chairpersons shall be Trustees. The Chairperson will not be a chairperson or vice chairperson of a standing committee.

* Italics denotes new language.

[Continuing thereafter unchanged but for Paragraph/Section lettering.]

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