

MINUTES

May 12, 2017

The Task Force on Board Structure and Governance of the Board of Visitors of Virginia Polytechnic Institute and State University met on Friday, May 12, 2017, at 1:30 p.m. at the Virginia Tech Richmond Office located at 11 South 12th Street, Richmond, Virginia

Present

Mr. Dennis Treacy (committee chair)
 Ms. Greta Harris
 Mr. Mehul Sanghani
 Mr. Horacio Valeiras
 Ms. Kay Heidbreder
 Ms. Kim O'Rourke

Absent

Mr. Treacy convened the meeting at 1:30 p.m., explaining that the Task Force was formed by the Rector as an outcome of the Board's April 1 retreat. This first meeting of the Task Force is intended to be a brainstorming session about how to structure the committees and the work of the Board, how to better orient new members, and whether it is desirable to continue to have Board retreats periodically.

The facilitator from the April 1 Retreat, Cathy Trower, joined the meeting briefly by phone to lead a debriefing conversation about the Retreat; she was invited to send additional thoughts. After that call ended, the Task Force considered: 1) the Task Force's responses to a series of questions, 2) the report of the Board's survey responses, and 3) the survey responses from other four-year public universities in Virginia.

Brainstorming ideas for further Task Force consideration:

- Combine Research and Academic Affairs Committees
- Create an Audit and Risk Committee
- Create an Advancement Committee
- Restructure Finance Committee as a Resource Development Committee
- Create a Business Management Committee
- Create a Governance Committee
- Determine where diversity and inclusion fits into the committee structure, critical to long-term sustainability.
- Determine where human resources and the university's restructuring relationship with the state (Restructuring Act) fit into the committee structure.
- Consider the appropriate level of engagement and how to engage the BOV with strategic issues such as the sustainability of the university, Beyond Boundaries, long-term revenue streams, strategic planning, partnerships, etc.
- Create a committee on enterprise risk management, or at each Board meeting update the Board on the university's top 5 to 10 risks visualized on a graph with axes showing relative immediacy versus impact of each risk.
- Make greater use of consent agendas to free committee time for discussion of substantive issues.

- Dedicate at least a portion of the Sunday information session to topics determined by the Board; this time would be devoted to discussion by the Board, rather than presentations by the administration. At each information session, Board members or committee chairs can identify topics for the next meeting's information session.
- Dedicate a portion of each information session or Board meeting to a Beyond Boundaries update.
- Have a rotating committee of the whole on Sunday, rather than always the Research Committee (may have implications for committee membership)
- BOV Retreat – The BOV loved the recent retreat. Consider having a one-day retreat after BOV appointments are made but before August/September meeting of the BOV. Begin the retreat with an orientation session for new BOV members, which continuing members also would be encouraged to attend. Use the retreat to set priorities for the year. Possibly rotate the retreat around the state. [Dates under consideration are the weekends of August 19-20 or 26-27 or a weekday in between.]
- Orientation session – encourage all, not just new, Board members to attend. Begin with a PowerPoint that frames the university's persona. Many topics were proposed for inclusion. Optimal length and structure of orientation need to be determined.
- Visiting new Board members – While there is value to having the Rector and President visit new Board members, the visit may be more meaningful if it occurs after the Orientation Session/ Retreat.
- Institute a mentoring program that pairs new Board members with continuing members.

Next meeting - The Task Force needs to understand what responsibilities of the Board are prescribed by law. In preparation for the meeting on May 23, the Task Force will be sent a copy of the audit charter and the Board by-laws with mandated responsibilities highlighted in yellow.

Future Task Force Meeting Dates:

Tuesday, May 23, 10:00 a.m. – Virginia Tech Richmond Office

Sunday, June 4, morning, time TBD – Virginia Tech Campus, Blacksburg

The meeting was adjourned at 3:35 p.m.

Dennis Treacy, Chair

MINUTES

May 23, 2017

The Task Force on Board Structure and Governance of the Board of Visitors of Virginia Polytechnic Institute and State University met on Tuesday, May 23, 2017, at 10:00 a.m. at the Virginia Tech Richmond Office located at 11 South 12th Street, Richmond, Virginia.

Present

Mr. Dennis Treacy (committee chair)
 Ms. Greta Harris
 Mr. Horacio Valeiras
 Ms. Kay Heidbreder
 Ms. Kim O'Rourke

Absent

Mr. Mehul Sanghani

Members of the public present: Ellen Plummer

Mr. Treacy convened the meeting at 10:00 a.m.

Approval of Minutes of May 12, 2017 – A motion was made by Mr. Valeiras and seconded by Ms. Harris to approve the minutes; the motion passed.

Mr. Treacy summarized the discussion of the May 12 meeting and indicated that the objective of today's meeting is to further refine the ideas that were discussed at the last meeting and begin to draft specific recommendations. The Task Force then reviewed the current by-laws of the Board to better understand which of their stated responsibilities are required by law. The Task Force also reviewed a set of questions provided by facilitator Cathy Trower to help evaluate the effectiveness of the current committee structure and Board processes.

The Task Force articulated its mission as developing recommendations that would elevate the substance of dialog at committee and Board meetings and enable the Board to focus on strategic issues as well as its fiduciary responsibilities. The Task Force developed the following set of recommendations (subject to further refinement).

General recommendations:

- The visit by the Rector and President to welcome new Board members should be continued. Conversely, there could also be value to that visit being scheduled to occur after the Board's orientation/retreat and before the Board's regular August/September meeting.
- Conduct an annual Board self-evaluation.
- Expand usage of consent agendas by all committees and the Board to allow more time for substantive discussion.
- Focus committee chairs' verbal reports to the Board on substantive matters; written reports should continue to contain a comprehensive summary of the respective committee's work.

Sunday information session recommendations:

- Two strategic issues would be standing agenda items for every meeting: (1) Inclusion and diversity, and (2) Beyond Boundaries, including destination areas. These topics can be covered in depth at the Board's annual retreat (see below) including baseline data, strategy, and vision, so that reports by administration at the quarterly information sessions can be brief updates (15 minutes total). These standing agenda items would remain until the Board removes them. A one-page description of Beyond Boundaries is needed from the administration.
- At each meeting, committee chairs should propose topics for the next information session.
- Presentations by the administration to address topics proposed by the Board should be sufficiently concise that they use no more than one-third of the total time allotted to the topic so that the majority of the time will be devoted to discussion among the Board members.

Proposed committee structure:

- Academic and Student Affairs and Research Issues Committee (refine title?) – the charges of these committees would be combined, and the scope would be expanded to include corresponding issues related to the medical school, similar to the other colleges. Athletics would be moved to another committee. This committee would be supported by the Provost along with appropriate Vice Presidents.
- Buildings and Grounds Committee – would remain unchanged. This committee would continue to be supported by the Vice President for Administration.
- Finance and Resource Management Committee – the current charge for fiscal matters would be expanded to include those related to the advancement and research programs. The audit function would be moved to another committee. This committee would continue to be supported by the Vice President for Finance and CFO.
- Governance and Administration Committee – this new committee would be responsible for human resources policies pertaining to non-teaching-and-research faculty and university staff, athletics (non-fiscal matters), marketing and communications. In addition, this committee would serve as the Board's Nominating Committee. It would also be responsible for Board engagement, the Board's protocols and annual self-evaluation. This committee would be supported by the Secretary to the Board in consultation with the Chief Human Resources Officer, Director of Athletics, and other appropriate administrators.
- Compliance, Audit, and Risk Committee - this new committee would include the charge of the current Audit Committee as well as all issues of compliance and overall enterprise risk management. Because the scope of this committee deals with enterprise-wide risk and compliance, the administrator to support this committee is TBD. Internal Audit would report to this committee. This committee would meet only twice a year and would be scheduled to precede the Board's Sunday information session.

Note: One option under consideration is to have one committee meet following the Sunday information session on a rotating basis thus enabling all Board members to attend that committee meeting; members of that committee would then have the opportunity to visit other committee meetings on Monday morning. Alternatively, rather than having the first four committees above meet concurrently, the meeting length could be shortened such that there would be two sets of two concurrent meetings on Monday morning, thus enabling more Board members to serve on each committee.

Recommendations for Board Orientation Session:

- There should be an annual orientation session for new and continuing board members. This session would occur at the beginning of the annual retreat.
- Suggested agenda:
 - Welcome by the Rector and the President
 - Financial model (5 slides) – VP for Finance and CFO
 - Freedom of Information and Conflict of Interest laws – University Legal Counsel
 - Board protocol, ethics, collegiality, commitment to act in the best interests of the university – Rector

Recommendations for Board Retreat:

- Hold an annual one-day retreat in August prior to the August/September Board meeting
- The day would begin with an orientation session in the morning and be followed by a retreat devoted to specific topic(s). The retreat would conclude with a social event in the evening.
- Tentative plans for this year's retreat – August 19 at a Virginia Tech facility in the National Capital Region (NCR), possible focus on inclusion and diversity.

Next steps:

- Mr. Treacy will brief the Rector and the President.
- Ms. Heidbreder and Ms. O'Rourke will then have individual meetings (by phone or in person with the BOV committee chairs and administrators directly affected to get their reactions to proposed committee and process changes and will report on their reactions at the next Task Force meeting on June 4. Meetings with BOV committee chairs will also include discussion of questions posed by facilitator Cathy Trower.
- Mr. Treacy will give a 15-minute briefing to the Board at the June 4 information session and will call upon Ms. Harris, Mr. Valeiras, and Mr. Sanghani to comment.
- The Task Force will provide specific recommendations to the BOV Executive Committee for action at the Executive Committee's June 26 meeting.
- Assuming the Executive Committee approves the recommendations on June 26, they will be presented to the full Board for vote at the Board's retreat (tentatively planned for August 19 in the NCR).

Next meeting:

Morning of Sunday, June 4, in Blacksburg, exact time TBD.

The meeting was adjourned at 2:00 p.m.

Dennis Treacy, Chair

Minutes
BOV Task Force on Board Structure and Governance
June 4, 2017

Dennis Treacy, Task Force chair, convened the Task Force at 10:00 a.m. on Sunday, June 4, 2017, on the Virginia Tech campus in the 1872 Salon at The Inn at Virginia Tech.

Present

Mr. Dennis Treacy (Task Force chair)
 Mr. James Chapman (Rector)
 Ms. Greta Harris
 Mr. Mehul Sanghani
 Mr. Horacio Valeiras
 Ms. Kay Heidbreder
 Ms. Kim O'Rourke

Absent

Members of the public present: Menah Pratt-Clarke

The Task Force articulated its mission as developing recommendations that would elevate the substance of dialog at committee and Board meetings and enable the Board to focus on strategic issues as well as its fiduciary responsibilities, and also sought to find a way for Board members to learn more about the work of the other committees on which they don't serve. Task Force has had three meetings.

Surveyed other Virginia public four-year schools with respect to their committee structure and processes.

Also surveyed our board. In summary, the findings were:

- No one thought enough time was spent on strategic issues
- About half of the board thought the existing committee structure was appropriate and half thought changes were needed.
- There was a lot of support for more training/expanded orientation session for new—and existing—board members

Also reviewed BOV by-laws to understand what board responsibilities are mandated by the Code of Virginia and to update the bylaws to incorporate new provisions that go into effect on July 1:

- Rector or Vice Rector must be a Virginia resident.
 - There must be a 30-day comment period before voting on tuition or mandatory fee increases.
- Any changes that are made to the committee structure will also have to be included in the by-laws.

At the Task Force's second meeting on May 23, the Task Force developed a proposal for a new committee structure and changes to the Sunday information session. Kay and Kim were then tasked with getting feedback from the administrators who would be directly affected and the BOV committee chairs—12 interviews in all, each about an hour long.

Sunday information session recommendations:

- Two strategic issues would be standing agenda items for every meeting. To begin with, these would be: (1) Inclusion and diversity, and (2) Beyond Boundaries, including destination areas. These topics can be covered in depth at the Board's annual retreat (see below) including baseline data, strategy, and vision, so that reports by administration at the quarterly information sessions can be brief updates

(15 minutes total). These standing agenda items would remain until the Board removes them. A one-page description of Beyond Boundaries is needed from the administration.

- At each meeting, committee chairs should propose topics for the next information session.
- Presentations by the administration to address topics proposed by the Board should be sufficiently concise that they use no more than one-third of the total time allotted to the topic so that the majority of the time will be devoted to generative and productive discussion among the Board members.

Proposed committee structure:

1. **Academic and Student Affairs and Research Issues Committee** (refine title?) – the charges of these committees would be combined, and the scope would be expanded to include corresponding issues related to the medical school, similar to the other colleges. Athletics would be moved to another committee. This committee would be supported by the Provost along with appropriate Vice Presidents.
2. **Buildings and Grounds Committee** – would remain unchanged. This committee would continue to be supported by the Vice President for Administration.
3. **Finance and Resource Management Committee** – the current charge for fiscal matters would be expanded to include those related to the advancement and research programs. The audit function would be moved to another committee. This committee would continue to be supported by the Vice President for Finance and CFO.
4. **Governance and Administration Committee** – this new committee would be responsible for human resources policies pertaining to non-teaching-and-research faculty and university staff, athletics (non-fiscal matters), marketing and communications. In addition, this committee would serve as the Board's Nominating Committee. It would also be responsible for Board engagement, the Board's protocols and annual self-evaluation. This committee would be supported by the Secretary to the Board in consultation with the Chief Human Resources Officer, Director of Athletics, and other appropriate administrators.
5. **Compliance, Audit, and Risk Committee** - this new committee would include the charge of the current Audit Committee as well as all issues of compliance and overall enterprise risk management. Because the scope of this committee deals with enterprise-wide risk and compliance, the administrator to support this committee is TBD. Internal Audit would report to this committee. This committee would meet only twice a year and would be scheduled to precede the Board's Sunday information session.

Note: One option under consideration is to have one committee meet following the Sunday information session on a rotating basis thus enabling all Board members to attend that committee meeting; members of that committee would then have the opportunity to visit other committee meetings on Monday morning. Alternatively, rather than having the first four committees above meet concurrently, the meeting length could be shortened such that there would be two sets of two concurrent meetings on Monday morning, thus enabling more Board members to serve on each committee. This may not be feasible given the length of some committees' agendas.

In addition, some general recommendations were:

- The visit by the Rector and President to welcome new Board members should be continued. Conversely, there could also be value to that visit being scheduled to occur after the Board's orientation/retreat and before the Board's regular August/September meeting.
- Conduct an annual Board self-evaluation.
- Expand usage of consent agendas by all committees and the Board to allow more time for substantive discussion.

- Focus committee chairs' verbal reports to the Board on substantive matters; written reports should continue to contain a comprehensive summary of the respective committee's work.

Recommendations for Board Orientation Session:

- There should be an annual orientation session for new and continuing board members. This session would occur at the beginning of the annual retreat.
- Suggested agenda:
 - Welcome by the Rector and the President
 - Financial model (5 slides) – VP for Finance and CFO
 - Freedom of Information and Conflict of Interest laws – University Legal Counsel
 - Board protocol, ethics, collegiality, commitment to act in the best interests of the university – Rector

Recommendations for Board Retreat:

- Hold an annual one-day retreat in August prior to the August/September Board meeting
- The day would begin with an orientation session in the morning and be followed by a retreat devoted to specific topic(s). The retreat would conclude with a social event in the evening.
- Tentative plans for this year's retreat – August 19 at a Virginia Tech facility in the National Capital Region (NCR), possible focus on inclusion and diversity.

Summary of Feedback from Administrators: (Interviewed 9 administrators most directly affected)

- Consistently positive.
- New structure will lead to greater collaboration among senior leadership in planning agendas.
- Given the integrative nature of the new committee structure, it might make sense to have "co-liaisons" to certain committees (i.e. two administrators supporting a given committee).
- All liked the idea of using consent agendas.
- Liked the idea of having a rotating committee on Sunday afternoon. That way, all Board members can attend that meeting. Then the members of that committee can visit other committee meetings on Monday morning.
- Supportive of breaking apart Finance & Audit.
- Makes sense to have a Finance and Resource Management Committee that takes a comprehensive look at all revenue streams. It should be sacrosanct that anything related to money goes through this committee. It would be useful to have some members of this committee also serve on the new compliance committee.
- Happy to have a committee to receive reports on fundraising (Finance & Resource Management). It does not appear that this will erode the firewall that protects the confidentiality of donor records.
- Makes sense to have university relations/communications report to Governance and Administration.
- It's good that HR will have a home in the Governance and Administration Committee. However, certain faculty matters should remain the purview of the Provost and continue to be handled through the Committee on Academic and Student Affairs and Research Issues., primarily promotion and tenure.
- Having a committee that looks at Compliance, Audit, and Risk makes sense, but it will probably have to meet more than twice a year. It allows a more holistic look at enterprise risk. The committee will still need to go into closed session to hear about Fraud, Waste, and Abuse cases. Committee must continue to have an audit charter and to evaluate the Director of Internal Audit.
- Need to identify a "committee home" for alumni relations and IT. It may make sense to treat IT like research, that is, spread among three committees depending on which aspect of IT is being discussed:

high-performance computing or instructional technology (AA, SA, and RI) versus infrastructure (B&G) versus cyber security (CAR).

- Suggestion to have break-out sessions at orientation so that members of each committee can go off separately to learn more about their committee's work.

Feedback from Committee Chairs:

- Consensus that an annual retreat is a great idea. Should be relatively unstructured but still have some focus. Also an opportunity for board members to get to know one another.
- Support for use of consent agendas and also rotating committees on Sunday.
- Sunday should focus on strategic discussions. Key strategic issues should be defined for the year. Need to hear key challenges at every meeting. New Compliance, Audit, and Risk Committee should meet at every meeting and be the committee that drives the discussion of challenges that can derail the university's progress towards achieving goals. The administration should be accountable for identifying and bringing to the board's attention areas where the university is falling short.
- The Finance and Resource Management Committee will demonstrate the importance of research in generating revenue for the university. The board needs to better understand what powers research dollars. Research should be shielded from budget cuts; greater investment is needed to drive revenue.
- It may be good to break apart Governance and Administration; the Governance Committee then may be the committee that only meets once or twice a year instead of CAR. Possibly combine CAR with Administration.
- There is not enough time to understand the pros and cons of issues before voting. Perhaps expand meetings to include Saturday. It's important that more than only the three members of a committee understand an issue before voting.
- Suggested eliminating two Sunday night board dinners each year and instead continue working through the evening. Perhaps take a break after the afternoon session, change into casual clothes, and return to work another three hours while ordering in pizza or barbecue.
- Combining research and academic affairs is a natural marriage; adding student affairs may overwhelm the committee. The committee will have to be very efficient to get through the combined workload.
- It may be necessary to have more than two CAR meetings a year.
- Enrollment management should be considered part of the revenue stream.
- The board does not hear enough information about activities at satellite and international campuses.

During the interview process, committee chairs Mehmood Kazmi, Tom Ryan, and Mike Quillen were also asked to answer the following two questions:

1. What was the most significant work your committee did in the last year?
2. If the committee structure were unchanged, what would be the most significant work your committee would do in the next year?

Next steps:

- The Task Force will provide specific recommendations to the BOV Executive Committee for action at the Executive Committee's June 26 meeting.
- Assuming the Executive Committee approves the recommendations on June 26, they will be presented to the full Board for vote at the Board's retreat (tentatively August 19 in the NCR).
- At the March 2018 Board meeting, this Task Force will meet again to evaluate this new committee structure and make recommendations for further changes, if warranted.

Approval of Minutes of May 23 and June 4:

A motion was made by Mr. Valeiras and seconded by Ms. Harris to approve the minutes of the Task Force meeting of May 23, 2017. The motion passed.

A motion was made by Mr. Valeiras and seconded by Ms. Harris to approve this document as the minutes of the Task Force meeting of this date: June 4, 2017. The motion passed.

The meeting was adjourned at 1:00 p.m.