



The Board of Trustees of Oregon State University

Meeting of the Executive, Audit and Governance Committee

January 18, 2024

8:00 – 10:05 am

Virtual Meeting Held via Zoom

MINUTES

Committee members present: Julia Brim-Edwards, Román Hernández (*vice chair*), Julie Manning, Elise McClure, Jayathi Murthy (*ex-officio*), Kirk Schueler (*chair*)

Other trustees present: Patty Bedient, Kasaundra (Kassy) Bonanno, Karla Chambers, Maria Chávez-Haroldson, Susan Clark, Grant Kitamura, Inara Scott

University staff present: Jackie Bangs, Alix Gitelman, Becca Gose, Mike Green, Jen Humphreys, Stacy Jeffries, Rob Odom, Shalece Rains, Melanie Rose, Patti Snopkowski, Scott Vignos

1. Call to Order / Roll Call / Land Acknowledgement / Declaration of a Quorum

Chair Kirk Schueler called the meeting to order at 8:10 a.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

Chair Schueler delivered the university's land acknowledgment statement.

2. Consent agenda

- a. Minutes of the October 19, 2023 Executive, Audit and Governance Committee Meeting
- b. Committee Charter

The chair sought a motion to approve the consent agenda. A motion was made by Vice Chair Hernández, seconded by Trustee Manning and approved by all committee members in attendance. The motion carried.

Chair Schueler noted that a discussion on at-large candidates for the board would be moved to a later meeting to provide opportunity to further develop a list of prospective trustees and allow the president to have conversations with those individuals before the senate confirmation hearings.

3. Action items

- a. Election of Board Officers

Board Secretary Jackie Bangs gave trustees an overview of the election process and reported the nomination results for the current election.

Bangs said that, per board policy, she solicited nominations from trustees for the chair and vice chair positions in December 2023 and that all 14 voting trustees responding to the request. The majority recommended current Board Vice Chair Román Hernández for board chair, and he confirmed his willingness to serve. Trustee Julie Manning also received several nominations. Manning expressed

appreciation but declined further consideration. Trustee Inara Scott received a nomination but also declined, noting that it didn't seem appropriate for a member of the faculty to serve as board chair.

For the vice chair position, several trustees nominated Trustee Julie Manning, current Vice Chair Román Hernández and Trustee Maria Chávez-Haroldson. Trustee Karla Chambers also received a nomination. Trustee Chávez-Haroldson expressed interest in serving in the vice chair role and appreciation for the nominations. The other nominees expressed gratitude but withdrew their names from further consideration.

Chair Schueler moved that the committee recommend the following slate of nominees to the full board for a vote: Román Hernández for chair and Maria Chávez-Haroldson for vice chair. The motion was seconded by Trustee Brim-Edwards and approved by all committee members in attendance.

b. Office of Audit, Risk and Compliance 2023 Final Progress Report & 2024 Annual Plan

Chief Audit, Risk and Compliance Executive Patti Snopkowski gave an overview of the progress report and annual plan for the Office of Audit, Risk and Compliance (OARC).

Snopkowski spoke to trustees about the OARC's activities in relation to the goals in its strategic roadmap, completed in 2023: (1) supporting an ethical community and culture; (2) fostering the use of risk identification and mitigation strategies; (3) promoting efficient, effective compliant and fiscally sound operations; and (4) aligning operations with best practices.

Trustee Manning referenced the performance metrics section of the overview and commended Snopkowski for a strong year with a high level of activity and no staff turnover.

Trustee McClure asked about hiring an external firm to perform an audit, as opposed to doing it internally. Snopkowski said that decision was based on whether OARC had the subject matter expertise and if there was a cost benefit related to OARC staff time. She clarified that if the OARC was dealing with high-risk areas for the university and something else came up, the office would typically outsource.

Snopkowski announced that the OARC had hired two new experienced senior auditors and informed the board that they would see updates to the OARC charter to refine its auditing standards later this year or in January 2025.

Trustee Chambers asked for a brief overview on the follow-up after an audit and how quickly the OARC expected compliance on audit recommendations. Snopkowski said follow-ups in higher education were typically conducted every six months. She added that any open audit recommendations should be completed within six to 18 months and that OARC reports back to the board on those follow-ups.

Chair Schueler sought a motion to approve the 2023 final progress report and 2024 annual plan from the Office of Audit, Risk and Compliance. A motion was made by Trustee Brim-Edwards, seconded by Trustee Manning and approved by all committee members in attendance. The motion carried.

c. Presidential Compensation Adjustment

Chair Schueler led the conversation on consideration of a presidential compensation adjustment, using the board policy on the topic adopted by the board in 2016 as guidance.

Schueler noted that factors taken into consideration included performance, length of service and compensation information from comparison peer institutions. He clarified that the committee would

make a recommendation to the full board and, if approved, submit a written request to the OSU Foundation Board for its consideration, since they support 40% of the compensation package for the president.

The chair proposed a 4% increase to the president's compensation for consideration and discussion, adding the increase would affect both the base salary and supplemental retirement. He noted that employees in President Murthy's job classification had received compensation increases of approximately 3%.

Chair Schueler emphasized President Murthy's exceptional performance and leadership during her first 17 months and stressed the university's responsibility to provide competitive compensation compared to similar positions. He added that the compensation change would be effective Jan. 1, 2024.

Trustee Chávez-Haroldson agreed with the compensation adjustment in the interest of equity and inclusive excellence.

Trustee Bedient agreed with Trustee Chávez-Haroldson's comments and suggested a 6% increase, citing the president's exemplary performance during her first 17 months without a raise. Bedient mentioned adoption of the university's new strategic plan and the capital campaign kick-off during President Murthy's first year. She added that salary comparators were a helpful place to start, but expressed concern that OSU might be falling behind other institutions and suggested the board look at other universities' presidential contracts.

Trustee Brim-Edwards added that the board should consider the base increase and discuss adding a retention bonus to the compensation package.

Trustee Chambers agreed with other trustees' comments and asked that the president's base salary be considered in light of the size of the university and the president's exceptional performance and leadership through Pac-12 issues and the capital campaign.

In response to a question from Trustee Scott, Chair Scheuler clarified that the salary comparators were base salaries and did not include supplemental compensation. Trustee Scott pointed out that land grant comparator institutions have higher median salaries and said she supported a salary increase. She cited President Murthy's exceptional performance, highlighting the complexity of the issues that OSU is facing and the importance of steady leadership.

Chair Schueler suggested examining the terms of the presidential contract at a later date.

Chair Schueler sought a motion to adjust the president's compensation. Trustee Brim-Edwards moved to recommend a 6% increase to the president's compensation to the full board. The motion was seconded by Trustee Manning and approved by all committee members in attendance. The motion carried.

Chair Schueler expressed gratitude for the president's continued leadership on behalf of the board.

4. Discussion items

a. 2023 Committee Assessment Results

Chair Schueler led a discussion of the 2023 committee assessment results. He noted that results were collected after the October board meeting so that recently appointed trustees would have that experience before providing feedback.

He said survey feedback indicated some of the highest ratings the committee had seen over the last five years and acknowledged the work of both the committee and staff, including Chief Audit, Risk and Compliance Executive Patti Snopkowski, General Counsel Becca Gose and Board Secretary Jackie Bangs.

Trustee Brim-Edwards offered comments and reflections on the scores, acknowledging both board leadership and strong staff support and expressing appreciation for both.

b. Annual Review of Delegation of Authority

Chair Schueler was joined by General Counsel Becca Gose and Board Secretary Jackie Bangs for the committee's annual review of delegation of authority.

The chair noted that no changes to the delegation of authority policy were being suggested and added that the discussion was intended to better familiarize trustees with the policy. He provided a summary, noting that the board delegates the president or their designee to make all decisions for the university except those the board has called out in the policy.

General Counsel Becca Gose reported that the last significant substantive amendment to the policy was in 2021 on the topic of settlements. She added that the process was board-initiated and recognized the need for the president and other parties to have clarity and authority related to settlements, stressing the need for speed, sensitivity and board oversight. She said staff investigated processes at peer institutions.

Gose summarized the 2021 amendment, which states that the president should consult with the board chair before executing certain settlements, including settlements of \$500,000 or more or a settlement of any dollar amount resolving a challenge to a decision made by the board or an action by a trustee. The president also ensures that the general counsel keep the board informed of all litigation.

Chair Schueler asked about settlements focused on what OSU might pay, as well as settlements accepting compensation in the university's favor, citing the example of Pac-12. Gose said that, because of the high dollar value and profile of that settlement, the president had proceeded as if that were the policy in the case of Pac-12, consulting with the board chair and vice chair before the settlement and principal, with the general counsel providing privileged updates to the full board.

Trustee Brim-Edwards asked if OSU had similar delegations of authority compared to the University of Oregon and Portland State University, saying it was a good topic to consider going forward. Gose said it had been several years since the university had done a detailed peer review. Board Secretary Bangs added that she had discussed the topic with other board secretaries across the seven public universities in the last year and noted an important distinction in scope in the case of OSU as a very large land grant institution with an extension mission.

c. Enterprise Risk Management

Chief Executive of Audit, Risk and Compliance Patti Snopkowski provided a risk management update. Snopkowski clarified that enterprise risk looks at information to determine whether the university is identifying risks that will impact its mission, objectives and, ultimately, strategic planning success.

She provided background on the three elements of the process: information gathering, identification assessment and remediation and monitoring. She noted that the emphasis was on high-level risk and involved examining all nine functional areas of the university, looking at each area to determine what major activities are happening and what changes are occurring.

Snopkowski said the risk identification process involved evaluation of events that might prevent the university from conducting business, serving students or the community, or conducting major research, and then ranking those issues.

Vice Chair Hernández asked if enterprise risk management reports were delivered to the full board. Snopkowski and Chair Schueler said reports were typically delivered at the committee level, with risk areas identified and then assigned to the committees with the best fit and most expertise. Snopkowski said she would consult with Bangs and Gose on the best location for the annual report in the future. .

Trustee Chávez-Haroldson asked how board members could ensure that risk management assignments had been completed. Snopkowski said she would think about opportunities to provide some more feedback to the committees on their responsibilities regarding the risk reports.

Trustee Chambers expressed concern about risks with the potential to cause substantial reputational or financial damage and asked if OSU's process could deal with those issues in real time. Snopkowski explained there was a process of continual assessment to determine preparedness. General Counsel Gose added that there are groups that meet regularly to be proactive and get ahead of potential risk issues, as well as good internal systems at the university for crisis response. Gose added that there are individual, topic-specific crisis response groups on the ground who are trained to deal with those situations and have their own protocols. She noted that the university also has an immediate response group made up of the provost, vice president for University Relations and Marketing, general counsel, vice president for Finance and Administration and any leaders with subject matter expertise in whatever is happening. She said that group looks across the institution to determine when and how the president or the board needs to engage.

d. Shared Governance Philosophy

Board Secretary Jackie Bangs led the discussion on shared governance philosophy.

Bangs noted the board's public-facing statement on the topic, which is part of the board principles and core values and recognized the board's commitment to higher education through shared governance. She noted that – with six new trustees on the board – Chair Schueler and then Vice Chair Julie Manning wanted to have a fulsome discussion on shared governance, which is vital to a healthy university but sometimes ill- or misunderstood.

Bangs cited elements of shared governance collected during board retreat discussions in October 2023 and asked the group for feedback.

Chair Schueler noted that the board entrusts teaching and research to the faculty through the president and encourages student and staff participation in university decision-making through their positions on the board and through reports and conversations with the board as a group.

Schueler further noted the importance that all trustees have a common understanding of shared governance and that the plan was to produce a draft board philosophy statement on shared governance for the committee to consider at its April meeting.

The chair emphasized the distinction between shared governance partners and stakeholders, adding it was important to acknowledge the value of both groups and their role in the board's process and responsibility.

Trustee Chávez-Haroldson offered feedback on the order of importance, suggesting the board's philosophy statement start with a statement about accountability, with all remaining points clarifying how that would be accomplished.

Trustee Scott noted that shared governance can mean different things at the board level, administrative level and college level. She liked the idea of articulating a board philosophy but cautioned it would be challenging to do in a single meeting, with the risk of necessary (but possibly extensive) wordsmithing slowing down the process. She stressed the need for trustees to have plenty of time for robust conversation, suggesting options like a separate meeting, workgroups or listening sessions. She also suggested engaging faculty – not in the drafting process, but for their perspective on what shared governance looks like and what the board does.

Trustee Manning said the process was an opportunity for broader engagement and mentioned existing resolutions on shared governance from the faculty and the ASOSU. She stressed using those documents as ongoing reference points moving forward, so that the board stays in alignment with its partners as a philosophy on shared governance is developed.

Vice Chair Hernández agreed with Trustee Scott's comments on the difficulty of addressing the board's philosophy on shared governance in one sitting. He suggested thinking about how to structure the process in a way that would avoid extensive wordsmithing at a board meeting.

5. Adjournment

With no further discussion or business before the committee, Chair Schueler adjourned the meeting at 10:56 a.m.

Respectfully submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees