



**ADVANCEMENT COMMITTEE
SEPTEMBER 8, 2009
12:30 P.M.**

**BOARD ROOM
WELLS FARGO PLACE
30 7TH STREET EAST
SAINT PAUL, MN**

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee Chair Christine Rice calls the meeting to order.

- (1) Minutes of July 21, 2009 (pp. 1-3)**
- (2) Advancement Update
- (3) Proposed Amendments to Board Policy 8.3 College, University, and System Related Foundations (First Reading) (pp. 4-9)

Members

Christine Rice, Chair
Cheryl Dickson, Vice Chair
David Paskach
Thomas Renier
Louise Sundin
Terri Thomas

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
ADVANCEMENT COMMITTEE
MEETING MINUTES
July 21, 2009**

Advancement Committee Members Present: Trustees Christine Rice, chair; Cheryl Dickson, vice chair; David Paskach, Thomas Renier, Louise Sundin, and Terri Thomas.

Other Trustees Present: Trustees Duane Benson, Jacob Englund, Allyson Lueneburg, Dan McElroy, Scott Thiss, Terri Thomas, and James Van Houten.

Leadership Council Committee Members Present: Chancellor Jim McCormick, President Douglas Allen, President Richard Davenport, Linda Kohl, Mary Davenport, Maria McLemore, Gail Olson, and John Asmussen.

The Minnesota State Colleges and Universities Advancement Committee met July 21, 2009, in St. Paul. Chair Christine Rice called the meeting to order at 2:15 p.m.

Approval of the Advancement Committee Meeting Minutes

Chair Rice called for a motion to approve the May 19, 2009, Advancement Committee meeting minutes. A motion to approve the minutes was made, seconded, and adopted.

Approval of the Joint Advancement and Diversity and Multiculturalism Committees Meeting Minutes

Chair Rice called for a motion to approve the May 19, 2009, Advancement and Diversity and Multiculturalism Committees Meeting minutes. A motion to approve the minutes was made, seconded and adopted.

1. Advancement Update

Linda Kohl, associate vice chancellor for public affairs, provided three updates.

- The 2009 State Fair will be August 27 through September 7. The trustees will receive a letter inviting them to participate in the system's booth again this year. This year, the booth will include a demonstration of Second Life, an online virtual world being used by the system for educational purposes.
- The bonding book will be ready in mid-August. The book's format will change from vertical to horizontal and trimmed down from a whole page per project to a half page.
- The new *Go Places* will be ready by the start of the school year. New sections include information on how to stretch education dollars by living with parents, going to a community college the first two years, and taking International Baccalaureate, Advanced Placement and Post-Secondary Education Options courses while in high school.

2. Legislative Update

Mary Davenport, system director of government relations, provided a legislative update. Bonding tours start in August. House Higher Education Chair Tom Rukavina is visiting campuses. The federal government currently is working on appropriations bills. The House passed most appropriation bills except for Labor, Health and Human Services, and Education.

Information was shared on President Obama's announcement of his community college initiative. Government relations is watching progress on the \$7 billion for community college initiatives, which includes a focus on student participation and completion of two-year and four-year degrees. The first phase is funding to institutions, and the second phase is for systems to roll out best practices. The bill incorporates funds for increasing post-secondary participation and completion through state grant programs. A major focus is accountability through development of a performance outcome and benchmarking system. Anticipated savings from moving to the U.S. Department of Education's direct loan program is expected to fund the new programs. Other new initiatives include a national program for open online education and grants to develop longitude in the data systems.

3. Development Update

Maria McLemore, interim executive director for system and foundation relations, said that last month the development division hosted 60 alumni relations and development professionals for an annual summer alumni and development workshop. The workshop covered a number of topics including how to use system publications to advance their fundraising and alumni relations efforts, prepare for financial audits and cultivate major gifts.

4. Affiliated Foundations Task Force Update

Doug Allen, president of Ridgewater College, provided an overview of the task force's recommendations, findings and conclusions. A related topic was the change in the audit thresholds for nonprofits, raised from \$350,000 in total revenue to \$750,000.

5. Proposed Board Policy 8.3 College, University, and System Related Foundations (First Reading)

Maria McLemore, interim executive director for system and foundation relations, cited the most pertinent revisions to the policy: the three-year rolling average to the performance measurement for affiliated foundations, maintaining the one-to-one return on investment of public funds, presidents serving ex officio on foundation boards, adherence to Minnesota Charities Review Council best practices, and reporting of variances from best practices.

John Asmussen, executive director of the Office of Internal Auditing, addressed trustees' questions regarding the impact the increase in the Minnesota nonprofit audit threshold (Minnesota Statutes section 309.53, Subd. 3) would have on the system's affiliated foundations. Asmussen stated that nine affiliated foundations would be affected by the change, spoke briefly on auditing costs for the foundations, and noted that setting the audit threshold for the affiliated foundations is a cost/benefit determination the Board of Trustees will need to make.

The discussion of the proposed amendments to Board Policy 8.3 brought several board concerns to the forefront including maintaining (as opposed to increasing) the one-to-one return on investment requirement, the need for more specific language on financial reporting to the board, and additional measures to determine return on investment and audit compliance. The board requested that the policy be revised to address concerns raised and brought before them at the September meeting.

6. Proposed Board Policy 8.4 Other Associated Organizations (First Reading)

Maria McLemore, interim executive director of system and foundation relations.

Board Policy 8.4 keeps authority over booster clubs and alumni organizations at the campus level and creation of the policy would give the presidents additional justification in working with these entities.

Respectfully submitted,
Debbie Goldschmitz, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Advancement

Date of Meeting: September 8, 2009

Agenda Item: Proposed Amendments to Board Policy 8.3 College, University, and System-Related Foundations

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

A first reading of the initially proposed amendments to Board Policy 8.3 occurred at the July Board of Trustees Advancement Committee meeting. To accommodate suggestions from the Board and to provide additional clarity, the proposed policy was rewritten to an extent requiring a new first reading.

Scheduled Presenter(s):

Maria McLemore, Executive Director, System and Foundation Relations

Outline of Key Points/Policy Issues:

See accompanying documents

Background Information:

Proposed changes have been shared with individuals who served on the Affiliated Foundations Task Force.

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BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

Proposed Amendments to Board Policy 8.3 College, University, and System Related Foundations

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BACKGROUND

8 At the request of the Board of Trustees, the Affiliated Foundations Task Force was established
9 to address policy-related matters raised in the Office of Internal Auditing’s report, *College,*
10 *University, and System Foundations.*

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12 The task force held monthly meetings from January 2009 through June 2009; proposed
13 amendments to Board Policy 8.3 were the end results of their work. Proposed amendments to
14 Policy 8.3 were shared with the Board of Trustees at the Board’s July 2009 meeting. To
15 accommodate suggestions from the Board, the Affiliated Foundations Task Force and the
16 broader community, the initially proposed policy has been rewritten to an extent requiring a new
17 first reading.

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RECOMMENDED COMMITTEE ACTION

20 The Advancement Committee recommends that the Board of Trustees adopt the following
21 motion: The Board of Trustees adopts Board Policy 8.3 as presented in the Board packet.

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RECOMMENDED MOTION

24 The Board of Trustees adopts Board Policy 8.3 as presented in the Board packet.

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26 *Date of Implementation:* These amendments apply to any new contract with a related
27 foundation. An existing contract with a related foundation shall be amended in accordance with
28 these amendments at the time of any amendment to the contract or July 1, 2010, whichever is
29 earlier.

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31 *Date of Adoption:* 09/09/09

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**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD POLICY		8.3
Chapter	8.	College and University Relations
Section	8.3	College-, University-, and System-Related Foundations

8.3 College-, University- and System- Related Foundations

Part 1. Definitions Purpose.

~~College-, University- and System- related foundation: A private, non-profit organization legally incorporated under IRS statutes 501(c)3 and officially recognized by the president or chancellor to support programs and activities which benefit the college, university, or system.~~

~~Administrative support: May include the use of college or university or system employees, equipment, and facilities that are needed to carry out foundation policies and authorizations. The foundation board is responsible for managing its financial resources, including authorizing fund raising strategies, budgeting the use of funds, and establishing investment policies.~~

Foundations and their board members play an important role in providing needed resources for the Minnesota State Colleges and Universities and their students, as well as creating public awareness of the important contributions made by our colleges and universities to students, their communities, and the state. This policy establishes the standards to be met in order to help ensure that the relationships between colleges, universities, the system and their supporting foundations are stable and long-term, productive and efficient, and foster the maximum support possible for the system and its colleges and universities. Colleges, universities, and the office of the chancellor must ensure that any public resources, including employee time, which support the activities of a related foundation are used prudently and in a manner consistent with their respective missions, board policies and system procedures.

Part 2. Policy Definitions.

Subpart A. Related Foundation.~~The chancellor and each college or university president may contract with a foundation whose primary purpose is to support the college, university or system. The college, university or system may agree to provide administrative support to the foundation. A related foundation is a private, non-profit organization whose purpose is to support a college, university, or the system through fundraising and other activities and is officially recognized by the president or chancellor through a written contract. An organization whose primary purpose is other than fundraising for a college, university, or the system is not a related foundation under this policy.~~

42 **Subpart B. Administrative Support.** ~~The contract must require that, in return for administrative~~
43 ~~support, the foundation will contribute to the system, college, or university an amount equal to or~~
44 ~~more than the value of the administrative support provided by the system, college, or university~~
45 ~~to the foundation. This requirement may be waived for a limited time for new foundations or~~
46 ~~foundations undergoing structural or mission change pursuant to the conditions set forth in~~
47 ~~Procedure 8.3.2. Administrative support means the use of college, university, or system~~
48 ~~employees, equipment, and facilities that are needed to carry out related foundation policies and~~
49 ~~authorizations. The related foundation board is responsible for managing its financial resources,~~
50 ~~including authorizing fundraising strategies, budgeting the use of funds, and establishing~~
51 ~~investment policies.~~

53 **Subpart C. Fundraising.** ~~The term of the contract shall not exceed three years and may be~~
54 ~~renewed at the chancellor's or a college or university president's discretion. Contracts are subject~~
55 ~~to review and approval by the system office. Copies of contracts shall be kept on file in the~~
56 ~~system office. Fundraising means direct solicitations, receipt of gifts, management of endowed~~
57 ~~funds and other activities directed at raising foundation funding on behalf of the college,~~
58 ~~university or its students.~~

60 **Subpart D.** ~~Contracts shall provide that the Office of the Legislative Auditor and MnSCU shall~~
61 ~~have complete access to the financial records of the foundation.~~

63 **Subpart E.** ~~Subpart E. Contracts shall require that the foundation annually provide to the college~~
64 ~~or university and the system office a copy of its most recent financial report filed with the~~
65 ~~attorney general pursuant to Minn. Stat. Ch. 309 (see related documents below). Foundations~~
66 ~~receiving less than \$350,000 in revenues annually shall submit a copy of an external financial~~
67 ~~audit at least every three years.~~

69 **Part 3. Organization of Related Foundations.**

70 A related foundation must be legally incorporated as a nonprofit corporation under Minnesota
71 law, in good standing, and must be qualified as a tax-exempt charitable organization under 26
72 U.S.C. § 501(c)(3). The governance of a related foundation is the sole responsibility of its board
73 of directors and the related foundation must be maintained as a legal entity separate from
74 Minnesota State Colleges and Universities. System policy and procedure establish standards to
75 be met by foundation seeking to serve as related foundations to receive support services and
76 recognition from colleges, universities, or the system.

78 **Part 4. Contracts With Related Foundations.**

79 A president or the chancellor may enter into a written contract with a related foundation to
80 provide administrative support to the related foundation in accordance with board policy and
81 system procedure and to allow the related foundation to use the name of the college, university,
82 or system.

84 **Subpart A. Return of value.** The chancellor may establish the return of value ratio required for
85 each contract with a related foundation. Before establishing the ratio for the related foundation
86 of a college or university, the chancellor shall consult with the college or university president.

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88 **Subpart B. Contract term, approval.** The term of the contract shall not exceed three years
89 and may be renewed at the chancellor's or president's discretion. The contract is subject to review
90 and approval by the system office. A copy of the contract shall be kept on file in the system
91 office.

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93 **Subpart C. Access to information.** The contract shall provide that the Office of the Legislative
94 Auditor and Minnesota State Colleges and Universities shall have complete access to the
95 financial records of the related foundation.

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97 **Subpart D. Foundation reports.** The contract shall require that the related foundation annually
98 provide to the college or university and the system office a report as set forth below. The
99 chancellor shall establish the deadline for filing the report and any provision for filing extensions
100 in system procedure. The annual report shall include the following information:

- 101
102 1. A copy of the annual report required to be filed with the attorney general pursuant to
103 Minnesota Statutes § 309.53. A related foundation that is not required to file audited
104 financial statements with the attorney general pursuant to Minnesota Statutes § 309.53,
105 Subd. 3, shall submit an audited financial statement and the information in Subpart D(2)
106 at least once every three years.
- 107 2. Any written communication from an independent auditor that discloses any material
108 weakness in internal controls identified in conjunction with the audit of financial
109 statements. For any material weakness reported, the related foundation shall provide a
110 written response which includes its explanation for accepting the risks associated with the
111 weakness or its plans to implement corrective action.
- 112 3. A report on return of value for the prior fiscal year, including the value of administrative
113 support received and the value returned to the college, university, or system and its
114 students.

115
116 **Subpart E. Ex-officio member.** The contract must provide that the president or chancellor, or
117 their designee, serve as an ex-officio, non-voting member of the respective related foundation's
118 governing board and of any executive or similar committee empowered to act for the governing
119 board.

120
121 **Subpart F. Additional conditions.** The chancellor may identify additional conditions that must
122 be met by a related foundation in order to contract with a college, university, or the system for
123 administrative support, if the chancellor determines that the conditions are needed to improve
124 effectiveness, legal compliance or other factors affecting the operational viability or integrity of
125 the related foundation. Before making the determination for the related foundation of a college
126 or university, the chancellor shall consult with the college or university president.

127
128 **Part 5. Annual Report.** The chancellor annually shall report to the board information for each
129 related foundation including the dollar value of administrative support provided, the dollar value
130 of returns to the college, university, or system or its students, information on any waiver granted
131 under System Procedure 8.3.2, and any other information the chancellor deems appropriate.
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133 Date of Implementation: These amendments apply to any new contract with a related
134 foundation. An existing contract with a related foundation shall be amended in accordance with
135 these amendments at the time of any amendment to the contract or July 1, 2010, whichever is
136 earlier.

137
138 Date of Adoption: 09/09/09

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140 **Related Documents:**

141 [Procedure 8.3.1](#) College-, University-, and System Office-Related Foundations Procedure

142 [Procedure 8.3.2](#) Waiver to College-, University-, and System-Related Foundations Policy

143 To view the following related statute, go to the Revisor's Web site

144 (<http://www.revisor.leg.state.mn.us/>). You can conduct a search from this site by typing in
145 the statute number.

146

- 147 • Minnesota Statute Chapter 309

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149 Date of Implementation: 3/21/95

150 Date of Adoption: 3/21/95

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152 Date & Subject of Revisions:

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154 12/17/03 Changed Name to include “system-related.” Also amends Part 2, Subpart B, to
155 temporarily waive the requirement to contribute an amount equal to the administrative support,
156 for new foundations or those undergoing changes to the foundation’s mission, purpose or
157 structure.

158 Click here for additional 8.3 [HISTORY](#)