

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: 4:40 p.m., Tuesday, March 16, 2004
Arena Floor – Save Mart Center

Anthony M. Vitti, Chair
Ralph Pesqueira, Vice Chair
Ricardo F. Icaza
Dee Dee Myers
Kyriakos Tsakopoulos

Consent Items

Approval of Minutes of January 27, 2004

1. Revision of Trustees' Rules of Procedure, *Action*

Discussion Items

2. Proposed Schedule of Board of Trustees' Meetings, 2005, *Information*

**MINUTES OF MEETING OF
COMMITTEE ON ORGANIZATION AND RULES**

**Trustees of The California State University
Office of The Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

January 27, 2004

Members Present

Anthony M. Vitti, Chair
Debra S. Farar, Chair of the Board
Ralph Pesqueira, Vice Chair
Kyriakos Tsakopoulos
Charles B. Reed, Chancellor

Members Absent

Ricardo F. Icaza
Dee Dee Myers

Other Trustees Present

Roberta Achtenberg
Robert G. Foster
Kathleen E. Kaiser
M. Alexander Lopez
Shailesh J. Mehta
Frederick W. Pierce, IV

Chancellor's Staff

David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard P. West, Executive Vice Chancellor and Chief Financial Officer
Jackie McClain, Vice Chancellor Human Resources
Christine Helwick, General Counsel

Chair Vitti called the meeting to order at 3:45 p.m.

Approval of Minutes

Chair Vitti presented the minutes of the May 13, 2003 meeting. Trustee Kaiser called for a correction in the minutes, noting that Trustee Goldwhite had been listed as both Chair and Vice Chair in the minutes. Chair Vitti stated that the error had already been brought to staff's attention and that the correction would be made. The minutes were approved by consent as corrected.

Revision of Trustees' Rules of Procedure

Chair Vitti asked General Counsel Christine Helwick to present Agenda Item 1, Revision of Trustees' Rules of Procedure, an information item. Chancellor Charles Reed stated that he had worked with the General Counsel to develop the new rules, adding that he was concerned that CSU's board, though not a for-profit board, follow the guidelines of Sarbanes-Oxley. The Chancellor stated that the Rules of Procedures had been written in 1961 and had not been wholly updated since that time. He reported that the proposed Rules have been completely rewritten and were not presented in a "strike-out and add" format. He asked Trustees to compare the proposed text to the current Rules of Procedure page by page. He noted that the item would come back to the committee at the March meeting for approval. General Counsel Helwick also stressed that that the item was a complete rewrite of the Rules of Procedure that govern the operation of CSU's Board. The impetus for this revision, she stated, is the heightened emphasis on roles and responsibilities of governing boards in the United States in a post-Enron world. While none of the new legislation that has been passed in response to the Enron situation is specifically applicable to the CSU, she continued, it was decided best to take a fresh look at how the Board operates and make certain that CSU is in conformity with best governance practice. Ms. Helwick noted that many of the revisions contained in the proposed new Rules conform to the formal description of what the Board does and what is already current practice. For example, she said, the proposed new rules contain an augmented description of the function of the audit committee that is consistent with the current function of that committee; the Rules also make express for the first time what is already CSU practice that at least one member of the audit committee have accounting or financial management experience. Ms. Helwick pointed out that under the new Rules there was a uniform two-day advance notice requirement given to those who wish to address the Board or committee instead of current different time requirements. Also, the new Rules incorporate the Trustees Code of Conduct, enacted by the Board of Trustees in 1988 but never formally included in the Rules of Procedure. Ms. Helwick directed Trustee attention to the updated version of the proposed Rules in their packet of materials, noting there was one slight change from materials mailed to the Board in advance of the meeting. The change, she reported, contained in Article I, paragraph 4, expresses the Chancellor's role as chief executive officer. She asked that Trustees feel free to raise any comments or questions they might have at any point as they compare the old and new Rules. She stated that the item would be brought back to the Board for action in March. Finally, Ms. Helwick noted that, if the new Rules are adopted at the March meeting, that action will necessitate some adjustment in both the Standing Orders and Title 5. Thus, Trustees should expect some further amendments to come before the committee in upcoming meetings. She called for comments or questions.

Adjournment

Since there was no further discussion, the meeting was adjourned at 3:52 p.m.

COMMITTEE ON ORGANIZATION & RULES

Revision of Trustees' Rules of Procedure

Presentation By

Christine Helwick
General Counsel

Summary

This item is a rewrite of the Trustees' Rules of Procedure, which was first introduced for information and discussion at the January meeting. The Rules have not undergone a major revision since initial introduction over 40 years ago, and many portions have become obsolete and/or inconsistent with current practice. This updated version includes new language that sets out the current obligations of heightened responsibility applicable to every governing Board, since the Enron demise, which are consistent with current Trustee practice. It also is an effort to communicate the Board's procedures in plain English that the public can easily read and understand.

When adopted, these new Rules will also necessitate updates of the Standing Orders and portions of Title 5, which will be presented at subsequent meetings.

RESOLVED by the Board of Trustees of the California State University that the Rules Governing the Board of Trustees of the California State University in Agenda Item 1 of the March 17-18, 2004 meeting of the Committee on Organization and Rules are adopted.

RULES GOVERNING THE BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

I. GOVERNANCE

§ 1. Conduct of Business

The Board of Trustees is responsible for the efficient and effective governance of the California State University in accord with Education Code section 66600. The Board of Trustees acts only at meetings that are noticed under these Rules. Matters of policy and other items on the agenda are approved by a vote of the majority of members in attendance and voting.

§ 2. Regulations

The Board of Trustees adopts, amends, or repeals regulations, consistent with the laws of the State of California, to govern the California State University, pursuant to the process set out in Education Code 89030.1, which includes a formal public hearing. Trustee regulations are incorporated into Title 5 of the California Code of Regulations.

§ 3. Delegation of Authority

The Board of Trustees adopts, amends, or repeals Standing Orders that delegate authority within the California State University. Notice and a draft of a proposed Standing Order is required at the last regular meeting prior to the meeting at which action is taken. This advance notice requirement may be waived upon a majority vote for matters that are not controversial and require no further discussion.

§ 4. Appointment of Chancellor, Vice Chancellors, General Counsel and University Auditor

The Board of Trustees selects, appoints and evaluates the Chancellor of the California State University, who serves at its pleasure. The Chancellor is the chief executive officer of the California State University, and has such authority as may be assigned to him or her by the Board of Trustees. The Board of Trustees, in partnership with the Chancellor, selects, appoints, and evaluates the Presidents of the campuses of the California State University. The Presidents report to the Chancellor. The Board of Trustees, upon recommendation by the Chancellor, appoints and evaluates the Vice Chancellors, General Counsel and University Auditor. The Vice Chancellors report to the Chancellor. The General Counsel and University Auditor report jointly to the Chancellor and the Board.

§ 5. Individual Trustees

No individual Trustee has the power to act on behalf of the Board, except when specifically authorized.

No Trustee, except the Chancellor and the Faculty Trustee, receives any salary for his or her service, except that appointed Trustees receive \$100.00 for each day that they are engaged in official business of the California State University, and all Trustees receive reimbursement for expenses incurred in accord with the California State University travel expense reimbursement policy. Trustees are engaged in official business when they perform any function which is required by, or which relates to, governance of the California State University.

Trustees are not eligible for appointment to any salaried position in the California State University, except for the Chancellor and the Faculty Trustee.

§ 6. Trustees' Code of Conduct

Trustees shall comport themselves in accord with the Code of Conduct attached to these Rules.

II. OFFICERS

§ 1. Designation

There are five officers of the Board of Trustees.

The President of the Board is the Governor of the State of California.

The Chair and Vice Chair are elected annually from among the members of the Board.

The Secretary of the Board is the General Counsel of the California State University.

The Treasurer of the Board is the Vice Chancellor of Business and Finance of the California State University.

§ 2. Election of the Chair and Vice Chair

The Chair and Vice Chair are elected at a regular meeting in or about May, and take office as the last order of business at that meeting. They hold office for one year, and may not be elected for more than two consecutive terms, plus any unexpired term to which they succeed.

The Vice Chair succeeds the Chair in the event of a vacancy, and holds office until the end of the unexpired term or until a successor is elected. A successor for the Vice Chair is elected to fill any unexpired term.

§ 3. Presiding Officer at Meetings

The President of the Board presides at meetings. In the event of his or her absence, the Chair presides. In the event of his or her absence, the Vice Chair presides. In the event of the absence of all three, the Board of Trustees elects a Chair Pro Tempore to preside.

§ 4. Duties of the Secretary

The Secretary of the Board through the Trustees' Secretariat gives public notice of all meetings of the Board of Trustees and Committees of the Board, in accord with Government Code section 11125. The Secretary certifies the minutes of the Board of Trustees and Committees of the Board. The Secretary certifies actions of the Board of Trustees and Committees of the Board, these Rules, the Standing Orders, and other official Board activities.

The Secretary of the Board through the Trustees' Secretariat files, posts, and publishes in appropriate public offices or locations all documents required for the California State University. The Secretary is authorized to sign proxies, receipts, acknowledgments, notices, and declarations in the name of the Board of Trustees.

The Secretary is the custodian of the seal of the Board of Trustees, and through the Trustees' Secretariat affixes it to appropriate documents for the California State University.

Any Assistant Secretary may perform the functions of the Secretary.

§ 5. Duties of the Treasurer

The Treasurer of the Board is responsible for all fiscal affairs of the California State University, including the implementation of internal financial controls. The Treasurer of the Board is also responsible for all external debt incurred by the California State University and investment of all funds that are subject to the Board of Trustees' authority.

§ 6. Other Authority

The officers of the Board have other powers and duties as delegated by the Board.

III. MEETINGS

§ 1. Regular Meetings

The Board of Trustees establishes in a meeting in or about March of each year a schedule of regular meetings to be held in the following year on the dates and in the places indicated. The schedule is acted upon at the next regular meeting.

§ 2. Special Meetings

A special meeting may be called by the Chair or a majority of the members of the Board of Trustees, in accord with the requirements of Government Code section 11125.4.

§ 3. Emergency Meetings

An emergency meeting may be called by the Chair or a majority of the members of the Board of Trustees, when necessitated by matters upon which prompt action is necessary due to the disruption or threatened disruption of California State University facilities, in accord with the requirements of Government Code section 11125.5.

§ 4. Quorum

A quorum of the Board of Trustees consists of eleven members.

§ 5. Continuation of Meeting

Any meeting may be adjourned and its business continued to another date by a vote of a majority of the Trustees in attendance, even where less than a quorum is present.

§ 6. Order of Business

The order of business at regular meetings of the Board of Trustees shall be as follows:

Call to order and Roll Call
Reports of the Chair and the Chancellor
Approval of the minutes
Reports of Standing and Special Committees
Public Comments
Adjournment to next regular meeting

The order of business at special and emergency meetings of the Board of Trustees shall be as follows:

Call to order and Roll Call
Special business for which the meeting was called
Adjournment

The order of business at any meeting may be suspended by a majority vote.

§ 7. Conduct of Meetings

Meetings of the Board of Trustees and Committees of the Board are conducted in accord with traditional procedural rules, as interpreted by the Board or Committee Chair who is presiding. Any member of the Board who disagrees with a procedural decision made by the Board or Committee Chair may introduce a motion to reverse or amend that decision.

§ 8. Members of the Public Addressing the Board

Members of the public have an opportunity to address the Board of Trustees on agenda items, in accord with Government Code section 11125.7, before or during discussion or consideration of the item, but only if an opportunity to address the relevant item was not provided when it came before Committee. Individuals wishing to appear before the Board to address an agenda item, or make public comment, must provide written notice to the Trustees' Secretariat two working days preceding the regularly

scheduled Board meeting, stating the subject and reason for the appearance. The Chair determines and announces any reasonable restrictions upon such presentations, including the total amount of time allocated for public comment on particular issues, and/or for each speaker. If a member of the Board disagrees with the Chair's restrictions, that Trustee may introduce a motion to reverse or amend the Chair's decision.

The Chair decides whether to recognize individuals wishing to appear before the Board who have not submitted advance notice prior to the meeting as required by this section and announces that decision. Any member of the Board who disagrees with the Chair's decision may introduce a motion to reverse or amend the Chair's decision.

Spokespersons for the Statewide Academic Senate, the California State Student Association and the CSU Alumni Council are not subject to this rule.

IV. COMMITTEES

§ 1. Standing Committees

The purpose of the standing committees of the Board of Trustees is to facilitate consideration of the business and governance of the California State University. Except in cases of emergency, all matters are first referred to the standing committees, which shall consider them, and make a recommendation to the Board of Trustees. The Board of Trustees may consider matters that have not been referred to standing committees upon a two-thirds vote.

Members of standing committees are determined by the Board of Trustees and hold office until the appointment of successors. The Committee on Committees determines committee assignments for newly appointed Trustees.

Each standing committee has a Chair and Vice Chair. In the event of the absence of both, another member of the committee is selected by the Chair of the Board to serve as Committee Chair Pro Tempore.

a. Committee on Finance

The Committee on Finance is responsible for all matters relating to the fiscal affairs of the California State University, except personnel matters that fall within the jurisdiction of the Committee on University and Faculty Personnel.

b. Committee on Educational Policy

The Committee on Educational Policy is responsible for all matters relating to educational policy of the California State University, including student affairs, and nominees for honorary degrees to be awarded by the California State University.

c. Committee on Campus Planning, Building and Grounds

The Committee on Campus Planning, Building and Grounds is responsible for the planning, development and construction of all California State University facilities and for land use within the California State University.

d. Committee on Audit

The Committee on Audit is responsible for the overall audit function within the California State University, including selection and oversight of the university's external and internal auditor, controls to ensure their independence, annual selection of areas to be audited, review of audit reports and responses, monitoring of internal financial controls, review of annual financial statements, and the budget to support these functions. At least one member of the Committee on Audit must have accounting or financial management experience.

e. Committee on Organization and Rules

The Committee on Organization and Rules is responsible for revisions of these Rules, the Standing Orders, and the schedule of regular meetings of the Board of Trustees.

f. Committee on Collective Bargaining

The Committee on Collective Bargaining is responsible for implementation of the collective bargaining policy for the California State University, and has authority to act on behalf of the Board of Trustees to comply with the requirements of the Higher Education Employer-Employee Relations Act, including negotiation and ratification of memoranda of understanding with the unions. The Committee makes periodic progress reports to the Board of Trustees on matters pertaining to collective bargaining and the actions that it has taken.

g. Committee on University and Faculty Personnel

The Committee on University and Faculty Personnel is responsible for personnel policies and procedures, and for executive compensation.

h. Committee on Institutional Advancement

The Committee on Institutional Advancement is responsible for policies and procedures related to advancement of the California State University.

i. Committee on Governmental Relations

The Committee on Governmental Relations is responsible for the legislative program for the California State University.

j. Committee of the Whole

The Committee of the Whole is responsible for all other matters to come before the Board that are not otherwise assigned to another standing committee.

§ 2. Committee on Committees

The Committee on Committees nominates the Chair and Vice Chair, all members of the standing committees, and two representatives to the California Postsecondary Education Commission.

At a regular meeting in or about January, the Chair nominates five members of the Board of Trustees to the Committee on Committees. These nominations are acted upon at the next regular meeting. Any Trustee can make other nominations at any time prior to the election. The five nominees who receive the highest number of votes constitute the Committee on Committees. They take office at the end of the meeting at which they have been elected.

Within ten calendar days of the election of a new Committee on Committees, each Trustee submits to the Trustees' Secretariat a list in rank order of at least four standing committees on which the Trustee would prefer to serve and any preference for service as a Trustee representative to the California Postsecondary Education Commission. The lists are sent to each member of the Committee on Committees, which shall give due consideration to the preferences listed in determining its nominations.

The Committee on Committees may nominate ex officio members of the Board of Trustees to serve as members of standing committees.

§ 3. Special Committees

Special committees may be appointed by the Chair upon authority from the Board of Trustees and shall have such powers as the Board of

Trustees determines. Special committees are discharged after one year from the date of their appointment, unless specifically authorized by the Board of Trustees to act for a longer period.

The Chair may appoint special committees in the interim between regular meetings of the Board of Trustees, provided that the Board of Trustees at its next regular meeting confirms the appointment and charge of such special committees.

§ 4. Committee Meetings

Regular meetings of the standing committees, the Committee on Committees, and any special committees are held, as needed, on the same dates and in the same places as regular meetings of the Board of Trustees. Other meetings of any committee may be called at any time by the Secretary through the Trustees' Secretariat at the direction of the Committee Chair, the Chancellor, or by any three members of that Committee.

The President and the Chair shall be ex officio members of all standing and special committees and the Committee on Committees. The Chancellor shall be an ex officio member of all standing and special committees, except for the Committee on Audit and the Committee on Committees.

A majority of the members of any committee constitutes a quorum, except that in the case of a committee consisting of four members or less, in which case two members constitutes a quorum. If a quorum of any committee is not available, the Chair is authorized to appoint substitute members to the committee to create a quorum. A substitute appointment applies only to that particular meeting and expires upon adjournment of the committee meeting.

In the case of any joint meeting of two or more committees, a quorum consists of the majority of the members of each committee, and each

member is counted just once. Each member has one vote, even though he or she is a member of more than one committee.

An agenda item brought before any committee for information or action remains under the jurisdiction of that committee unless the Chair of the committee or the Chair of the Board has been given notice and has approved the transfer of the agenda item to another committee or committees.

Any Trustee has the right to attend a closed session of any committee except for the Committee on Collective Bargaining.

§ 5. Members of the Public Addressing Committees

Every committee provides an opportunity for members of the public to directly address the committee on each agenda item before or during the committee's discussion or consideration of the item, in accord with Government Code section 11125.7. Individuals wishing to appear before a committee must provide written notice to the Trustees' Secretariat two working days preceding the regularly scheduled committee meeting, stating the subject and reason for the appearance. The Chair of the committee determines and announces any reasonable restrictions upon such presentations, including the total amount of time allocated for public comment on particular issues and/or for each speaker. If a member of the Board disagrees with the Chair's restrictions, that Trustee may introduce a motion to reverse or amend the Chair's decision.

Individuals wishing to appear before a committee who have not submitted advance notice prior to the meeting may seek recognition from the Chair of the committee to make their remarks.

Spokespersons for the Statewide Academic Senate, the California State Student Association and the CSU Alumni Council are not subject to this rule.

V. REPRESENTATION ON THE CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

The persons elected to be representatives to the California Postsecondary Education Commission are subject to direction from the Board of Trustees, and regularly report to the Board of Trustees. In the event of a vacancy in either position, the Chair makes an interim appointment that remains in effect until further action by the Committee on Committees.

VI. AMENDMENTS

These Rules may be amended at any regular meeting of the Board of Trustees. Notice and a draft of the proposed amendment is required at the last regular meeting prior to the meeting at which action is taken. This advance notice requirement may be waived by a majority vote for matters that are not controversial and require no further discussion.

TRUSTEES' CODE OF CONDUCT

1. A Trustee shall devote time, thought, and study to his or her duties as a member of the Board of Trustees of the California State University.
2. A Trustee shall learn how the California State University functions --- its uniqueness, strength, and needs --- and its place in postsecondary education.
3. A Trustee shall carefully prepare for, regularly attend, and actively participate in the Board meetings and committee assignments.
4. A Trustee shall accept and abide by the legal and fiscal responsibilities of the Board as specified in federal and state law and the regulations, rules of procedure, standing orders, and resolutions of the Board of Trustees.
5. A Trustee shall base his or her vote upon all information available in each situation and shall exercise his or her best judgment in making decisions which affect the course of the California State University.
6. A Trustee shall vote according to his or her individual conviction, and may challenge the judgment of others when necessary; yet a Trustee shall be willing to support the majority decision of the Board and work with fellow Board members in a spirit of cooperation.
7. A Trustee shall maintain the confidential nature of Board deliberations in closed session. This includes written and verbal communication concerning the closed session. A Trustee shall avoid acting as spokesperson for the Board unless specifically authorized to do so.

8. A Trustee shall understand the role of the Board as a policy making body and avoid participation in administration of that policy unless specifically authorized to do so by the Board.
9. A Trustee shall learn and consistently use designated institutional channels when conducting Board business (e.g., responding to faculty and student grievances, responding to inquiries concerning the status of a presidential search).
10. A Trustee shall comply with conflict of interest policies and requirements prescribed in state law. A Trustee shall refrain from accepting duties, incurring obligations, accepting gifts or favors, engaging in private business or professional activities when there is, or would appear to be, a conflict or incompatibility between the Trustee's private interests and the interests of the California State University.
11. A Trustee shall refrain from actions and involvements that may prove embarrassing to the California State University.
12. A Trustee shall act and make judgments always on the basis of what is best for the California State University as a whole and for the advancement of higher education in general.

**Procedure for Responding to Breaches of the
Code of Conduct**

1. Should evidence or allegations of violations of the Code of Conduct by a Trustee of the California State University come to the attention of the Chair of the Board, which after further review by the Chair appears to constitute a breach of the Code of Conduct, the Chair and the Vice Chair shall discuss the matter with the Trustee to obtain additional facts and perspective and to seek a mutually agreeable resolution.

2. Should the Code continue to be violated by the Trustee after discussion with the Chair and the Vice Chair, the Chair, after appropriate consultation, will place the matter on the agenda for appropriate action by the Board of Trustees. The Board shall discuss the matter in open session, allowing the Trustee whose conduct is at issue to provide an explanation of the conduct. The Board may then by majority vote censure the Trustee.

3. Should the Board censure the Trustee, formal notification of the censure shall be communicated to the Governor, as President of the Board, and to any separate recommendatory or appointive authority of the Trustee, e.g., the Academic Senate of the California State University, the California State Student Association, or the CSU Alumni Council.

COMMITTEE ON ORGANIZATION AND RULES

Proposed Schedule of Board of Trustees' Meetings, 2005

Presentation By

Christine Helwick
General Counsel

Summary

The following schedule of the Board of Trustees' meetings for 2005 is presented for information and will be proposed for action at the May 2004 meeting.

Proposed 2005

January 25-26	Tuesday – Wednesday	Headquarters
March 15 – 16	Tuesday – Wednesday	tbd
May 10 – 11	Tuesday – Wednesday	Headquarters
July 19 – 20	Tuesday – Wednesday	Headquarters
September 20 – 21	Tuesday – Wednesday	Headquarters
October 27	Thursday	Headquarters
November 8 – 9	Tuesday – Wednesday	Headquarters