A meeting of the Committee on Board Governance of the Board of Trustees of the University of Vermont and State Agricultural College was held on Thursday, December 18, 2008 at 10:30 a.m., via conference call, in room 351 Waterman Building.

MEMBERS PRESENT: Chair Robert Cioffi*, Bill Botzow*, Jason DePatie, Bill Ruprecht*, John Snow and Donna Sweaney*

ABSENT: Vice Chair Edwin Amidon

PERSONS ALSO PARTICIPATING: Trustee Coordinator Corinne Thompson

TRUSTEES ALSO PRESENT: None

*via conference call

Chair Robert Cioffi called the meeting to order at 10:37 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes from the October 9, 2008 meeting as presented.

Annual Review of Board Conflict of Interest Policy

Chair Cioffi briefly introduced the current Conflict of Interest Policy and solicited feedback from the Committee. Trustee Bill Ruprecht inquired whether being a parent of a University student is a conflict for certain issues. President Fogel stated that if a Trustee personally felt there was an issue they could recuse themselves. A Trustee could also be recused if the Chair or another Trustee felt there was conflict. Chair Cioffi indicated he would discuss this further with General Counsel Francine Bazluke.

Trustee John Snow opined that the policy’s financial threshold of $5,000 is too low. He indicated that the threshold could be raised or interests could be classified. Trustee Bill Botzow encouraged the Committee to align these policies with best practices at peer institutes. Trustee Bill Ruprecht offered an alternative viewpoint that the current threshold is useful as it encourages more thorough disclosures. Chair Cioffi indicated this topic will be reviewed for next year.

The Committee affirmed the policy as presented.

Board Officer Nominations Process

Chair Cioffi next discussed the status of the Board Officer Nominations Process. Board Secretary Bill
Botzow recused himself for this discussion. Chair Cioffi indicated that Chair Ian Boyce, Vice Chair Frank Cioffi and Secretary Bill Botzow have agreed to continue their positions if re-elected and have received continuing support from all Trustees that responded to the call for nominations. A motion was made, seconded and it was unanimously voted to approve the slate of candidates as proposed. The Committee will recommend the slate to the Board at the February meeting and seek approval of the officers of Vice Chair and Secretary. The election of Chair will occur at the annual meeting in May, as dictated by the charter, after the election of new trustees.

Review of Delegation and Retention of Board Authority

Chair Cioffi indicated the delegation and retention of Board authority policy is reviewed annually and several revisions have been recommended by the administration as outlined in the appended document. Chair Cioffi opened the document for discussion.

Trustee Bill Ruprecht indicated there should be a transparent link that addresses retention of Board authority and the University’s internal audit office. As the internal audit function is under review, he inquired as to whom is monitoring them currently. Trustee John Snow responded that an outcome of the current internal audit function review will be a description which makes it clear that internal audit is to directly act as an agent of the Board.

Trustee Ruprecht requested that once the review of internal audit is complete, any narrative regarding Board authority in relation to internal audit should be included in the appended document. Several Committee members agreed.

Trustee Ruprecht next asked if the Committee has considered tiered authority, such as giving Committee Chairs authority over certain matters rather than requiring Full Board approval. President Fogel indicated the concept would be interesting to consider as housekeeping items such as procurement of office supplies would be more effective to approve at a Chair level with notification sent to the Full Board. There was consensus that if tiered authority were instituted, a legislative and a private Trustee must be present for any action approved at a Chair level. President Fogel recommended approving the current document with the understanding the Committee will entertain any submissions that administration makes about tiered authority.

In reference to item 19, Trustee Ruprecht inquired as to why financial amounts were not consistent and suggested these numbers should line up. President Fogel responded that most of the numbers are used at peer institutions. He stated there is a current chart, developed by the administration that aligns the numbers in a more organized manner and he will supply to the Board and revise as appropriate. Trustee Bill Botzow expressed concern regarding struck language in the last section of the document. The Committee expressed consensus that the language was important to maintain and agreed to restore the language and consult with General Counsel Francine Bazluke to ensure they are not missing an important purpose for the suggested striking of text.

The Committee agreed to recommend the document as revised to the Full Board for approval.
Sarbanes-Oxley (SOX) Work Group Report

The Committee next reviewed recommendations for SOX best practice follow-up steps submitted by ad hoc work group members Bill Botzow and Jason DePatie, as summarized by Committee Liaison Fran Bazluke. Trustee Botzow expressed gratitude for General Counsel Bazluke’s work in organizing the SOX follow-up and synthesizing it into attachment 4a of the meeting materials. In the interest of time, Trustee Botzow asked if there were any questions or comments.

Trustee Bill Ruprecht inquired whether non-profit universities are required to adhere to Sarbanes-Oxley guidelines. President Fogel stated it is a best practice, but there is not legal obligation to adhere them.

Trustee Ruprecht agreed there is value in the work conducted by the Work Group, but asked if these issues are extremely critical to address. Trustee Botzow responded that the process serves as a benchmark function and is most helpful for areas of weakness such as exist in Audit. Trustee Ruprecht replied that he views the findings as a liability to the Board and that the document is a narrative that could be used as a source for blame if anything were to go wrong in the future.

There was also discussion of the amount of resources that would be utilized to act on the recommendations. Chair Cioffi stated, if accepted, these would be referred to the appropriate Committees to prioritize into their work plans. He next moved to act on the recommendations outlined by the work group to which there was no opposition.

Other Business

Chair Cioffi discussed the proposal from Continuing Education for the creation of an on-line training program for Trustees. He indicated this could be potential revenue for Continuing Education if the program proves successful and could be sold to other Universities as an on-line tool. Chair Cioffi, in consultation with General Counsel Bazluke, will undertake continued investigation into this potential opportunity and follow-up with the Committee at the next meeting.

The Committee previewed the next meeting agenda and Chair Cioffi indicated he will let Committee know if January 6 meeting will still need to be held or if next meeting will be in February.

Trustee John Snow reported that the ad hoc Sub-Committee for Trustee Recruitment met via conference call and that he would be communicating to members via e-mail over the holiday break to finalize a draft document to be shared with the Vermont Agricultural College Board regarding skills to look for in recruiting new Trustees. The ad hoc Committee will try to reconvene the first week of January prior to the Vermont Agricultural College Board meeting. In the interest of time, Trustee Snow recommended that he share the draft document with Committee members via e-mail and the Committee agreed.

Adjournment

There being no further business, the meeting adjourned at 10:50 a.m.

Respectfully submitted,
Robert Cioffi, Chair
Resolution regarding Delegation and Retention of Board Authority

WHEREAS, this Board has, in its Bylaws and through such policies and resolutions as it may issue from time to time, delegated to the President and other officers of the University certain authority and responsibility for the management of the University and its programs, activities and operations; and

WHEREAS, this Board recognizes the need for prompt and timely management decisions made by qualified University personnel, and thus, through such delegations, authorizes officers of the University to negotiate and enter into contracts and other arrangements to facilitate the objectives of University programs and activities and to conduct related operations; and

WHEREAS, in making such delegation, the Board also assigns to such officers responsibility to make informed and prudent decisions in the best interests of the University and to maintain accountability to the Board through prompt and accurate reports on University programs, activities and operations, including their financial status and impact;

NOW, THEREFORE, BE IT RESOLVED that, subject to its retained authority and responsibility for the general oversight of the University and subject to action that it will take in accordance with its own fiduciary and legal duties, the Board hereby delegates to the President and the officers of the University authority and responsibility to negotiate and enter into contracts and other arrangements to facilitate the objectives of University programs and activities and to conduct related operations, and hereby also recognizes the authority the Board delegates to the Faculty Senate as expressed in the Faculty Senate Constitution and Bylaws, except for the following, which shall require Board approval:

1. statements of institutional mission, principles and values;
2. the institutional strategic plan and associated goals, and related strategic financial plans and goals, and all material revisions thereto;
3. establishment and dissolution of University-affiliated corporations and foundations, and University membership in other corporate entities (but not institutional memberships in professional associations);
4. appointment of University trustees to the boards of other corporate entities or public bodies in their capacity as University trustees;
5. appointment and employment of the President, and appointment of other officers of the University in accordance with the University Bylaws, and authorization of severance payments in excess of the standard amount University policy specifies for officials who report to the President;
6. creation or elimination of, and material changes in, academic programs and departments; establishment of, and appointments to, endowed professorships, with periodic reports from the administration to the Board of appointments made thereto; and approval of the faculty medical or other clinical practice plans;
(7) award of academic and honorary degrees;

(8) matters the Faculty Senate may appeal to the Board under the Senate Constitution and Bylaws;

(9) naming of buildings and academic programs and departments;

(10) through its Investment Subcommittee of the Budget, Finance and Investment Committee ("Investment Subcommittee"), selection, retention and termination of investment advisors and managers for the Long-Term Investment Pool; provided that, the Board must itself approve policies for the Long-Term Investment Pool and the Limited Term Asset Pool, the endowment spending rate; the endowment management fee; declaration of financial exigency, and dissolution, merger or the sale or pledge or transfer of all or substantially all of the University’s assets;

(11) State capital appropriations requests, the institutional annual budget, State appropriation and capital requests, and the annual audited financial statement;

(12) tuition, room and board rates, and student fees;

(13) purchase, sale, exchange, or transfer of complete or partial interests in real property, regardless of location, at a value that equals or exceeds $500,000; authorization of acceptance of compensation in eminent domain proceedings; the lease or sublease of property with annual or aggregate rental value that equals or exceeds $500,000, and renewals thereof; the pursuit or acceptance of historic preservation designation for University property; and adoption of, and material revisions to, a Campus Master Plan;

(14) authorization to make payments in lieu of taxes;

(15) issuance of bonds and approval of institutional debt policy;

(16) procurement of loans, lines or credit, or other financing, and performance as surety, in amounts or at a value that equals or exceeds $1,000,000;

(17) approval of contracts for facilities construction negotiation and execution of contracts for facilities construction or renovation, and the purchase or sale of goods, equipment or services, and all other contracts whose value equals or exceeds $1,000,000, provided that the Board shall approve all contracts for consulting services whose value equals or exceeds $250,000, and shall also authorize, through its Investment Subcommittee, the selection and retention of all investment advisors regardless of contract cost;
(18) selection and retention of independent audit firms to conduct mandatory financial attestation and/or compliance audits, regardless of contract cost; contracts at a cost of $10,000 or more for non-audit consulting services with any independent audit firm conducting a mandatory attestation and/or compliance audit for UVM; and, otherwise, contracts with independent audit firms for consulting services whose value equals or exceeds $250,000;

(19) authorization to settlement of lawsuits whose value direct (i.e., uninsured) cost to the University equals or exceeds $500,000; and authorization to file and/or settle lawsuits in which the Board is a named party or a Board-approved policy is in dispute;

(20) all Board self-governance matters reserved to the Board in the University Bylaws, including without limitation the election, appointment and removal of Board officers, approval of Board Committee appointments, and election and appointment of Trustees by the UVM Board; or as otherwise required or permitted by law; and

(21) revisions to University Bylaws; matters required by law, Bylaws, and/or contract; and such other authority as the Board is required to exercise without delegation as a matter of law, or that, in the future and prospectively, it wishes to retain or retrieve in the exercise of its fiduciary duties and sole discretion;

AND BE IT FURTHER RESOLVED that, notwithstanding such delegations, through the President or his designees, the administration shall report periodically on matters of institutional management and operations, as the Board may direct and/or as may be appropriate and desirable, including without limitation periodic reporting on gifts and grants; and, subject to the terms of (18) and (19) above respectively, retentions of consultants and independent audit firms for consulting services whose value equals or exceeds $100,000; and, subject to the terms of (20) above, settlement of lawsuits whose value equals or exceeds $250,000; and

BE IT FINALLY RESOLVED, that this resolution shall supersede all preexisting delegations prospectively.