AGENDA

NIU Board of Trustees
AD HOC COMMITTEE ON GOVERNANCE
2:00 p.m. – Thursday, February 5, 2015
Board of Trustees Room
315 Altgeld Hall

1. Call to Order and Roll Call
2. Verification of Appropriate Notification of Public Meeting
3. Meeting Agenda Approval ................................................................. Action........... i
4. Chair’s Comments/Announcements
5. Public Comment*

Discussion Items:

6. Review of Proposed Bylaw Reforms w/Edits ..................................... Committee Discussion........ 1
   Category A - Bylaws as Revised from January 15, 2015 meeting
7. Review of Proposed Bylaws Reforms ........................................... Committee Discussion........ 15
   Category B - Review of Proposed Bylaws / Conflict of Interest
      A. Initial Proposal for Conflict of Interest

8. Next Steps
9. Other Matters
10. Next Meeting Date - TBD
11. Adjournment
*The Board and its committees comply with P.A. 91-0715 through its Bylaws, Article II, Section 5.B:

1. Consistent with Public Act 91-0715 and reasonable constraints determined by these Bylaws and the Chair, at each regular or special meeting of the Board or its committees that is open to the public, members of the public may request a brief time on the approved agenda of the meeting to address the Board on relevant matters within its jurisdiction.

2. Committees of the Board review University proposals for action and make adjustments and endorsements as appropriate for further consideration by the full Board. Public comments are generally most useful at meetings of Board committees, where proposals are first considered and the time for interaction most feasible.

3. To facilitate an orderly process, appearance requests must be registered on a Board-provided form and submitted to the Board’s Parliamentarian at least 45 minutes before the meeting is scheduled to be called to order. To be recognized, the appearance request will include the name, address and position of the individual wishing to speak, the name of the organization or group represented, a concise summary of the presentation, and whether the requestor has appeared earlier on the topic before any other meeting of the Board. The Parliamentarian may confer with registered speakers to cooperatively assist the Chair of the meeting in assuring coordinated issue presentation and an efficient use of allocated time. The Parliamentarian will acquaint requestors with the generally acceptable rules of decorum for their presentations. In lieu of oral presentations, individuals may present brief written materials not to exceed five (5) pages to the Parliamentarian for distribution and consideration by the Board in advance of the meeting.

4. The Chair of the meeting will recognize duly registered individuals at the appropriate point during the meeting. Unduly repetitive comments may be discouraged and restricted by the Chair. To assure an orderly and timely meeting the Chair may limit time allotments to five minutes or less, may delay or defer appearances when appropriate, and defer or refer questions received from presenters for answers if available.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Ellen Andersen, Director of Special Events, at (815)753-1999, as soon as possible, normally at least a week before the scheduled Board meeting.
REVIEW OF PROPOSED BYLAW REFORMS – CATEGORY A

I. Category A Items As Revised
   1. Presidential Succession Policy
   2. Update Record Retention Policy
   3. Update Indemnification Policy
   4. Board and Senior Management Professional Development and Travel and Expense Policy (Risk Management)
   5. Presidential House (Mandate living or not)

II. Category A Items Initial Review
   1. Naming Rights
   2. University Insurance and Employment Benefits Policy
PROPOSED PRESIDENTIAL SUCCESSION POLICY

The Board of Trustees of Northern Illinois University is responsible for the appointment and oversight of the President of Northern Illinois University and has the responsibility of assuring that the President is able to discharge the powers and duties of the office of the President. From time to time, a President may find it necessary to be absent from the position and unable to discharge the powers, duties, and/or responsibilities (hereinafter “Authority”) of the office. This Presidential Succession Policy (hereinafter “Succession Policy”) is created, and adopted by the Board of Trustees, to ensure the continued operation of the University during times when the President is unable to exercise the authority of the office and to define the circumstances under which this may occur vary.

Temporary Succession Designation by the President

The President has the authority to temporarily designate the Executive Vice President and Provost to carry out the duties and responsibilities of the Office of President during a temporary absence of no more than thirty (30) days. This designation shall be subject to change by a majority vote of the Board of Trustees. The President shall notify each member of the Executive Committee of the full Board, in writing, of any designation under this Succession Policy that will exceed fourteen (14) days.

Succession Designation by the Board of Trustees

In the event that the President is unable to discharge the duties and responsibilities of the Office of President or to designate the Executive Vice President and Provost for temporary succession, or an anticipated absence of the President will last for more than thirty (30) calendar days, the Executive Vice President and Provost shall assume the role of Acting President. Circumstances under which this may occur include, but are not limited to:

- Incapacitation, as determined by the President or by a super-majority (2/3) vote of the Board of Trustees;
- Incapacitation, as certified by an appropriate medical provider or judicially declared by a court of competent jurisdiction;

---

1 The use of the title “acting” in this policy does not exclude an individual with such title from consideration as a candidate for the full time position nor does it speak to the functions the individual will serve.
2 Incapacity shall mean the President is unable to receive and evaluate, make or communicate, or understand the nature and effects of decisions to such an extent that the President lacks the ability to meet the essential elements of the agreement between the Board of Trustees and the President. A Board determination of incapacity is final and nonappealable. Nothing in this provision shall change any current relevant provisions of the presidential employment agreement.

Commented [EB1]: The President’s contract defines disability. Inability to perform his essential duties as President with a reasonable accommodation for a total of one hundred and eighty days in any one year period. Also, President’s contract provides for mediation and an arbitration, but our policy says the Board determination of incapacity is nonappealable.

Commented [EB2]: President’s Contract requires a 3/4th majority vote of the full Board.
• Abandonment of the position\(^1\), as determined by a super-majority vote \((2/3\text{ or } 3/4)\) of the Board of Trustees;
• An extended or prolonged absence\(^4\), as determined by a super-majority vote \((2/3)\) of the Board of Trustees;
• Resignation of the President;
• Removal from office for cause or any other relevant provision of the agreement between the Board and the President by super-majority \((2/3)\) vote of the Board of Trustees;

The Acting President, shall have the full authority of the Office of the President and shall assume the critical functions of the NIU Presidency.

Nothing in this provision shall diminish or otherwise authorize the acting President to take any actions exclusive to the Board of Trustees or not otherwise authorized to the Office of the President.

The line of succession for the role of Acting President shall be:

- Executive Vice President and Provost
- The President shall submit a succession order to the Board by July 1 of each year.
- The most senior Vice President
- The next most senior Vice President

Such succession shall occur by operation of law and does not require formal Board approval. The Board may establish protocols for the swearing in of an acting Vice President. This line of succession and the designation of an Acting President are subject to change at any time by a majority vote of the Board of Trustees. The Board reserves the right to appoint an individual not in the line of succession to Acting President through a \(2/3\) majority vote of the full Board.

The Acting President shall notify the full Board and the Office of General Counsel upon assuming this role under this Succession Policy. The Vice President and General Counsel shall, independent of the Acting President, notify the full Board. The Acting President will serve in such capacity until:

- The conditions impeding the President from exercising the responsibilities and duties of the Office of President have ceased. The determination of changes of conditions leading to the appointment of an Acting President shall be determined by a majority vote of the Board;
- An individual of higher order on the succession list becomes available to assume the role of Acting President;
- The Acting President becomes absent, in which case this Succession Policy is again applied; or
- The Board of Trustees appoints an interim Acting or new President.

\(^1\) Abandonment of the position shall mean the willful, continued, and unjustified abandonment of the duties and obligations of the Office of the President. A Board determination of abandonment of the position is final and nonappealable.

\(^4\) In determination of an extended or prolonged absence, the Board shall consider: the reason for and nature of the absence, the length of the absence, the effect the absence has on the President’s ability to perform the duties and obligations of the Office of the President, the impact of such inability of the President to perform the duties and obligations of the Office of the President on the University, and the best interests of the University.
Interim Acting Presidents under this Succession Policy shall assume the critical functions of the Office of the President and perform such powers, duties and/or responsibilities in a manner to continue the business and operations of the University with minimal disruption until a permanent new President is appointed by the Board of Trustees.

The invocation of this Succession Policy, or any action taken by the Board of Trustees, in relation to a permanent succession of the President automatically terminates the former President’s employment with the University and all associated powers, duties and/or responsibilities. If a President is permanently replaced under this Succession Policy, and the conditions that led to the permanent replacement of the president cease to exist, the former President has no right to reassume the position or Authority of President of Northern Illinois University.
Policy Regarding Retention of Board Records: As of January 15, 2015

I. Purpose
The purpose of this policy is to ensure Board of Trustees (“Board”) compliance with applicable state and federal record retention policies and procedures, to assure the effective management of Board of Trustee records and to clarify the roles and responsibilities of BOARD personnel and University Officials related to the development, collection and maintenance of Board and University records.

II. Policy
The policy of the Board of Trustees shall be to, consistent with applicable state and federal law, including but not limited to, the State of Illinois Records Act5, provide for the access, collection, control, creation, maintenance, security of, use and distribution of Board records. Board records include, but are not limited to:

1. Meeting Notices,
2. Meeting Agendas,
3. Meeting Minutes including presentation copies and roll call sheets,
4. Website content,
5. Bylaws and Regulations,
6. Recorded proceedings of meetings, including committee meetings,
7. Official correspondence from and correspondence and reports to the Board. This record series consists of communications relevant to the Board of Trustees. Contents of this records series comprise letters, cover sheets, memos and supportive notes by and to the Board of Trustees.

Board of Trustees records do not include records and/or documents that are:

1) Created by and for the primary use of the University (i.e. contracts, personnel, student-, law enforcement, Foundation, alumni, operations, health and research records);
2) Drafts, preliminary reports or other documents exempted under the Freedom of Information Act;

5 5 ILCS 160/1 et. seq.
3) Federal and state University reports; or
4) Documents not prepared for the primary use of the Board.

This Policy applies to documents of all regular, special and closed Board meetings, whether in
the form of paper or electronic format. The Board encourages the limited use of paper records
and urges compliance with environmentally sensitive and sustainable practices.

This Policy covers Board documents. The President of the University is authorized to establish
policy for the effective management of University records and to clarify the roles and
responsibilities of personnel and University Officials related to the creation, development,
collection and maintenance of University records.

III. Responsibility of Maintaining Board Records

The Recording Secretary, in consultation with the Board Liaison or position or designee with
equivalent functions and Office of General Counsel, shall be responsible for the creation,
collection, maintenance, distribution and disposal of Board records. Subject to the requirements
of the State Records Act, all Board records shall be retained for a period of not less than seven
years unless otherwise directed by statute. The Board may maintain such records in electronic
format. All recordings of closed session meetings will be kept under seal by the Office of
General Counsel. Access or unsealing of these records shall be granted by the Board Chair in
consultation with the Executive Committee, or by a majority vote of the Board or by
recommendation of the Office of Vice President and General Counsel in order to comply with
state and federal law or an order of a court with appropriate jurisdiction.

In compliance with the Illinois Open Meetings Act, the Board shall periodically but no less than
semi-annually, meet to review minutes of all closed meetings. At such meetings a determination
shall be made, and reported in an open session that (1) the need for confidentiality still exists as
to all or part of those minutes or (2) that the minutes or portions thereof no longer require
confidential treatment and are available for public inspection.

IV. Access, Security, and Integrity of Board Records

The Board Liaison or position or designee with equivalent functions, in consultation with the
Office of General Counsel, is authorized to establish procedures and protocols to assure:

1) Public access to Board records, in consultation with the FOIA Officer;
2) Maintenance and security of Board records;
3) The confidentiality of Board records that are privileged or otherwise protected from
disclosure under applicable law or regulations; and

Commented [EB4]: Define
Commented [EB5]: Establish/Define
Commented [EB6]: Board Regulations establish OGC as the FOIA Officer.

7 5 ILCS 120/1 et. seq.
4) The integrity of Board records.

The Board Recording Secretary shall serve as the official custodian of Board records.

V. Disposal

The Board Recording Secretary shall comply with the relevant provisions of the State Records Act, including the provisions related to the disposal of records.

VI. Policy Holder

The Board Liaison shall serve as the owner of this policy.

VII. Amendment of Policy

The policy may be changed by a majority vote of a quorum of the Board of Trustees. The Board shall review, update and revise this policy as appropriate, but not less than every three years. A failure by the Board to review this policy does not invalidate or change this policy.
ARTICLE IX. INDEMNIFICATION

SECTION 1. Subject to applicable federal and state law, the availability of funds and the terms and conditions of the Board's Self-Insurance Plan, the Board of Trustees shall indemnify each present or former Trustee, officer, employee, student-employee, agent, and duly authorized volunteers, where such volunteer relationship is reduced to writing ("Covered Person") of the Board, except independent contractors, against all reasonable expenses which may be incurred or paid in connection with any claim, or actual or threatened action, suit, proceeding or investigation (civil, administrative, or other non-criminal proceedings) and appeals in which the Covered Person may be involved by reason of being or having been a Trustee, officer, employee, student, agent, duly authorized volunteers.

In matters concerning criminal investigations or proceedings, the Board shall not be responsible for the payment of expenses where there is a criminal conviction. In the event a conviction is later successfully appealed, the Board shall be responsible for the payment of expenses up to the point of the resolution of the successful appeal. A conviction or the entry of any plea in a criminal case shall in and of itself be deemed an adjudication that the Covered Person engaged in misconduct in the performance of his or her duties to the Board.

In those matters wherein there is a criminal investigation which might result in an indictment and conviction, the Vice President and General Counsel is authorized to offer indemnification where there is a good faith belief that a criminal conviction is not likely. Such indemnification shall be subject to reimbursement of expenses in the event there is a conviction. In such cases, the University shall seek reimbursement for any expenses related to the matter.

The Executive Committee shall have the power to determine whether a Trustee or President is eligible for and the scope of any indemnification. Once the Executive Committee determines whether indemnification is proper, it shall notify the Board within twenty-four hours of its decision. For all other employees of the University, the question of whether an employee is entitled to and the scope of indemnification shall be determined by the Vice President and General Counsel in consultation with the President.

The Vice President and General Counsel may establish guidelines for the implementation of these provisions which include, but are not limited to, determining the scope of indemnification, the budget for representation, and the criteria for selection of counsel and other experts.

SECTION 2. The Executive Committee of the Board shall determine whether to provide and the scope of coverage for indemnification for any current or former members of the Board or President of the University. In the event a member of the Executive Committee of the Board is the subject of a request for indemnification, such member shall recuse themselves from any discussion or decision related to the indemnification. The Vice President and General Counsel shall be responsible for determining whether and to what extent indemnification shall be provided to any employees.

SECTION 3. In cases where an action, suit or proceeding advances to final adjudication and there is a finding that the covered person acted outside of the scope of their employment, indemnification shall not be provided.
SECTION 4. For those settlement matters that are in the exclusive purview of the Board, the determination whether a settlement is reasonable and in the interest of the Board or whether the Covered Person acted in good faith for a purpose which the Covered Person reasonably believed to be in the best interests of the Board and was not aware that the conduct was unlawful may be made by a majority of the disinterested Trustees acting on the proposal.

SECTION 5. As used in this Article of the Bylaws, the term “expenses” includes without limitation, attorneys' fees, costs, judgments, fines, penalties and other liabilities, subject to the determination in Section 1.

SECTION 6. The rights of indemnification provided for are severable, are not exclusive of other rights to which any Trustee, officer, or agent may now or hereafter be entitled, and continues in effect notwithstanding the fact that the individual ceases to be a Trustee, officer, or employee or agent at the time the action is instituted, while it is pending or after the judgment is rendered.

SECTION 7. The indemnification referred to above covers the conduct of the Trustee, officer, or employee or agent which occurred both before and after the adoption of this Article of the Bylaws and shall inure to the benefit of their estate.

SECTION 8. If any part of these Bylaws or any payment made pursuant to it is for any reason held invalid, the provisions of this Article of the Bylaws are not otherwise affected but remain in full force and effect.

Commented [EB9]: Define?
Draft Proposed Travel and Expense Reimbursement Policy

Preamble

The Northern Illinois University Law provides:

“Members of the Board shall serve without compensation but shall be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.” (110 ILCS 685/30-20).

Pursuant to the Northern Illinois University Law (NIU Law), and in order to provide clear, consistent and transparent policy related to reimbursement of reasonable authorized expenses incurred in the performance of their duties as members of the Board of Trustees, the following shall be the policy of the Board of Trustees of Northern Illinois University related to travel and expense reimbursement. This policy statement supersedes any previous Board policies on travel and expense reimbursement. The Board expressly delegates authority to the President to issue revised, updated, new or amended University policies or procedures in furtherance of this policy statement as deemed necessary and appropriate.

This Travel and Expense Reimbursement Policy (Travel Policy) is intended to comply with regulations promulgated by the Illinois Travel Regulation Council and the Illinois Higher Education Travel Control Board (Travel Regulations) related to travel and expense reimbursement. In the event of any conflict between this Policy and the Travel Regulations, the Travel Regulations shall control. For these purposes, the official headquarters for members of the Board of Trustees of Northern Illinois University, with respect to University travel and expense reimbursement, shall be their respective personal residence.

Any Member wishing to seek reimbursement for travel and other expenses will need to complete a form TA-2 and file that form with the Legislative Audit Commission on a semi-annual basis, as an individual whose headquarters have been designated as a location other than that at which official duties require the largest part of working time.

For compliance with the Travel Regulations, the Board of Trustees acknowledges that the President of the University serves as the “Agency Head.” The President may delegate the responsibilities of the “Agency Head” under the Travel Regulations to a designated representative by filing appropriate notice of this designation with the Office of the Comptroller for the State of Illinois. The Board of Trustees delegates responsibility to the Vice President for University Relations Board Liaison or such person designated by the Board to carry out this function (or designee) to appropriately assist with Trustee travel and expense accounting and administration, including the completion and submission of TA-2 forms to the Legislative Audit Commission.

Requests for Reimbursement
Members may be reimbursed or have appropriate expenses paid in advance for travel expenses related to official University business up to the extent of the reimbursement limits proscribed in the applicable Travel Regulations, whether those expenses relate to the use of personal or professional resources or University or commercial resources. Proof of the use and purpose of those resources shall be provided before reimbursement is made. When making any request for reimbursement for travel and expenses, Members of the Board must submit a travel voucher to the University through the Board Liaison. All travel vouchers or the equivalent thereof must be accompanied by receipts or other documentation documenting the expenses incurred by the Member. Members are personally responsible for the accuracy and propriety of any travel vouchers that they are submitting. Any expenses incurred over those allowed for reimbursement under the Travel Regulations are the personal responsibility of the respective Board Member.

Members of the Board shall be eligible for reimbursement for all mandatory regular, special and emergency meetings of the Board and its committees. Members are also eligible for reimbursement for all mandatory meetings of federal, state or local entities when the respective Member is attending as the official representative of the Board (e.g., the Board’s representative to the Civil Service Merit Board).

Each Member of the Board shall also be reimbursed for (1) one professional development opportunity and (2) four University events in each fiscal year as determined by the respective Board Member. The Board Liaison will provide to all Members of the Board a list of all scheduled meetings and special events for the University. For planning and budgetary purposes, Board Members are encouraged but not required to designate their one professional development and for University events at the beginning of the fiscal year and no later than the first scheduled full Board meeting of each fiscal year. Exceptions to this may be made by the Chair in consultation with the Executive Committee.

Any other reimbursement requests for additional professional development opportunities or University events requires the approval of the Chair or the Executive Committee. Additional reimbursement requests by the Chair must be approved by the Executive Committee, and may not be unilaterally approved by the Chair. Pursuant to the Travel Regulations, when travel is not required as a condition of carrying out the duties and responsibilities of being a member of the Board of Trustees, but the travel is a benefit to the University and the Member, partial reimbursement may be available subject to the approval of the Chair or the Executive Committee. In any case, such partial reimbursement cannot exceed the rates otherwise authorized in the Travel Regulations or the budget established for travel purposes.

Members of the Board are expected to make prompt submission of any requests for reimbursement, but no later than 30 calendar days after the conclusion of the travel or event from which the respective Member makes the reimbursement request. The University may deny reimbursement requests for failure to comply with applicable state and federal law or regulation. Any amounts disbursed for travel or expense reimbursement claims that are in conflict with the Travel Regulations or other applicable law shall be refunded by the Member and deposited in the fund from which the payment was made.

The Board shall establish a budget to cover costs of Board travel and professional development annually. Said budget shall be managed and maintained by the Board Liaison.
**Reimbursable Expenses**

The Travel Regulations set forth appropriate reimbursement limitations for expenses that include, but are not limited to, travel (by air, auto, boat, etc.), lodging allowances, meal allowances, per diem, and miscellaneous related expenses. When traveling, Members of the Board will be expected to use the most direct route and the most economical mode of transportation available considering travel time, costs and work requirements. Members will also be expected to request the lowest available lodging rate at the time of making reservations. Expenses due to deviations for convenience will be borne by the Board Member.

Unless prohibited under the Travel Regulations or other applicable law, examples of reimbursable expenses include, but are not limited to:

- Lodging allowances.
- Meal allowances.
- Per diem.
- Hire of room, exhibit space, set up, and such for official business.
- Laundry and dry cleaning if on travel status for at least seven (7) consecutive days.
- Storage and handling of baggage.
- Taxis including reasonable tips.
- Automobile mileage.
- Automobile parking fees and tolls.
- Telephone calls on official business including calls of ten (10) minutes or less to announce safe arrival or delay-change in plans.
- Telephone calls to secure lodging.

Unless allowed under the Travel Regulations or other applicable law, examples of non-reimbursable expenses include, but are not limited to:

- Traffic and parking tickets.
- Personal Entertainment charges, such as movies, spa/health clubs, sightseeing, tours, etc.
- Alcoholic beverages.
- Coat check.
- Late check-out and room guarantee charges.
- Meals for other state employees or officers.
- Tips incurred that go beyond those provided for in the rules and regulations of the Travel Council.
- Transportation to procure meals.
- Commuting expenses.
- Non-University-related expenses.

The University is not responsible for reimbursing for lost time from private work and other responsibilities or duties of a Member that are outside of those duties and responsibilities to the University as a Trustee. Per this policy, reimbursement is not available to Members of the Board for political fundraising events, political events, or University-related organization (URO) events where the Member is not an Official participant or guest. Members of the Board shall comply with the Illinois Gift...
Ban Act. No Member shall intentionally solicit or accept any gift from any prohibited source or in violation of any federal or State statute, rule or regulation. This ban applies to and includes the spouse and immediate family living with the Member.

**Advance Payment of Travel and Expenses for the Student Trustee**

Pursuant to this Policy, the President, in addition to the Board Chair is delegated the ability to approve in advance the travel expenses of the student trustee. As provided in the NIU Law, travel and related expenses incurred by the Student Trustee may, at the discretion of the President or Chair, be provided for by advance payment to the Student Member. The Student Member is responsible for providing an accounting to the Board immediately after each meeting until all such advanced funds are used or returned to the University. If at any time, it is determined that the Student Member has used advanced funds in violation of this Policy, the Travel Regulations, or any other applicable law or University policy, the Student Member immediately forfeits any interest in the advanced funds and must refund the full amount of advanced funds to the University.

**Exceptions to the Travel Regulations**

Exceptions to the Travel Regulations may be requested by submitting a written justification to the Board Liaison as designee of the “Agency Head.” The “Agency Head” shall review the exception request and work with the Board Liaison, the Chair and the requesting Member to determine whether to seek an exception from the Illinois Travel Regulation Council. The Illinois Travel Regulation Council will review special exceptions and may approve them when necessary to meet special circumstances or when they are deemed in the best interest of the University. If a request for an exception is made, reimbursement for the expenses will not be made until approval is given by the Illinois Travel Regulation Council.

**Risk Management**

To minimize the risk of disrupted operation of the University, not more than three (3) Board Members may travel on the same public or private travel conveyance. Additionally, the Chair and the Vice Chair may not travel together to reduce the potentiality likelihood of a leadership crisis in the event of a tragedy.
ARTICLE VII. PRESIDENT OF THE UNIVERSITY

Proposed Language:

Section 4. Mandate of Presidential Housing and Full Time Commitment

The Board shall determine on a case by case basis whether to require the primary place of residency for the President be provided by the University. Such determination shall be reviewed periodically, but not less than every three years. Failure of the Board to review the President’s primary place of residency on a timely basis shall not invalidate or change this policy.

The President shall devote his or her full time and loyalties to the University. The President may, consistent with the presidential employment agreement, serve on external boards and commissions but shall report, on at least a quarterly basis, any new or undisclosed external board or commission positions. 

Commented [EB11]: The President’s Contract states that the Board needs to approve of all outside positions.
REVIEW OF PROPOSED BYLAW REFORMS – CATEGORY B

Category B Items for Review:

1. Officer Election Policy and Procedure (determine legislative, minimum voting requirements and accountability, standards and expectations)

2. Interest Disclosure Policy

3. Establish/Clarify Administrative Leave Policy

4. Reform of all Standing Committee Charter/Charges (to include purpose, powers, duties, and the establishment of Committee benchmarks and other measures)

5. Orientation and Continuing Professional Development

6. Review of Criteria and Establish/Clarify Appeal Rights for Appeals to the Board
INTEREST DISCLOSURE POLICY
Rationale for Updating and Modernizing
The University's Conflict of Interest Policies and Practices

- The University's current Conflict of Interest Policy for Trustees and Institutional Officers is currently housed on the Board of Trustees website, under Policies, at: http://www.niu.edu/board/policies/conflict_of_interest_policy_010396.pdf

- This policy was originally approved by the Board of Trustees on January 3, 1996, which would have been right after the Board was created and started operating as required by law.

- There does not appear to be any change to the Board's Conflict of Interest policy since 1996.

- Since 1996, there has been an explosion of changes in the legal landscape when it comes to how ethical conduct is evaluated, performed, and scrutinized.

- These changes in the legal landscape have been driven by highly publicized corporate and government (Federal and Illinois) scandals.

- Corporate scandals that involved fraud, mismanagement and unethical practices at companies like Enron and WorldCom led to the passage of significant new federal legislation that dealt with ethical practices in corporate settings – the Sarbanes-Oxley Act. While the Sarbanes-Oxley Act does not technically apply to public institutions of higher education, the principles of the Act are viewed as setting the floor of industry best practices.

- In 2002, the State of Illinois passed the Illinois State Officials and Employees Ethics Act (SOEEA or Ethics Act), which was a direct response to allegations of unethical conduct in State government, and the eventual criminal conviction of a Governor and his Chief of Staff. Later enforcement of provisions in the Ethics Act also led to the criminal conviction of another Governor.

- The Illinois Ethics Act, among other things, (1) requires the development of specific ethical personnel policies, (2) requires annual ethics training of all state employees and officials, (3) identifies specific prohibited political activities, (4) prohibits political contributions on State property, (5) implements a gift ban for all state employees and officials, and (6) established revolving-door prohibitions on future employment opportunities of state employees and officials. None of these provisions existed in 1996.

- The Illinois Ethics Act also created the Office of the Executive Inspector General and the Illinois Executive Ethics Commission in order to investigate, administer and rule upon ethics issues throughout State government. Both of these entities were created to enforce the provisions of the Ethics Act and have been provided substantial State resources in order to conduct their activities. Again, these entities, and their jurisdictions and functions, did not exist in 1996.

- Lastly, the concept of what is considered a "conflict" for an employee or official of the University has changed and expanded with social, technological, and political changes throughout the last 18 years. Despite the required legal changes listed above, it is time to re-consider what a conflict is and how it should be appropriately managed or eliminated as it relates to the conduct of the business and operations of the University.
ARTICLE VIII. CONFLICTS OF INTEREST

Members of the Board of Trustees, officers of the Board, officers of the University and all employees of the Board of Trustees of Northern Illinois University must conduct their personal affairs in such a manner as to avoid any possible conflict of interest with their duties and responsibilities as members of the Northern Illinois University organization. A conflict of interest is present whenever a Trustee, officer, or employee has a material personal interest in a proposed contract or transaction to which the corporation is a party. This interest can occur either directly or indirectly; the Trustee or officer may be personally involved with the transaction, or may have an employment or investment relationship with an entity with which the corporation is dealing, or it may arise from some family relationship.

Any duality on the part of any Trustee or officer shall be disclosed to the Board of Trustees, and made a matter of record through an annual procedure and also when the interest becomes a matter of Trustee or officer action. In general, a Trustee's or officer's conflict will be cleared of any consequence by, first, full disclosure and, second, approval or ratification of the subject action by a disinterested majority of Trustees. Any Trustee having a duality of interest shall not vote or use personal influence on the matter, and shall not be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the quorum situation.

Any new Trustee or officer will be advised of this Bylaw restriction upon entering the duties of office.
AGB Board of Directors’ Statement on Conflict of Interest
with Guidelines on Compelling Benefit
This Statement and the related Guidelines were approved on November 20, 2009, and April 12, 2013, respectively, by the Board of Directors of the Association of Governing Boards of Universities and Colleges. They are intended to guide boards in the governance of colleges, universities, and systems; inform them of their roles and responsibilities; and clarify their relationships with presidents, administration, faculty, and others involved in the governance process.
Preface

In response to requests for policy guidance from presidents, board chairs, trustees, and other higher education leaders, in 2009 the AGB Board issued AGB's "Statement on Conflict of Interest." As the introduction to the Statement noted, "Because boards are responsible for institutional autonomy in our unique governance system, and in light of a number of high profile conflict of interest violations across the not-for-profit sector, there is a pressing need for boards to conduct thorough and periodic reviews of their conflict of interest policies and to ensure adherence." The Statement, drafted after a careful deliberative process guided by a distinguished panel—and with input from presidents, trustees, and other higher education leaders—recommended 12 principles to inform board decisions and discussion on conflict of interest. Those principles can be found on pages 4 and 5. However, because the document was a Statement of high-level principle, it intentionally did not extensively "drill down" into details of implementing those principles.

The companion "Guidelines on Compelling Benefit," issued by the AGB Board in 2013, provides more specific, sometimes technical, guidance to boards seeking to implement the 2009 Statement. The Guidelines, listed on pages 6 to 9, focus on one important aspect of the Statement—the recommendation that transactions involving conflict of interest should be approved only if the board finds that the transaction would bring compelling benefit to the institution. The purpose of the Guidelines is to help boards, advised in appropriate situations by institutional counsel, apply the compelling benefit standard to a wide range of circumstances in which conflicts may figure. Informed by nearly four years of institutional experience with the 2009 Statement, the Guidelines resulted from a collaborative process that took input from presidents, trustees, and legal experts including institutional counsel. In the process, an effort was made to identify many kinds of conflicted transactions that boards review and to provide guidance on how the compelling benefit standard should apply in each. As institutions gain more experience with the 2009 Statement, AGB may periodically review and revise these Guidelines.

Richard D. Legon
President
April 2013
Introduction to the 2009 Statement

This AGB "Statement on Conflict of Interest," adopted by the AGB Board of Directors in 2009, was occasioned by increasingly frequent requests for policy guidance and clarification from presidents, board chairs, trustees, and other leaders of American colleges and universities. Because boards are responsible for institutional autonomy in our unique governance system, and in light of a number of high profile conflict of interest violations across the not-for-profit sector, there is a pressing need for boards to conduct thorough and periodic reviews of their conflict of interest policies and to ensure adherence. Additionally, boards are facing increased external scrutiny of governance by government agencies, such as the enactment of the revised Internal Revenue Service Form 990, which sets up new expectations regarding financial accountability. Also, faculty are subject to increased external and institutional regulation of conflicts of interest related to research, and can be expected to question whether institutional boards set similarly high standards for themselves. In response to these and other challenges, and given that boards must monitor their own governance standards, AGB's Board of Directors authorized this Statement to inform board discussions on conflicts of interest.

To begin work on this initiative, AGB's Board of Directors requested that a panel of experts lead a consideration process and develop a draft set of principles that might be broadly applicable to boards. This process included a thorough review of the literature and a review of conflict of interest policy provisions from approximately 30 colleges and universities, as well as governmental agencies, including the Internal Revenue Service, the National Institutes of Health, and the legislative and judicial branches of the United
State government. While this Statement is intended to provide guidance for boards, AGB understands that these principles must be translated into practice diplomatically and consistently. Historically, AGB has not prescribed a specific set of principles for board management of conflicts of interest, but during this time of heightened calls for accountability, the association offers this guidance on standards and practices. This Statement is not intended to be prescriptive; rather it serves as a template and resource for discussion of good governance policies related to issues of conflict of interest.

Adoption by the AGB Board of Directors of this “Statement on Conflict of Interest” reflects a prevailing set of conditions. As originally stated in the AGB “Statement on Board Accountability” (2007), the incidence of "lapses and failures in the integrity and governance of certain participants in the nonprofit and higher education communities—particularly in such areas as conflict of interest, executive compensation, and financial oversight—has raised troubling questions."

While financial conflicts tend to dominate board conflict of interest discussions, the subjects of political gain, unmerited preference in hiring, student admissions decisions, and other conflicts can compromise the integrity that boards should hold in trust. Examples of potential areas of conflict can include backlash from board approvals of excessive executive pay packages and institutional foundation boards providing loans to former board members.

For sound reasons, no one template or single policy on board member conflicts of interest can well serve all colleges and universities. For instance, law on trustee conflicts varies among the states, and fiduciaries of public institutions typically are governed in legally irreducible respects by particular requirements of conflict of interest laws applicable to state government personnel. Also, the experience, needs, and administrative structures of institutions vary considerably and counsel against a "one-size-fits-all" approach.

AGB believes, however, that guiding principles in a number of areas can be recommended that are likely to be generally applicable and useful to college and university governing boards as they address how best to update their conflict of interest policies and practices to meet the contemporary environment and the challenges ahead. Those principles are identified here. Although the recommended principles do not exhaust considerations relevant to formulation and administration of board conflict of interest policy, they address the most sensitive issues boards in higher education face on this topic today.
Conflict of Interest Principles

1. Each board must bear ultimate responsibility for the terms and administration of its conflict of interest policy. Although institutional officers, staff, and legal counsel can assist in administration of the policy, boards should be sensitive to the risk that the judgment of such persons may be impaired by their roles relative to the board's.

2. We believe that the following standard properly gauges whether a board member's actual or apparent conflict of interest should be permissible, with or without (as the situation warrants) institutional management of the conflict: (a) If reasonable observers, having knowledge of all the relevant circumstances, would conclude that the board member has an actual or apparent conflict of interest in a matter related to the institution, the board member should have no role for the institution in the matter. (b) If, however, involvement by the board member would bring such compelling benefit to the institution that the board should consider whether to approve involvement, any decision to approve involvement should be subject to carefully defined conditions that assure both propriety and the appearance of propriety.

3. (a) When a board member is barred by actual or apparent conflict of interest from voting on a matter, ordinarily the board member should not participate in or attend board discussion of the matter, even if to do so would be legally permissible. (b) If, however, the board determines that it would significantly serve the interests of the board to have the conflicted board member explain the issue or answer questions, the board, if legally free to do so, may consider whether to invite the board member for that limited purpose. Any resulting invitation should be recorded in the minutes of the meeting.

4. A board should not confine its conflict of interest policy to financial conflicts, but should instead extend that policy to all kinds of interests that may (a) lead a board member to advance an initiative that is incompatible with the board member's fiduciary duty to the institution, or (b) entail steps by the board member to achieve personal gain, or gain to family, friends or associates, by apparent use of the board member's role at the institution.
5. Board members should be required to disclose promptly all situations that involve actual or apparent conflicts of interest related to the institution as the situations become known to them. To facilitate board members' identification of such conflicts, institutions should take affirmative steps at least annually to inform their board members of major institutional relationships and transactions, so as to maximize awareness of possible conflicts.

6. Board members should be required to disclose not less often than annually interests known by them to entail potential conflict of interest.

7. At institutions that receive substantial federal research funding, financial thresholds for mandatory disclosure of board members' conflicts of interest should not be higher than the thresholds then in effect that regulate conflicts of interest by faculty engaged in federally sponsored research. Boards of Institutions that do not receive substantial federal research funding should take into account the federal sponsorship-related thresholds in determining thresholds for mandatory disclosure of board member conflicts of interest.

8. Interests of a board member's dependent children, and of members of a board member's immediate household, should be disclosed and regulated by the conflict of interest policy applicable to board members in the same manner as are conflicts of the board member.

9. Institutional policy on board member conflicts of interest should extend to the activities of board committees and should apply to all committee members, including those who are not board members.

10. Boards should consider whether to adopt conflict of interest policies that specifically address board members' parallel or "side-by-side" investments in which the institution has a financial interest.

11. Boards should also consider whether to adopt especially rigorous conflict of interest provisions applicable to members of the board investment committee.

12. To the extent that the foregoing recommendations exceed but are not inconsistent with state law requirements applicable to members of public college and public university boards, such boards should voluntarily adopt the recommendations.
Guidelines on Compelling Benefit Needed for Approval of any Board Member Conflict of Interest

In its 2009 “Statement on Conflict of Interest,” AGB’s Board of Directors recommended this standard for boards to determine whether a board member’s conflict of interest should be permitted:

- We believe that the following standard properly gauges whether a board member’s actual or apparent conflict of interest should be permissible, with or without (as the situation warrants) institutional management of the conflict: (a) If reasonable observers, having knowledge of all the relevant circumstances, would conclude that the board member has an actual or apparent conflict of interest in a matter related to the institution, the board member should have no role for the institution in the matter. (b) If, however, involvement by the board member would bring such compelling benefit to the institution that the board should consider whether to approve involvement, any decision to approve involvement should be subject to carefully defined conditions that assure both propriety and the appearance of propriety.

The standard connotes that permissible conflict transactions will be rare, and provides that the board in no event should approve a conflict of interest transaction unless the transaction (1) would bring compelling benefit to the institution, and (2) is subjected to warranted carefully defined conditions that assure propriety and the appearance of propriety. This guidance pertains to the first condition, by addressing the meaning of “compelling benefit.”

The compelling benefit standard pertains to conflicted transactions. It does not pertain to non-transactional situations involving institutional policy or personnel decisions—such as whether to raise tuition or close an academic program—but, in accord with AGB’s 2009 Statement, conflicted board members should have no involvement in such decisions.

We assume that when conflicted transactions are proposed, institutions will prohibit them in the great majority of cases. The proposer of the transaction will have the burden of persuading the board that the transaction would bring the institution compelling benefit. The board will subject that assertion to searching examination in accordance with the principles described here.¹

¹Although, under AGB’s 2009 “Statement on Conflict of Interest” as well as applicable law, the board is ultimately accountable for decisions involving conflicts of interest of its members and their covered family members, boards often delegate review of such matters to a board committee or other group of board members, who may be advised, as may the board, by designated administrative personnel. Where such delegation occurs, recourse to the full board is appropriate should the subordinate body’s decision or recommendation be contested.
Conflicts of interest can be challenging to regulate because the risks and costs they entail, although major, are often hidden. A perception that board members benefit inappropriately from their association with an institution erodes public trust in the institution. Higher education institutions depend on that trust. Donors, government, and the public presuppose that institutional fiduciaries serve solely in the institutions’ best interest. That understanding also influences the institutions’ interactions with government and other regulators. Too, faculty and staff, who are expected to comply with conflict of interest standards, devalue those standards if board members are not held to them. Board member conflicts of interest thus can corrode institutional culture and perniciously undermine basic institutional aims.

Although application of the “compelling benefit” standard may or may not in a given situation correspond to performance of a legal duty, we believe the standard prudent. It is different than standards prescribed by state conflicts of interest laws, and different than IRS standards such as the intermediate sanctions rules for tax-exempt organizations. Some of those standards require the board or a committee of disinterested board members to make a finding, which may be based on consideration of comparable transactions, that a conflict of interest transaction is fair, reasonable, and in the organization’s interest. The standard this document addresses requires the board to find as well that the proposed transaction brings the institution compelling benefit.

In light of the risks and costs that conflicts of interest entail, a plausible conclusion might be that board member conflicts of interest should never be tolerated. Yet board members have a fiduciary duty not to dismiss out of hand transactions of great benefit to the institution. Accordingly, the risks and costs of conflicts of interest may be tolerated only where countervailing benefit to the institution is compelling.

These principles should guide a board’s consideration of whether a benefit is compelling:

1. A paramount concern should in all cases be the institution’s integrity and reputation. The board may well conclude in a particular situation that a conflict should be prohibited even if the financial benefit to the institution would be great.

2. If there is only slight benefit to the institution—for instance, if the transaction involving the board member is not significantly more valuable to the institution than sound alternatives, or there is an equally good or better alternative—the conflict of interest should not be permitted.

---

Footnote:
2 Board member interests referenced in this document include interests of covered family members.
3. In gauging whether the benefit is compelling, a board may consider the degree to which the conflict would affect the institution’s procedural regularity and businesslike dealings. For example, a decision to pursue a transaction that resulted from the institution’s established procurement policy could be considered differently.

4. In gauging whether there is compelling benefit, availability of means to manage a conflict, while relevant, is not sufficient to permit a conflicted transaction. The board should not permit the transaction absent a separate determination that the transaction would bring the institution compelling benefit.

5. Compelling benefit is not limited to financial benefit. For example, if a proposed hiring would result in significant advancement of a key aspect of the institutional mission, such as recruitment of a nationally eminent person, the proposal could be considered under the compelling benefit standard.

6. Whether institutional resources should be taken into account in gauging compelling benefit is not an easy question. For example, a college with a modest endowment may find that a transaction involving a board member brings compelling benefit, and an institution with a very large endowment may find that a transaction which brings the same value does not.

7. A board may differently analyze the cost of losing an existing arrangement than the benefit of entering into that same arrangement. For example, an institution that has a longstanding relationship with a bank may determine that the benefit of retaining that relationship, at least during a transition period, is compelling, when an executive officer of the bank joins the institution’s board.

8. A benefit replaceable without heavy burden is presumptively not compelling. On the other hand, a benefit that is unique or irreplaceable may possibly be compelling. For example, if a college purchases its electricity from the only electric utility in the area, the college may permit the relationship even when an executive officer of the utility is a board member who has a conflict of interest.

9. Speculative benefit will rarely be compelling.

10. Compelling benefit should be subject to independent confirmation by the non-conflicted board members. A conflicted board member’s assurances regarding the benefit of the transaction should be independently verified. The board should engage expert advice as needed and appropriate, but the final decision should be made by the board.

11. In situations that do not meet the definition of conflict of interest under the AGB Statement (i.e. where reasonable observers, having knowledge of all the relevant circumstances, would not conclude that the board member has an actual or apparent conflict of interest in a matter related to the institution)—such as a board member who votes for himself or herself for board chair—neither compelling benefit nor non-involvement of the board member is required.
12. Conflicts that arise from a board member's fiduciary or other non-remunerative relationship with an institutional affiliate or a charitable organization, such as membership on the board of an affiliated hospital, will generally meet the compelling benefit standard.

13. Compelling benefit should not take into account threats, quid pro quos, or actual or anticipated negative or inappropriate conduct by a board member. For example, a board member's overt or implicit threat to resign from the board or withdraw support if a transaction is not approved, or the board's anticipation of such action, should not drive analysis of compelling benefit.

14. A transaction involving a board member should not be considered compelling unless it is compared to alternatives. Usually, such comparison will entail a rigorous effort to gauge the market for similar transactions and a subsequent conclusion that the terms the board member offers are so much more valuable to the institution than any sound alternative as to be compelling.

15. The compelling benefit standard applies to institutional investments. When considering whether the board should approve a proposed investment transaction in which a board member has a conflict of interest, the board should take into account such considerations as the uncertain nature of the benefit to the institution, available alternatives, and the benefit to the board member. The board should rely on independent information and, as needed, independent advice and should not rely on unconfirmed advice of a conflicted board member.

16. Professional services relationships between an institution and a board member or his or her firm present special conflict of interest concerns, related to such factors as the potential for adversity following provision of advice that leads to bad results, and the difficulty of identifying objective measures of quality and value of service. In addressing compelling benefit in this context, the board should weigh such factors as whether the relationship between the institution and the firm is longstanding, the cost and quality of services and reputation of the firm relative to sound alternatives, the conflicted board member's role in the relationship, and financial and other benefits to the institution, firm, and board member. The board may consider that the firm may be perceived to benefit from its known association with the institution, even if it provides services at reduced rates or without charge.

17. For each conflicted transaction the board approves, the reasons for approval, including the compelling benefit to the institution, should be memorialized.

These principles are not intended to vitiate any obligation under applicable law.
AGB Project Advisory Council for Board of Director’s 2009 “Statement on Conflict of Interest”

The Honorable Hank Brown
President Emeritus, University of Colorado
Former Member, U.S. House of Representatives and U.S. Senate

The Honorable Cynthia Baldwin
Partner, Duane Morris LLP
Former Justice, Pennsylvania Supreme Court

Dr. Malcolm Gillis
Ervin K. Zingler Chair in Economics, Rice University
Former President, Rice University

Dr. Patricia Graham
Charles Warren Research Professor of the History of American Education, Emerita, Harvard University
Chair, Board of Trustees, Carnegie Foundation for the Advancement of Teaching

Dr. Robert O’Neil
Founding Director, Thomas Jefferson Center for the Protection of Free Expression, University of Virginia
Former President, University of Virginia and University of Wisconsin

The Honorable David Tatel
Judge, U.S. Court of Appeals, District of Columbia
Former Director, Office of Civil Rights, U.S. Department of Health, Education, and Welfare

Project Staff for Guidelines on Compelling Benefit

Mr. Martin Michaelson
Partner, Hogan Lovells
Former University Counsel, Harvard University

Mr. Alexander E. Dreier
Partner, Hogan Lovells

Mr. Richard Novak
Senior Vice President for Programs and Research, AGB

Mr. Jonathan Post
Senior Programs Specialist, AGB

(Note: The affiliations listed above are not intended to signify endorsement of the recommendations by the organizations identified.)
AGB Board Of Directors 2012–2013

Chair
Honorable Jim E. Geringer
Western Governors University

Vice Chair
Yvonne R. Jackson
Simmons College

Vice Chair
Honorable Jack B. Jewett
University of Arizona Foundation

Secretary
Clifford M. Kendall
University System of Maryland Foundation
University of Maryland College Park Foundation
Wesley Theological Seminary

Elizabeth A. Ballantine
American University of Paris
Grinnell College, life trustee

Rick A. Beyer
American University

Rita J. Bornstein
Public Member

James M. Fallows
Public Member

Helen Aguirre Ferré
Miami Dade College

Marilyn French Hubbard
Central Michigan University

W. Austin Ligon
St. John’s College

Andrea J. Loughry
University of Tennessee Foundation, Inc.

Charles H. McElvee
Emory University

David W. Miles
Iowa Board of Regents

James J. Mitchell, III
Roosevelt University

Charles R. Pruitt
University of Wisconsin System

David H. Roberts
Thunderbird School of Global Management;
Occidental College, trustee emeritus

Joyce M. Roché
Dillard University

Verne O. Sedlacek
Public Member

Charles A. Shorter
City University of New York

James C. Stalder
Carnegie Mellon University

Jeffrey B. Trammell
College of William and Mary

William E. Trueheart, Ed.D.
Johnson and Wales University

James M. Weaver
Gettysburg College, former board chair

Jacqueline F. Woods
Kent State University
Muskingum College

Our Mission

The Association of Governing Boards of Universities and Colleges strengthens and protects this country's unique form of institutional governance through its research, services, and advocacy. AGB is committed to citizen trusteeship of American higher education. For more information, visit www.agb.org.
AGB Resources

The following publications and others concerning trustee and board engagement are available at www.agb.org/bookstore:


The AGB Board of Directors has issued other statements that discuss important board responsibilities:

"AGB Statement on External Influences on Universities and Colleges" (2012)

"AGB Statement on Board Responsibility for the Oversight of Educational Quality" (2011)

"Statement on Board Responsibility for Institutional Governance" (2010)

"AGB Board of Director’s Statement on Conflict of Interest" (2009)

"AGB-CHEA Joint Advisory Statement on Accreditation & Governing Boards" (2009)

"AGB Statement on Board Responsibilities for Intercollegiate Athletics" (2009)

"AGB Statement on Board Accountability" (2007)
1. Call to Order and Roll Call
2. Verification of Quorum and Appropriate Notification of Public Meeting
3. Meeting Agenda Approval
4. Chair’s Comments/Announcement
5. Public Comment*

Discussion Items:
6. Category A - Bylaws as Revised from January 15, 2015 meeting
7. Review of Proposed Bylaw Reforms w/Edits..................................................Committee Discussion
8. Review of Proposed Bylaw Reforms .................................................................Committee Discussion

Category B - Review of Proposed Bylaws / Conflict of Interest
9. Initial Proposal for Conflict of Interest

10. Next Steps
11. Other Matters
12. Next Meeting Date – TBD

Adjournment
Category “A” (as Revised)

1. Presidential Succession

2. Update Record Retention Policy

3. Update Indemnification Policy

4. Board and Senior Management Professional Development and Travel and Expense Policy

5. Presidential House (Action Required to Submit for 2nd Reading to Board)
Further Discussion As Amended

Presidential Succession

• New Policy
• Defines Conditions for Appointment of Successor
  1. President may temporarily appoint a successor
  2. Board in cases of incapacity, abandonment, extended long absences, resignation or removal for cause may appoint a successor (2/3 vote required)
• Line of Succession:
  – Executive Vice President and Provost
Further Discussion As Amended

Indemnification

• Update of Existing Policy to Ensure Compliance with Court Decisions Prohibiting Public Bodies From Providing Indemnification for Criminal Convictions

• Deletes criminal investigations from Current Indemnification Coverage unless good faith belief conviction is unlikely.

• Authorizes General Counsel to Make Indemnification Decisions

• Requires Recovery of any Expenditures Made for Criminal Convictions
Further Discussion As Amended

Indemnification

• State Law Requires Indemnification

• Current BOT Policy Authorizes General Counsel to Determine Indemnification

• Proposal Authorizes BOT Executive Committee for BOT and President

• Proposal Authorizes the General Counsel for Employees other than the President
Further Discussion As Amended Indemnification

• Proposed Amendment (Covered Individuals)
  • The Board of Trustees shall indemnify each present or former Trustee, officer, employee, student employee, and agent ("Covered Person")
  • Against all reasonable expenses which may be incurred or paid in connection with any claim, or actual or threatened action, suit, proceeding or investigation
Further Discussion As Amended
Indemnification

• Proposed Amendment
  (No Criminal Conviction)
  • The Board shall not be responsible for the payment of expenses where there is a criminal conviction.
  • The Vice President and General Counsel is authorized to offer indemnification where there is a good faith belief that a criminal conviction is not likely.
  • Move Reference to “Volunteers” from BOT Regulations to the Bylaw.
Further Discussion As Amended Board Records

• No Existing Comprehensive Board Policy
• Policy:
  – Defines Board Documents
  – Designates Custodian of Records and Owner of Policy
  – Requires Compliance with Relevant Federal and State Laws Including State Records Disposal Requirements
  – Outlines Method for Revision of Policy
Further Discussion
Travel and Professional Development
Expense Reimbursement

- Authority for Reimbursement: “The Northern Illinois University Law provides:
  “Members of the Board shall serve without compensation but shall be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.” (110 ILCS 685/30-20).”

- Board Policy Not Changed Since 1996

- Requires Compliance with State Travel Regulations

- Allows for Reimbursement for All Regular, Special and Business-Related Meetings

- Allows for Reimbursement for “one professional development opportunity and four University events in each fiscal year as determined by the respective Board Member.”
Further Discussion
Travel and Professional Development
Expense Reimbursement

• **Advance Payment of Travel and Expenses for the Student Trustee**

• **Risk Management**

To minimize the risk of disrupted operation of the University, not more than three (3) Board Members may travel on the same public or private travel conveyance. Additionally, the Chair and the Vice Chair may not travel together to reduce the potentiality likelihood of a leadership crisis in the event of a tragedy.
Recommend for 2nd Reading

Presidential Housing

- No Existing Policy.
- Clear Statement of Expectation and Housing (and Entertainment) Mandate.
- Significant Tax Implications.
- Flexibility.
- Outlines Method for Revision of Policy
Recommend for 2nd Reading
Presidential Housing

• Proposed policy:
  The Board shall determine on a case by case basis whether to require the primary place of residency for the President be provided by the University. Such determination shall be made as part of the initial term of a presidential agreement and reviewed periodically by the Board and the President, but not less than every three years.

  The President shall devote his full time and loyalties to the University and service on any boards and commissions unrelated to Presidential duties and responsibilities shall be approved by the Board of Trustees.
Category “A” – Initial Review

1. Naming Rights

2. University Insurance and Employment Benefits Policy
Category “B”

- Officer Election Policy and Procedure (determine legislative, minimum voting requirements and accountability, standards and expectations.
- Naming Rights Policy
- University Insurance & Employment Benefits Policy
- Disclosure of Interests Policy
- Administrative Leave Policy
- Reform of Standing Committee Charter Charges
- Board Orientation and Continuing Professional Development Policy
- Establish and Clarify Criteria for Appeals to the Board
Clarification of Election Procedure

• “3. If a majority of votes cast is not achieved by one Member for the office in the first balloting, only those members who received at least one vote shall be eligible for consideration for the second ballot. The General Counsel shall cross a line through the names of the Member(s) dropped from the second and, if necessary, any successive ballots. There shall be no indication of the number of votes achieved by Members in the preparation of successive ballots.”
Further Discussion
Election of Officers

Clarification of Election Procedure

• “A tie in the number of votes achieved may result in more than three Members remaining eligible on the third ballot, and/or two Members remaining eligible on the fourth ballot.

• If at the conclusion of the fourth round of voting no Member achieves a majority of the full Board, the Board Chair shall declare the election at an impasse. In the event of an impasse, expressions of interest, vision and willingness to serve are re-opened and the next election will be conducted at the next Regular Business Meeting or Special Meeting;”
NEXT STEPS