

**MIAMI UNIVERSITY
BOARD OF TRUSTEES
Oxford Campus**

Executive Session – 9:30 a.m.

**To be followed by a Public Study Session, the Public Business Session and an
Executive Session**

Friday, December 7, 2007

Multipurpose Rooms B-C, Phillip R. Shriver Center

AGENDA

Call the Meeting to Order and Roll Call – Mr. Richard Smucker

Executive Session

**Public Study Session: Report on the Miami University Dolibois European Center
(MUDEC) - Provost Jeffrey Herbst and Senior Associate Provost Mary Woodworth**

Public Business Session

Approval of the Minutes of the September 14, 2007 Meeting

Consent Calendar

- 1) Designation of Emeriti – President Hodge**
- 2) Allocation from unrestricted gift funds for 2007-2008 – Vice President
Whitehead**
- 3) Recommendations of the Committee on Naming of Campus Facilities –
Vice President Whitehead**

Comments by the Chair – Mr. Richard Smucker

Reports:

President – Dr. David Hodge

Resolution:

- 1) Authorization to implement a “pick-up” plan for employee retirement
contributions**

Academic Affairs Committee Report – Dr. Lolita McDavid

Provost and Executive Vice President for Academic Affairs – Dr. Jeffrey Herbst

Vice President for University Advancement – Ms. Jayne Whitehead

Vice President for Student Affairs – Dr. Richard Nault

Jens Sutmoller, President, Associated Student Government

Finance and Audit Committee Report – Mr. Jay Henderson

Senior Vice President for Finance and Business Services – Mr. Richard Norman

Resolutions:

- 1) Approval of Endowment Spending Formula**
- 2) Amend Non-Endowment Funds Investment Policy**
- 3) Authorize a change order for the Farmer Hall Roof**
- 4) Award contracts for the Western Steam Loop Phase 2 Project**
- 5) Award contracts for the Harris Dining Hall East Project**

Vice President for Information Technology – Mr. Reid Christenberry

Student Trustee – Ms. Rachel Chase

Other Business

- 1) Election of Board officers for calendar year 2008**
- 2) Resolution to Elect Treasurer**

Executive Session

Adjournment of Meeting

12/7/2007 Agenda Item

Consent Calendar

Resolution #1

RESOLUTION R2008-

BE IT RESOLVED: that the Board of Trustees hereby approves the following individuals for the rank of Professor Emerita effective with the formal dates of their retirement:

Kathleen Burgoon
Geography, Hamilton Campus

Linnea Hedrick
Art

Anne Morris Hooke
Microbiology

Martha Petrone
Communication, Middletown Campus

BE IT FURTHER RESOLVED: that the Board of Trustees hereby approves the following individual for the rank of Professor Emeritus effective with the formal dates of their retirement:

Michael Bachem
German, Russian and East Asian Languages

Michael Broida
Decision Science and Management Information Systems

Ronald Garrett
Geography, Hamilton Campus

Peter Pedroni
French and Italian

John Sebastian
Chemistry and Biochemistry

BE IT FURTHER RESOLVED: that the Board of Trustees hereby approves the following individual for the rank of Senior Vice President Emeritus effective with the formal date of his retirement:

Richard M. Norman
Finance and Business Services

12/7/2007 Agenda Item
Consent Calendar
Resolution #2

RESOLUTION R2008-

BE IT RESOLVED: by the Board of Trustees that the below stated funds be allocated from unrestricted contributions to the Miami University Fund for the period July 1, 2007 to June 30, 2008:

	<u>2007-2008</u>
Office of the President	\$ 43,250
Academic Affairs	\$ 166,670
Finance & Business Services	\$ 178,750
Student Affairs	\$ 15,000
Information Technology	\$ 7,500
University Advancement	\$1,833,600

Total \$2,244,770

12/7/2007 Agenda Item
Consent Calendar
Resolution #3

RESOLUTION R2008-

BE IT RESOLVED: that the Board of Trustees hereby approves the following recommendations of the Committee on Naming of Campus Facilities:

Chaifetz Trading Center
Farmer School of Business (new construction)
Gift of Rich Chaifetz and Jill Barclay Chaifetz, Class of 1980

Morrison Seminar Room
Relocation from 159 Upham Hall to 143 Upham Hall

12/07/2007 Agenda Item
President
Resolution #1

RESOLUTION R2008-

WHEREAS, Miami employees are eligible to participate in the State Teachers Retirement System (STRS), the Ohio Public Employees Retirement System (OPERS) or the Miami University Alternative Retirement Program (ARP); and

WHEREAS, each pension plan requires Miami and the employee to each contribute a certain percentage of the employee's salary to the retirement plan; and

WHEREAS, under Section 414(h)(2) of the Internal Revenue Code of 1986 (the "Code") an employer may make the employee's contributions on behalf of the employee on a tax -deferred basis to the State Teachers Retirement System, Ohio Public Employees Retirement System or the Alternative Retirement Program; and

WHEREAS, these contributions are referred to as "employer pick-up contributions" and the Internal Revenue Service (IRS) Guidelines provide that the taxes on the "pick-up" contributions may be deferred by the employee until the employee receives the contributions as either a refund after termination of employment or as retirement benefits; and

WHEREAS, there are two types of employer pick-up plans: the salary reduction pick-up plan and the fringe benefit pick-up plan; and

WHEREAS, because an employee pays less in federal, state and school district income taxes under the salary reduction employer pick-up plan method, the University has maintained a salary reduction employer pick-up plan; and

WHEREAS, recently the IRS issued Revenue Ruling 2006-43 requiring employers such as Miami University to provide, no later than January 1, 2009, specific written documentation adopting an employer pick-up plan;

THEREFORE BE IT RESOLVED, in accordance with Section 414(h)(2) and Revenue Ruling 2006-43, Miami University hereby establishes a written salary reduction employer pick-up plan for all future non-elective employee contributions made to the State Teachers Retirement System, the Ohio Public Employees Retirement System or the Miami University Alternative Retirement Plan on or after the date of this resolution; and

BE IT FURTHER RESOLVED, the employee shall not have the option to receive this pick-up contribution directly and such contributions shall be paid by the University directly to the respective plan selected by the employee; and

BE IT FURTHER RESOLVED, the General Counsel is directed to take such action as may be necessary, appropriate, or advisable to implement this Resolution without further ratification or action by this Board.

12/7/2007 Agenda Item
Finance and Business Services
Resolution #1

RESOLUTION R2008-

WHEREAS, Miami University receives and manages contributions of cash, securities, life insurance, personal property, and real estate in its endowment; and

WHEREAS, the Board of Trustees desires to continue the policy of supporting University operations and scholarships through the distribution of income and realized gains from the endowment; and

WHEREAS, Miami University Resolution 2004-46 established a Spending Policy effective for the fiscal year ended June 30, 2004, and authorized such Policy to remain in effect until formally modified by the Board of Trustees; and

WHEREAS, Miami University Resolution 2004-46 also directed the Vice President for Finance and Business Services annually to evaluate the variables underlying the spending formula and to present recommendations as to the spending formula to be used for the fiscal year; and

WHEREAS, the Senior Vice President for Finance and Business Services has recommended to the Finance Committee of the Board of Trustees that the formula remain unchanged for the fiscal year ended June 30, 2008, and the Finance Committee has accepted that recommendation;

NOW, THEREFORE, BE IT RESOLVED THAT: The Board of Trustees hereby authorizes that the spending distribution for the fiscal year ended June 30, 2008, be computed according to the following formula:

The weighted average spending formula is to be comprised of two elements: a market element, given a 30% weight in the formula, and an inflation element, given a 70% weight in the formula. The market element is to be computed by multiplying the market value of the investment portfolio on March 31, 2008 by a long-term sustainable spending percentage of 4.5%. The inflation element is to be computed by increasing the prior year's actual spending distribution by the annualized increase in the Consumer Price Index as of March 31, 2008.

12/07/2007 Agenda Item
Finance and Business Services
Resolution #2

RESOLUTION R2008-

WHEREAS, the Board of Trustees of Miami University adopted Resolution R2002-40 on June 21, 2002, establishing the Non-Endowment Funds Investment Policy, subsequently amended the policy in Resolution R2003-39 on June 10, 2003, and amended again in Resolution R2005-45 on June 17, 2005; and

WHEREAS, the Treasurer of the University, with the concurrence of the Finance and Audit Committee, has recommended additional revisions to the policy as stated below;

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees approves the amended Non-Endowment Funds Investment Policy; and

BE IT FURTHER RESOLVED that this Resolution supersedes and replaces Resolution R2005-45.

**NON-ENDOWMENT FUNDS INVESTMENT POLICY
MIAMI UNIVERSITY
Updated September 2007**

- A. All university funds derived from the sources enumerated in Ohio Revised Code 3345.05 (A) (hereinafter referred to as Non-Endowment Funds) shall for investment purposes be designated into one of three pools: 1) University's Operating Cash pool; 2) University's Core Cash pool; and 3) University's Long-Term Capital pool.
- B. The investment of Non-Endowment Funds shall be made with an average of at least twenty-five percent of the average amount of the investment portfolio over the course of the previous fiscal year invested in securities of the United States government or of its agencies or instrumentalities, the treasurer of the state's pooled investment program, obligations of this state or any political subdivision of this state, certificates of deposit of any national bank located in this state, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system, as a reserve.
- C. The investment of Non-Endowment Funds will be guided by the objective of earning market rates of return while accepting a low level of market risk. The portfolio's asset allocation will be statistically modeled using historical and projected risk and return characteristics of the portfolio's asset classes. The portfolio will be constructed so that the statistical models project a 15% or lower probability of loss in any one year, and a projected one-year worst-case loss of 5% or less.
- D. The investment allocation objectives and instruments of each pool shall be:
 - Operating Cash
 - Objective: To meet the day-to-day cash obligations of the University.
 - Investments: Short-term U.S. Treasury and government agency securities, commercial and bank paper, and AAA-rated corporate fixed income securities, with an average weighted maturity of less than one year.
 - Core Cash
 - Objective: To provide a liquid source of funds in the event the Operating Cash pool is insufficient to meet the University's cash needs.
 - Investments: Intermediate-term fixed income investments in U.S. Treasury and government agency securities, corporate fixed income

securities rated A or better, and commercial and bank paper, with an average weighted maturity of between one and five years.

➤ Long-Term Capital

- Objective: To optimize earned income on long-term funds which would be expended by the University in the unlikely event of severe financial exigency.
- Investments: The primary determinant of allocation will be the risk parameters established in paragraph C. The allocation is expected to be 50% to 80% equity investments and 20% to 50% fixed income investments.

E. Asset allocation targets and ranges will be:

Operating Cash: between two and six months of projected cash needs.

Core Cash: between two and six months of projected cash needs.

Long-Term Capital: funds in excess of the amounts needed for operating and core cash purposes.

- F. Rebalancing will be timed to bring the portfolio in line with the asset allocation targets at the mid-points of the cash flow cycle, which generally coincide with the quarters ending September 30 and March 31. Rebalancing may occur more frequently, at the discretion of the Treasurer, if conditions dictate.
- G. The Board of Trustees' Finance and Audit Committee shall serve as the Investment Committee required by Ohio Revised Code 3345.05. The Committee may retain the services of an investment advisor who satisfies the requirements of Ohio Revised Code Section 3345.05 (D) (1) and may delegate implementation of this policy to an investment subcommittee comprised of Board members and university employees. The Investment Committee shall report at least semi-annually to the Board.
- H. All fiduciaries are required to discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

12/07/07 Agenda Item

Finance and Business Services

Resolution #3

RESOLUTION R2008-

WHEREAS, the Board of Trustees in April 2007 authorized the award of contracts for the Farmer School of Business project based on bids received in April 2007; and

WHEREAS, included in the construction bids were alternates for different roofing materials but which alternates were not accepted at the time of award of contracts; and

WHEREAS, Miami has negotiated with the contractor to install a variation of one of the roof alternates at a price that is \$200,000 below the bid amount; and

WHEREAS, the roof alternate will extend the useful life of the roof structure from twenty years to over seventy years; and

WHEREAS, Miami University has identified gift funds for the purpose of this change order;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Senior Vice President for Finance and Business Services and Treasurer to proceed with the award of change orders for the installation of a tile roof on the Farmer School of Business project with a value not to exceed \$850,000.

12/07/2007 Agenda Item
Finance and Business Services
Resolution #4

RESOLUTION R2008-

WHEREAS, at its February 2007 meeting, the Board of Trustees authorized the University to proceed with the design of the Western Steam Loop Connections – Phase 2 project; and

WHEREAS, Miami University has identified state funds in the amount of \$1.0 million and local funds in the amount of \$1.6 million for the Western Steam Loop Connections – Phase 2 project; and

WHEREAS, the \$2.6 million budget includes a cost of construction estimate of approximately \$2.3 million; and

WHEREAS, the State of Ohio allows the award of contracts up to 110% of the construction estimate necessitating a bid variation contingency of \$230,000 in addition to the \$2.3 million construction budget; and

WHEREAS, the design is being completed and receipt of bids is planned for late December 2007; and

WHEREAS, the Board of Trustees desires to award contracts to the lowest responsive and responsible bidders;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Senior Vice President for Finance and Business Services and Treasurer, with the concurrence of the Board Chair and the Chair of the Finance and Audit Committee, in accordance with all State guidelines, to proceed with the award of contracts for the Western Steam Loop Connections – Phase 2 project with a total construction budget not to exceed \$2.6 million.

12/07/2007 Agenda Item
Finance and Business Services
Resolution #5

RESOLUTION R2008-

WHEREAS, the Harris Dining Hall East project involves the renovation of a portion of Harris Dining Hall including new finishes, furniture, and equipment; and

WHEREAS, Miami University has identified local funds in the amount of \$1.3 million for the Harris Dining Hall East project; and

WHEREAS, the \$1.3 million budget includes a cost of construction estimate of approximately \$1.15 million; and

WHEREAS, the State of Ohio allows award of contracts up to 110% of the construction estimate necessitating a bid variation contingency of \$115,000 in addition to the \$1.15 million construction budget; and

WHEREAS, the design is being completed and receipt of bids is planned for January 2008; and

WHEREAS, the Board of Trustees desires to award contracts to the lowest responsive and responsible bidders;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Senior Vice President for Finance and Business Services and Treasurer, with the concurrence of the Board Chair and the Chair of the Finance and Audit Committee, in accordance with all State guidelines, to proceed with the award of contracts for the Harris Dining Hall East project with a total construction budget not to exceed \$1.3 million.

12/7/2007 Agenda Item
Other Business
Resolution #1

RESOLUTION R2008-

BE IT RESOLVED: that the Board of Trustees, upon the recommendation of the President, hereby elects Adolph Haislar as Treasurer of Miami University effective December 21, 2007 for a term to conclude upon the appointment of a Vice President for Finance and Business Services, in accordance with the provisions of the Act of February 17, 1809 establishing the University.