

NWACC Board Orientation Manual

Updated December 3, 2007

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NorthWest Academic Computing Consortium Board Orientation Manual

Created December 1, 2004

Introduction to NWACC

Mission

The NorthWest Academic Computing Consortium is comprised of roughly thirty-two colleges, universities, and other non-profit organizations in Oregon, Washington, Alaska, Idaho, Montana, and North Dakota. Founded in 1987, NWACC's mission is to facilitate cooperation and collaboration among member institutions for improving access to and use of technological resources in instruction, research, and administrative operations.

Strategic Objectives - 2003-2008

NWACC's current efforts focus on promoting awareness of innovative technologies at member institutions. Specific objectives are to:

- facilitate communication and collaboration on the development, use, management, and support of information technology;
- foster enhancement of technical expertise via shared training opportunities and other means;
- promote development, access to, and sharing of advanced information technology resources.

Programmatic Activities - 2003-2008

In order to pursue its strategic objectives, NWACC supports several programs:

- **CIO Summits:** NWACC hosts bi-annual gatherings of technology leaders and guest experts from outside the region to discuss specific IT issues and other items of shared interest.
- **Technical Workshops:** NWACC, sometimes in conjunction with partners from higher education, government, or the private sector, sponsors seminars and training workshops to help enhance expertise and awareness of technology trends at member institutions and to foster communities of practice. Joint network security training is a top priority.
- **Grant Program:** NWACC supports an annual grant program to promote the development, use, and dissemination of innovative technologies. Faculty and staff at NWACC member institutions are eligible to apply for such grants.
- **Awards:** NWACC sponsors an Excellence Award to recognize outstanding practices in IT management, services, or use of innovative technologies. NWACC also sponsors an award for the most Outstanding Grant among NWACC-supported technology projects. Award winners are invited to give presentations about their work at the annual conference.
- **Online communications:** NWACC sponsors listservs and web pages to promote regional conversations and the development of peer groups at different levels within NWACC institutions.
- **Conferences:** NWACC hosts periodic events to bring together CIOs, technology staff, and others from the Northwest and elsewhere to discuss current issues and initiatives related to technology in research and instruction.

A Brief History of NWACC

The NorthWest Academic Computing Consortium was founded in 1987 by ten “originator” institutions: the Universities of Alaska, Idaho, Oregon, and Washington, Oregon State and Washington State, the North Dakota University System, the Oregon Graduate Institute, the Boeing Corporation, and the Western Interstate Commission for Higher Education (WICHE). The goal of the group was to establish a supercomputer center in the Pacific Northwest. Although that goal was not achieved, a new goal quickly emerged: the creation of a high-speed network to link the Northwest to the rapidly emerging national infrastructure evolving from ARPANet and NSF-Net. In this endeavor, NWACC was successful. *NorthWestNet* was established as a regional network service provider in 1990 and more than two and half million dollars in NSF grants were awarded to NWACC for this purpose.

NorthWestNet operations were initially housed at the Boeing Company, guided by Ken Neves, and were later moved to the University of Washington, under Ron Johnson’s leadership. In 1991, the Board of NWACC appointed Eric S. Hood as Executive Director to oversee the management and development of NorthWestNet. While the University of Washington continued to host NorthWestNet’s network operations center, Hood gradually built a staff to handle user support, billing, publications, sales, and other activities of the Consortium. NorthWestNet’s clientele grew to more than 170 colleges, universities, libraries, hospitals, museums, professional associations, for-profit corporations, and other organizations. By the mid-1990s, NWACC annual revenues passed \$5 million and were growing rapidly. Its clients included Microsoft, Nike, Intel, and dozens of other Northwest corporations. Its mission was to promote education, research, and economic development in the Pacific Northwest.

Although it began as a publicly funded, not-for-profit corporation, NWACC’s success as a network service provider made it function more like a commercial entity. The Consortium’s legal and financial advisers indicated that the Consortium would eventually fail to meet the IRS tests for 501(c)(3) not-for-profit status and suggested that the organization be restructured. In 1995, the network services component of NWACC was spun off as a for-profit subsidiary under the name of *NorthWestNet, Incorporated*. Eric Hood was appointed CEO of the firm and was given approval by the NWACC Board to talk with potential buyers.

In 1997, NorthWestNet was purchased by World-Net Access¹, Inc. By action of the Board, “economic development” was dropped from the mission of the Consortium and the mission was re-stated as: “...to provide a mechanism for the cooperation and collaboration of institutions in improving access to and use of advanced technological resources in instruction, research, and administrative operations.” More than three quarters of the clients dropped their membership in NWACC but continued to purchase network services from NorthWestNet. Those remaining in NWACC were primarily colleges, universities, and other not-for-profit organizations.

¹ World-Net Access, Inc. changed its name to Verio, Inc. shortly after the sale.

During the period 1998 through 2002, the membership of NWACC included twenty-six colleges and universities, two statewide university systems, and three not-for-profit organizations: the Oregon Historical Society, the Pacific Northwest National Laboratory, and the Western Interstate Commission for Higher Education. A vote of the corporation did away with “originator” status and gave each member institution a seat on the NWACC Board. A subsequent vote of the Board approved the redefinition of NWACC under IRS guidelines as a “supporting organization” to enable it to provide grants to member institutions in furtherance of the Consortium’s mission and goals.

Between 2002 and 2006 admission to NWACC was closed to new members. In 2006, the Board voted to invite up to five new members to join the Consortium between 2007 and 2011, though no more than two in a single year. On January 1, 2007 Gonzaga University and the University of Montana were admitted to NWACC.

NWACC Governance

(A complete description of NWACC governance is contained in the Bylaws of the Consortium.)

The Board of Directors: The NorthWest Academic Computing Consortium is a not-for-profit corporation governed by a Board of Directors. The chief executive of each member institution designates an institutional representative who is then admitted to the Board. The Board has fiduciary responsibility for NWACC and is responsible for setting strategic directions for the Consortium. Members of the Board are not compensated, though travel expenses and other costs related to Board service may be reimbursed.

Officers of the Board: The Board elects from within its membership a Chair and Vice-Chair who each serve for terms of two (2) years. The Chair calls and presides over meetings of the Board, assisted by the Vice-Chair. The Vice-Chair assumes the responsibilities of Chair if the Chair steps down or is otherwise unavailable. The Vice Chair is designated the Chair-Elect and becomes Chair at the end of his/her two-year term as Vice Chair.

Officers of the Corporation: The Board appoints a President and a Secretary/Treasurer who manage the operations of the Consortium and who serve at the pleasure of the Board. The President is responsible for NWACC’s operational activities and serves as liaison between the Consortium, other organizations, and the public. The President is empowered to speak on behalf of the Board and its Executive Committee.

The Executive Committee: The Chair of the Board, Vice-Chair of the Board, the President, and two individuals elected by and from the Board on staggered two (2) year terms constitute the Executive Committee of the Board. The Executive Committee is charged with management of fiscal matters, the delivery of programmatic services, the appointment of individuals to serve on committees and task forces, and other responsibilities as delegated by the Board. The President calls and presides over meetings of the Executive Committee.

Standing Committees: There are five standing committees of the Board. Members are appointed to these committees by the Executive Committee and serve for indefinitely renewable one (1) year terms. Committee members are not compensated for their service, though travel and related expenses may be reimbursed. The standing committees and their responsibilities are:

Award Committee: annual selection of “excellence award” winners.

Finance Committee: (a) strategic investment policies; (b) operating budget oversight; (c) external review of Consortium finances.

Grant Committee: (a) development of grant guidelines; (b) review of grant proposals and awarding of grants; (c) selection of “outstanding grant award”

Summit Committee: planning and oversight of bi-annual meeting of NWACC Board members and invited guests; chairing of sessions.

Workshop Committee: selection of topics and general planning of workshops.

Ad Hoc Committees

The Executive Committee and President may, at their discretion, appoint Board members and others to *ad hoc* committees and task forces to deal with specific issues. Ad hoc committees have been appointed for varying time periods to deal with matters such as *nominations, new membership, network security, regional network planning*, and so forth.

Board of Directors: Rights & Responsibilities

The mission, composition, manner of appointment, meeting protocols, fiduciary and legal responsibilities are fully described in the NWACC Bylaws.

Attendance: It is expected that members will regularly attend Board meetings, held twice annually, usually in November and June. Institutions may not send surrogates to meetings of the Board except in special circumstances (for example, when an interim CIO has been appointed) and only by prior permission of the Executive Committee.

Voting: Members of the Board are expected to represent their institutions in all discussions, whether in-person, via mail, email, teleconference, or by other means. They are expected to cast votes and voice opinions representing the interests of their institutions. However, as board members of a not-for-profit corporation, they have a legal duty to cast their votes for the overall benefit of the corporation and all of its members. As part of that duty they are obligated to advance the purposes of the corporation, protect the assets of the corporation, and protect the tax-exempt status of the corporation. In their votes, Board Members should not favor personal interests over those of the corporation, and must disclose any conflicts of interest. Surrogates are not permitted to vote on behalf of Board members. Members of the Board may, however, issue a written proxy to an officer or other member of the Board to vote on their behalf at meetings of the Board.

Termination: A Board member who departs from his/her institution or who is no longer designated as an institutional representative ceases to be a member of the NWACC Board. A

Board member who violates legal or financial constraints of his/her position as a member of the Board may be required by the Executive Committee to withdraw from the Board and be replaced by the president or chief executive officer of the relevant member institution.

Directors & Officers (D&O) Insurance: Directors of the Board, Officers of the Board, and Officers of the Corporation are insured against liability claims to a maximum of \$1,000,000 by the Trumbull Insurance Company, a Member of The Hartford insurance group. Coverage is excluded for any claim “arising from any dishonest...fraudulent, criminal, or malicious wrongful act or any wrongful act committed deliberately by any insured or at the direction of any insured.” A copy of the full policy may be obtained, upon request, from the NWACC secretary.

Compensation: Members and Officers of the Board serve without compensation. However, they are eligible for reimbursement of reasonable travel expenses and other expenses incurred in connection with their service to the Consortium. Reimbursements must be authorized by the President, Treasurer, or Executive Committee and reimbursement requests must be accompanied by original receipts or other acceptable documentation.

NWACC Fiscal Information

IRS Status: NWACC was originally organized under IRS Code 501(c)(3) as a not-for-profit public charity. Following the sale of NorthWestNet, Inc., the Consortium’s finances changed significantly, with more than 90% of its annual revenue coming from the return on its portfolio investments. Since this was inconsistent with the revenue restrictions of a public charity, NWACC had the option of becoming a *private foundation* or a 509(a)(3) *supporting organization*. The Board determined that supporting organization status would be more appropriate, given the mission, programs, and operational profile of the Consortium. Accordingly, NWACC filed a request with the IRS to change its status to that of a supporting organization whose assets would be used to provide support to its member institutions. In 2001, the IRS issued a determination letter granting NWACC supporting organization status.

Distribution of Assets Prohibition: As per the NWACC *Articles of Incorporation* (Article X), the earnings of NWACC, including the proceeds of the sale of NorthWestNet, cannot be distributed to member institutions, directors, officers or other private persons except that reasonable compensation may be paid for services rendered to the corporation in furtherance of its mission and programmatic activities. NWACC’s assets are held in common by the corporation and may not be divided or distributed among its members.

Annual Financial Review: The Finance Committee, acting on behalf of the Board of Directors, commissions an annual review by an outside accounting firm (currently Gary McGee Company, Portland, OR) to review NWACC’s financial activity, financial position, and related policies and practices. The review uses *accrual accounting* (rather than *cash accounting*). Periodically, at its discretion, the Finance Committee will request a full audit in lieu of a review. Copies of the written review or audit are provided to the Finance Committee and, upon request, to any member of the Board. The statements of financial activities and financial position, and the summary review or audit letter(s) are also included in the Board Briefing Book distributed in advance of the June meeting each year.

Investment Policy and Asset Allocation: A copy of the *NWACC Principles for Investment* is appended. NWACC utilizes the Portland, Oregon branch of Smith-Barney, Inc. (SB) as its fiscal agent for both banking and investing. Services provided to NWACC by SB include: checking, credit card, money funds, mutual fund custodianship, and investment advising. NWACC's capital assets are distributed as follows:

Operating funds: NWACC holds its annual operating funds in an SB money market account and similar short-term instruments. All deposits from annual membership dues or other sources are held in this account. All expense payments made by check, credit card, funds transfer or other means are drawn against this account.

Cash reserve: NWACC holds the equivalent of approximately twelve to twenty-four months operating funds in SB money market, certificate(s) of deposit, or other short-term instruments. The funds can be tapped in the event of a cash-flow need or an emergency. The purpose of the cash reserve is to provide greater flexibility in the timing of portfolio mutual fund share liquidations.

Investment Portfolio: The balance of NWACC's capital assets are invested in a portfolio, consisting of equity and fixed income funds. Interest and dividends from these funds are routinely re-invested. Shares of these funds are liquidated periodically to provide operating cash. In order to sustain the activities of the corporation in perpetuity, as prescribed by the Articles of Incorporation, NWACC designates a minimum level of the investment portfolio as an endowment, set at \$8 million in 2001 with a built-in annual increment.² Should market conditions cause the endowment to fall below the target level, reductions in the annual budget are made to enable the portfolio to return to the minimum endowment level requirement as quickly as possible. Funds in excess of the annual target endowment level may be used for special projects upon approval by a two-thirds vote of Board members eligible to vote.

Unrestricted Portfolio Funds: Portfolio funds in excess of the required endowment level may, by approval of two-thirds (2/3) vote of eligible Board members, be used for special projects. Such funds may be moved into short-term instruments in anticipation of special project uses or to preserve capital during a declining market.

Fiscal Year and Budget Process: NWACC operates on a January 1 to December 31 fiscal year. In order to insulate the operating budget from sharp market fluctuations, the ceiling for the NWACC operating budget is determined each November (for the follow year) by calculating 4.5% of the average of the investment portfolio balance for the preceding 13 fiscal quarters. The actual budget may be lower than the projected ceiling but, by Board resolution, cannot exceed it. Operating funds that are not used during a fiscal year are used to offset the liquidation of portfolio funds required to replenish the operating fund account for the following year.

² By Board resolutions in 2001 (5/28/01 and 12/14/01) the endowment level was set at \$8 million plus an annual inflation increment of 3% going forward.

Member Institutions and Board Representatives

as of December 2008

Central Washington University – Carmen Rahm
Clark College - Philip N. Sheehan
Eastern Washington University- Gary Pratt
The Evergreen State College – Aaron Powell
George Fox University – Greg Smith
Gonzaga University – Chris Gill
Lewis & Clark College - Dan Terrio
Linfield College - Irving Wiswall
Montana State University-Bozeman – Gwen Jacobs
North Dakota University System – Randall Thursby
Oregon Health & Science University – Bridget Haggerty
Oregon State University - Curt Pederson
Pacific Lutheran University - Chris Ferguson
Pacific Northwest National Laboratory – Gerald Johnson
Pacific University - Lee Colaw
Portland Community College – Leslie Riester
Portland State University – Sharon Blanton
Reed College - Marianne Colgrove
Seattle Pacific University - David W. Tindall
Seattle University – Dan Duffy
University of Alaska System - Steve Smith
University of Idaho – Harvey Hughett
University of Montana - Missoula – Ray Ford
University of Oregon – Don Harris
University of Portland – Jim Ravelli
University of Puget Sound – Molly Tamarkin
University of Washington – Jaqueline Brown
Washington State University – Viji Murali
Western Washington University – John Lawson
Whitman College - Keiko Pitter
WICHE - Russ Poulin
Willamette University - John Balling
NWACC - President (ex officio, non-voting) - Martin Ringle
NWACC - Treasurer (ex officio, non-voting) - John Lehman

NWACC Committee Membership 2007

**Executive
Committee**

Finance Committee

John Lehman (NWACC) Chair
Dan Terrio (Lewis & Clark)
Dave Tindall (SPU)
Mark Gregory (PSU)
Martin Ringle (NWACC)
Steve Smith (UA)
 Curt Pederson (OSU)
 Chris Ferguson (PLU)
 David Price (SSB – external)

sub-committee

Investment
 Audit
 Budget
 Budget
 Budget/Investment
 Audit

 Investment

Award Committee

Carmen Rahm (EWU) Chair
 Jerry Johnson (PNNL)
 Keiko Pitter (Whitman)
 Aaron Powell (Evergreen)

Summit Committee

Greg Smith (GFU) Chair
 Mark Gregory (PSU) Past Chair
 John Balling (Willamette)
 Louis Fox (UW)
 Leslie Wykoff (WSU)

Grant Committee

Dan Terrio (Lewis & Clark) Chair
 Lee Colaw (Pacific)
 Marianne Colgrove (Reed)
 Chris Ferguson (PLU)
 Dave Tindall (SPU)
 TBA

Membership Committee

Dave Tindall (SPU) Chair
 Leslie Riester (PCC)
 Aaron Powell (Evergreen)
 Steve Smith (UA-Sys)*
 HarveyHughett (Idaho)*

Nominating Committee

Dan Terrio (Lewis & Clark)
 Irv Wiswall (Linfield)
 TBA

Workshop Committee

Irv Wiswall (Linfield) Chair
 Leslie Riester (PCC)
 Phil Sheehan (Clark)
 Melissa Mullinax (SU)
 Russ Poulin (WICHE)

Network Security Task Force

Adrian Irish, (UM) Chair*
 Chris Ferguson (PLU)
 Irv Wiswall (Linfield)

Instructional Technology Task Force

Russ Poulin (WICHE) Chair
 Chris Ferguson (PLU)
 Mark Gregory (PSU)
 Don Harris (UO)
 Greg Smith (GFU)

High-Speed Network Task Force

Steve Smith (UA-Sys) Chair
 John Balling (Willamette)
 Louis Fox (UW)
 Mark Gregory (PSU)
 John Lawson (WWU)
 Keiko Pitter (Whitman)

* denotes first year on the committee

Key Contact Information

NWACC Office: c/o Reed College, 3203 SE Woodstock Blvd., Portland, OR 97202
Tel. 503-777-7254 email: nwacc@reed.edu web: www.nwacc.org

Board Listserv: nw@lists.reed.edu

President

Martin Ringle 503-777-7254 ringle@reed.edu

Sec/Treasurer

John Lehman 907-474-5668 ffjal@aurora.alaska.edu

Board Chair

Dan Terrio 503-768-7227 terrio@lclark.edu

Board Vice-Chair

Steve Smith 907-474-5120 steve.smith@alaska.edu

Accounting & Annual Review

Gary McGee Co.
Yee Lee Lo 503-222-2515 lee@garymcgee.com

Investment & Banking

SmithBarney
David Price 503-243-5658 david.a.price@rssmb.com

Legal Counsel

Michael Lilly 503-294-0062 mikelilly@michaeljlilly.com

NWACC Annual Calendar

	Meetings and Workshops	Grants and Awards Programs	Administrative Tasks
January			Update asset allocation
February	Winter Workshop	Grant proposal submission deadline	
March		Grant proposal review	Fiscal review
April	Spring Workshop	Grant winners announced	Tax preparation
May		First grant payment issued	Briefing book preparation Nominating Committee: Officer Election
June	Board Meeting and Spring CIO-Summit	Presentation of Best Grant and Excellence Awards	Following year committees (re)appointed
July			
August			Web site archived and updated
September			
October	Fall Workshop(s)		Briefing Book preparation
November	Board Meeting	Second grant payment issued	
December		Following year grant program announced	Finance Committee Asset Allocation Review

Grant Award Statistics – 1998 through 2005

Number of proposals submitted	Number of awards made	Percentage of proposals funded	Total amount of grant funds distributed
610	109	18%	\$1,127,000

NWACC Conflict of Interest Policy

In order to avoid potential conflicts of interest and to ensure fairness and impartiality in NorthWest Academic Computing Consortium (NWACC) board and committee decision-making, officers and directors of NWACC agree to be bound by the following rules. It is understood that these rules are intended to supplement and not replace any state or federal laws governing conflicts of interest applicable to not-for-profit corporations.

Except as expressly permitted by board resolution or the bylaws of the Corporation:

1. Officers and Board members will refrain from voting on or otherwise attempting to influence a decision of the board or a board committee that would result in the allocation of grants, award stipends, service contracts, or other Corporation funds to an institution with which that individual is affiliated.
2. Officers and Board members will refrain from voting on or otherwise attempting to influence a decision of the board or a board committee that would result in distribution of Corporation funds or other Corporation assets to themselves.
3. Officers and Board members will disclose to the board in writing any financial interest they may have in a third party intended to be the recipient of Corporation funds and refrain from voting on or otherwise attempting to influence a decision of the board with regard to that party.

Should an Officer or Board member knowingly violate these rules he/she will be subject to penalties, as determined by the Executive Committee of the Board, which may include removal as an officer or director of the Corporation.

NWACC Travel Policy

In order to insure that NWACC funds used to subsidize travel expenses are allocated in a prudent manner, consistent with IRS guidelines for 501(c)(3) not-for-profit organizations, the NWACC Board endorses the following policy:

1. Travel arrangements should be made so as to obtain the most favorable rates.
2. Travel support will be provided only to persons traveling on behalf of NWACC or to participants in NWACC-sponsored events. Support will NOT be provided to family members, friends, or associates of those traveling on behalf of NWACC.
3. Travelers will be required to provide original receipts and a reimbursement request form for all travel-related expenses.
4. Reimbursement requests must be submitted within a pre-specified timeframe in order to be honored.
5. Travel support will NOT be provided for personal expenses such as phone calls, laundry, hotel movies, etc. NWACC does not consider internet access a personal expense, and will reimburse Board members for the cost of internet access.

Travelers will be required to review this policy before receiving travel support or reimbursement from NWACC.

NWACC Voting Policy

Board Voting and Proxies

The only persons permitted to cast votes on matters before the NWACC board are institutional representatives appointed by the chief executive officer of a member institution. Persons who are not institutional representatives may not attend board meetings nor vote on matters before the board.

Members of the board who are unable to attend a meeting of the board may, at their sole discretion and by written notification to the president or chair of the board of NWACC in advance of the meeting, appoint an Officer, Executive Committee member, or other member of the board as proxy, to act on their behalf as follows:

Restricted proxy - An absent Board member may direct that his/her proxy cast a designated vote on a specific matter or matters.

Unrestricted proxy - An absent board member may direct that his/her proxy cast votes (or abstain from casting votes) on any matter, including floor motions, which come before the board during the course of a meeting. The manner of such votes need not be designated in advance.

Voting and Confidentiality

Votes cast by Board members for grant and award ratings, the election of officers, and other matters are customarily sent to nwacc@reed.edu and read only by the president and administrative assistant. Unless requested otherwise, and with the approval of the Executive Committee, only summary results of such votes are provided to committee members or others of the Board.