

**Vietnam Education Foundation**  
**Minutes of the**  
**Meeting of the Board of Directors**

**July 16, 2010**

**VEF Headquarters**  
**2111 Wilson Boulevard, Suite 700, Arlington, VA 22201**

**List of Attendances in Person:**

- **VEF Full Board members:**
  - **Dr. Steve Maxner (Chair) (via teleconference)**
  - **Ms. Elizabeth Dugan**
  - **Mr. David Duong**
  - **Mr. Chris Fussner**
  - **Ms. Marjorie Margolies**
  - **Mr. Steven Pappas (Education)**
  - **Mr. David Plack (State)(via teleconference)**
  - **Ms. Sara Senich (Treasury)**
- **VEF U.S. staff:**
  - **Dr. Lynne McNamara (Executive Director)**
  - **Ms. Sandarshi Gunawardena, Senior Program Officer**
  - **Ms. Suzanne Michaels, Executive Assistant**
  - **Ms. Lana Walbert (Director of Finance, Accounting, and Administration and Designated Agency Ethics Officer-DAEO)**
- **VEF Hanoi staff:**
  - **Dr. Phuong Nguyen, Country Director (via teleconference)**
- **VEF guests:**
  - **Dr. Ray Gamble (via teleconference), Dr. Peggy Petrochenkov (National Academies)**
  - **Ms. Lesly Wilson (GSA Legal Counsel)**

**Call to Order -- Dr. Maxner**

Dr. Maxner called the meeting to order and, after introductions, welcomed new Board member Marjorie Margolies. He called for approval of the minutes of the April 7, 2010, Board meeting. Mr. Plack noted an exception on page 8 which indicated that he had confirmed a comment by Ms. Wilson regarding the fact that the Office of Legal Counsel had expressed the position that if a federal agency was empowered to accept gifts that it was also empowered to solicit them. He stated he had not made that statement and there was agreement to delete it from the minutes. Following that, on motion duly made by Mr. Plack and seconded by Mr. Fussner, the minutes of the April 2010 Board meeting were unanimously approved. Dr. McNamara requested confirmation from Mr. Plack that, in accordance with the policy that the minutes are reviewed by the State Department,

that the minutes may be posted on the VEF web site as corrected. Mr. Plack confirmed that they could be so posted.

### **ED Top Line Report – Dr. McNamara**

Dr. McNamara expressed appreciation to the staff in the U.S. office and in the Hanoi office for the efforts required to prepare for the Board meeting and to build the extensive Board binder. She also thanked them for their contributions to two important and successful events, the OpenCourseWare Consortium Global Meeting in May and the Pre-Departure Orientation in June. Finally, she thanked Ms. Walbert for her assistance in the preparation of a timely response to the questions raised in the GAO Audit Report and also expressed appreciation to Ms. Dugan for attending the Pre-Departure Orientation in Vietnam and thanked Dr. Maxner for his support in visiting offices on the Hill.

Dr. McNamara briefly reviewed the day's agenda, noting that the Board would consider several policies that require formal approval: the final 2011 budget, attendance by Fellows at Board meetings, and a request by a U.S. Faculty Scholar for a grant extension of one year. She reported that operations in the U.S. and Hanoi offices have continued to function well, and that two new staff members have been recruited: one for the U.S. office and one for Hanoi. She indicated that she is continuing to build a culture of quality in output and of positive interpersonal communications. For the latter goal, a communications firm has been employed to mentor staff in both offices in terms of personal and professional communications skills. She said that this as well as the annual staff retreat, which will be held in Vietnam in August, are among her efforts to build a strong staff working across the globe. Finally, Dr. McNamara mentioned the fundraising program and the strategic plan that would be discussed during the meeting.

Accomplishments since the last Board meeting include handing the VOCW over to MOET, completing the GAO audit and response, beginning the planning process for the Alumni Conference, continued outreach with offices on the Hill, and collaboration with AASCU about enhancing their rapport with Vietnamese universities. The major immediate upcoming event is the August interview mission, which will be attended by Board members, Sara Senich and Andre Lewis.

### **Finance Committee Report – Approval of 2011 Annual Budget**

Ms. Dugan commented that the Finance Committee met on July 12 and discussed three items: the 2010 expenditures to date, the final FY2011 annual budget that would be presented to the Board, and a proposal to codify the Finance Committee in the VEF Board bylaws. She invited Ms. Walbert to discuss the first two items.

Ms. Walbert reported that 27.9% of the approved budget had been spent through the end of June, adding that the major expenditures are in the fourth quarter (mainly payments to the universities). The expenditures per month from October 2009 through June 2010 have averaged slightly less than \$200,000 (expenses for October 2009 through February 2010 were not broken down because the new accounting system did not work well until February). She added that, if required, a breakdown of monthly expenses for each month could be extracted from the records.

Noting that approved funding has never been fully expended, Ms. Walbert explained the carry-over, which for the end of FY2011 should be about \$4.2 million. For the benefit of new Board members, Ms. Walbert explained that VEF, under the enabling legislation, receives a flat \$5 million a year with no chance for a change in the amount unless the legislation is amended. Dr. McNamara clarified that, since VEF was not fully underway in the first two years, VEF began operations in 2003 with approximately \$10 million surplus. Ms. Dugan stated that the enabling legislation has a sunset provision that will end funding in 2018 and the last cohort will be recruited in 2016. It was noted that, even with no new Fellows enrolled after 2016, since some take up to five years to complete their programs, the funding for 2017 and 2018 will be required to support those Fellows even a few years past 2018. Mr. Plack explained that the funds come from Vietnam through a debt repayment plan that will end in 2018. After that, for VEF to continue, it would require new legislation and probably funding through regular appropriations.

Turning to the 2011 proposed annual budget, the Board reviewed a spreadsheet that allowed comparison of the FY2010 versus the FY2011 budget line items in order to highlight those line items that either increased or decreased significantly. The total proposed FY2011 budget was \$5,633,511, which was \$17,757 higher than last year's FY2010 budget of \$5,615,754. One line item that would increase was international travel mainly because of the Fly America Act requirements to use U.S. carriers. There was a brief discussion about retaining frequent flier miles to reduce costs, but it was observed that the free flights do not provide insurance for the passenger; that arranging frequent flier free flights is difficult to meet the passenger's travel requirements; and that many frequent flier miles accumulated by civilians are not redeemed, whereas the federal government would use all available miles which could adversely affect the negotiations with airlines for federal rates.

Ms. Walbert pointed out several line items with significant differences year-to-year, both increases and decreases.

- Fellows expenses up \$5,800 because several 2010 Fellows left the program, thereby reducing 2010 expenses in that category;
- A substantial increase for the August mission of \$85,487, partly because of significantly higher flight costs for the U.S. scientists that will participate;

- Visiting Scholar expenses down \$11,180, partly because some of the grant periods were reduced;
- A new expense of \$39,153 for the annual Alumni Conference (although the Board approved application of the freed up funds from the transfer of VOCW to MOET, and economies of scale were achieved by scheduling the conference in conjunction with the August mission);
- A major savings realized by moving certain services in-house that were previously provided under the National Academies contract (contractual services dropped by approximately \$170,000);
- And the increase previously discussed related to international travel.

Ms. Dugan commented that Ms. Walbert had calculated the average cost per Fellow, which turns out to be about \$40,000 a year. Ms. Dugan invited the Board to consider whether it would be appropriate to increase the number of Fellows for the 2011 cohort from the presently proposed 40 to a slightly higher number. She added that the spreadsheet program available at the meeting had the capability of recalculating the budget figures if such changes were proposed and entered. It was noted that increasing the number of Fellows in one year essentially obligates the same amount of money for the Fellow's second year, since VEF supports the student for two years.

After a brief discussion there was agreement that increasing the number of Fellows in the 2011 cohort would be in harmony with the mission of the program; that the substantial savings anticipated could justify a larger number in the cohort (historically the full funding for the annual budget is not expended); and that even if it was necessary to scale back in subsequent years the immediate benefit to the program would be positive. By consensus the Board agreed to increase the number of Fellows in the 2011 cohort to 45. Ms. Walbert agreed to revise the numbers in the budget spreadsheet and distribute them within a week.

Mr. Fussner suggested looking at other areas that might be amenable to cost reduction. He pointed to the Annual Conference which costs about \$300,000 and might be held every other year rather than annually. There was a brief discussion about the importance of the annual meeting to the process of developing networking and professional relationships among the Fellows and Visiting Scholars. Dr. McNamara noted another area of interest in cost reduction is the August interview mission. She added that staff would be developing data at the upcoming interview mission to facilitate looking at alternative processes for recruitment. Dr. Maxner commended the suggestion and agreed that the issue should be discussed at a future meeting.

Discussion of the 2011 budget completed, on motion duly made by Mr. Fussner and seconded by Ms. Margolies, the Fiscal Year 2011 annual budget was unanimously approved. Dr. Maxner thanked Ms. Walbert for the exceptional efforts to develop the budget, the staff for their contributions, and the Board for having well-considered the budget proposals.

## **Items for Board Approval**

### ***Continuation of Dr. Maxner as Board chairperson***

Dr. Maxner recused himself from the discussion. Ms. Dugan explained that Dr. Maxner had indicated that he would be willing to continue to serve as chair of the Board of Directors if that was the pleasure of the Board. Ms. Dugan commented that any Board member may serve for three consecutive years, after which a replacement is required under the enabling legislation. Ms. Wilson added that if a member's term expires he or she may continue to serve until replaced, even beyond the three-year limit. There was agreement that Dr. Maxner had been an involved and dedicated member of the Board and Board chair.

Although not expressing any reservation about Dr. Maxner's qualifications to serve, there was a comment from a member that it might be possible that another member of the Board could be interested in the position. Ms. Dugan provided an opportunity for any of the members of the Board to indicate such an interest and, hearing none, suggested that the Board act on the issue. There was agreement that a formal vote was not necessary and that consensus should be sufficient to resolve the matter. Ms. Dugan stated for the record that, as acting chair of the Board for the discussion, there was consensus and, in effect, a unanimous vote of confidence that Dr. Maxner should continue his responsibilities as chair of the Board, whereupon Dr. Maxner returned to the meeting, expressed his appreciation for the Board's consideration of the matter, and resumed his duties as chair.

### ***Approval of New Board Bylaws***

Dr. Maxner proposed the following provision be added to the Board bylaws:

#### **New paragraph VII – Finance Committee**

*The VEF Finance Committee is a regular standing committee, consisting of up to six Board members: up to four Board members who are presidential appointees and who are recommended by the Chair of Board and appointed by a majority vote of the Board, and up to two Board members representing the cabinet federal agencies. Members of the Finance Committee continue to serve on the Finance Committee during their tenure on the Board. The Finance Committee serves the Board by considering issues in depth that involve the VEF budget, audit, and other financial matters. The Finance Committee, which works on consensus, presents to the full Board its recommendations.*

During discussion there was a recommendation that a caveat be added: *The chairman of the Board may not concurrently serve as the chair of the Finance Committee.* There was agreement to add that provision as the final sentence.

Proposed new paragraph IX.5 – Duties of the Chairperson

*Shall coordinate with the VEF Executive Director and the Director of Finance, Accounting and Administration to ensure that the Office of Management and Budget (OMB) is properly informed of the Board approval of each annual budget, per the operating policies and procedures of OMB.*

There was no discussion with regard to this proposed addition to the bylaws.

Proposed New paragraph X.5 – Meetings

*In all meetings for the transaction of business, presidentially appointed Board members shall be present either in person or via teleconference or similar means of remote participation. Presidentially appointed Board members shall not appoint or assign a delegate or other person to represent them at Board meetings for the conduct of official business and shall not delegate their votes to proxies to make on their behalf.*

During discussion there was concern that the phrase “shall be present” could be restrictive since there could be extraordinary circumstances that might prevent such presence at a particular meeting. There was consensus that a presidentially-appointed Board member might unavoidably be absent from all or part of a meeting, but that in no circumstances should the member appoint another to appear in his or her place with any proxy to cast a vote. There was discussion that those Board members that are a Department Secretary (i.e., Education, State, and Treasury) are authorized to send a representative.

Proposed new paragraph XII.3

*To ensure these By-Laws remain current and relevant to VEF Board activities and business, the Board of Directors shall conduct an annual review of the By-Laws at each July Board meeting. VEF Board members and VEF staff are encouraged to submit recommended changes to the By-Laws at any time to the chair of the Board. Additional changes and amendments to the By-Laws may occur at any time deemed necessary and appropriate by the Board.*

There was no discussion with regard to this proposed addition to the bylaws.

On motion duly made by Mr. Plack and seconded by Ms. Dugan, the Board unanimously approved the four new provisions to the bylaws along with the new final sentence to be added to the Finance Committee description.

***Policy to Extend to VEF Fellows an Invitation to Attend Portions of the Quarterly Board Meetings.***

A proposed policy for attendance of Fellows at Board meetings was included in the Board binder. Mr. Plack suggested that two of the paragraphs in the letter could be deleted since they appear to be legalistic in tone and perhaps are not necessary to the description of the policy. Dr. Maxner, noting that the decision about the policy could be deferred, suggested that Mr. Plack confer with staff, revise the letter, and the Board could then review it and arrive at a decision via e-mail or by teleconference.

***Program Extensions beyond the 6<sup>th</sup>/3<sup>rd</sup> year***

Ms. Gunawardena explained that the Board had previously approved a policy concerning program extensions beyond the sixth year for PhD Fellows and the third year for master's degree Fellows. This year there has been a surge of requests for seventh year extensions for PhD students, albeit most for valid academic reasons. She questioned whether VEF should establish a maximum period allowable for extensions. One alternative, which is in the current policy, is the ability to offset the extension by deducting time from post-completion academic training. The recommendation is to establish this as policy after review on a case-by-case basis, since there are instances when the reasons are valid and there are instances when the student has basically taken advantage of the program. The recommendation also includes the provision that pre-completion academic training during an extension would not be approved based on the rationale that the student should be pursuing studies.

Asked about the administrative process, Ms. Gunawardena explained that the students are asked to submit applications two months in advance to allow time for processing. On motion duly made by Ms Dugan and seconded by Ms. Senich, the policy was unanimously approved.

***Professional Development Grant of \$1,000***

Ms. Gunawardena explained that the policy concerning the professional development grants was more of a clarification of the mechanics of the grant than a policy change. She noted that the grant is made available to Fellows at the beginning of the academic year, managed by the university, and awarded when requested, though with certain restrictions on use of funds. For example, a student involved in academic training is not eligible for the grant during that academic training. Such disqualifying events could occur in the middle of an academic year. Currently the VEF position is not to seek return of any portion of the grant if already distributed, but to seek recovery of unused portions of the grant if the student becomes ineligible for the grant. Unused funds can be carried

over from year to year, but if not used would be recovered at the end of the Fellow's academic program.

Dr. Maxner expressed the opinion that the grant should remain available to the student after an interrupting event, such as if academic training, occurs. Dr. McNamara commented that often a student who turns to post-degree completion academic training actually ends his or her affiliation with the institution holding the funds, making it difficult or impossible to distribute those funds later. Dr. Maxner clarified his position that, if the student has an intention to return to his original university, the funds should be protected and paid. If the student does not return to the university, the funds would be returned to VEF. Mr. Fussner and Mr. Pappas agreed, and Mr. Plack affirmed that the grant is part of the overall benefit and should be paid to the student. Ms. Gunawardena noted that, since this position is a slight change in the policy, it would have to be amended and returned to the Board for final approval.

*Grant extension for Faculty Scholar, Dr. Carl Weiner*

Dr. McNamara explained that a 2010-2011 U.S. Faculty Scholar, Professor Carl Weiner, University of Kansas, had requested a deferral of award of his grant until the following year because he had been selected by his university to head the development of a major new university division, the Kansas University Institute for Reproductive Health and Regenerative Medicine, the development of which will occur in this year. Dr. McNamara requested that the Board formally approve the deferral.

In the discussion that followed, it was noted that the budget line item for this grant would be moved to the 2011-2012 timeframe, and that it would not affect the number of Faculty Scholars to be selected the following year. Since VEF is not subject to losing funds at the end of the fiscal year, it would have no impact on the long-term budgeting. Mr. Plack explained that in his Department, for the Fulbright program, deferrals are not allowed and the individual would simply be dropped from the program for that year and be eligible to re-compete the following year.

After a brief discussion, there was consensus that, with the smaller number of individuals involved and the extensive selection process, both on the part of the applicant preparing a proposal and the review process involving the National Academies, it would be more practical to allow the deferral. Addressing concerns about precedence, Dr. McNamara commented that Fellows have been able to request and receive deferrals since the beginning of the program. For the Faculty Scholars, both the U.S. and Vietnamese universities must concur with the deferral as well.

On motion duly made by Mr. Fussner and seconded by Ms. Margolies the deferral was unanimously approved.

### **Ethics Report – Ms. Walbert**

Ms. Walbert reported that she had attended the Ethics Conference from May 10 to 14; had attended a number of excellent classes; and was awarded a certificate attesting to her completion of the course and to her being certified as an official ethics officer. The experience was valuable and she stated she would return for the next annual Ethics Conference for continuing education. Dr. McNamara noted that Ms. Gunawardena would also attend the next meeting to become an alternate ethics officer for VEF.

### **Fundraising – Mr. Fussner**

Noting that the pending legislation had apparently disappeared, VEF should be able to pursue its fundraising program aggressively. He added that the concept was reasonable: a one-time contribution by a corporation to support a Faculty Scholar in a field of interest to the corporation. He added that he and Dr. McNamara would compose a letter to a limited number of major U.S. corporations doing business in Vietnam, to be followed up by phone calls and personal contact. He indicated, for example, that the Boeing Company had shown an interest in supporting the program. He felt that by making the approach now he would be able to report on the response by the October meeting.

There was a brief discussion that included comments about the fact that gifts to VEF could not have conditions attached by the donors, although VEF could indicate to the donors the general use to which the funds would be put. Mr. Fussner commented that, although VEF could not promise to use gifts for very specific specialties, it should be reasonable to assure donors that gifts would be directed toward programs in major areas, such as IT or the broad field of electrical engineering. Ms. Wilson suggested that the major companies are probably fairly sophisticated in the area of such funding and would understand the limitations imposed by the federal government. Ms. Wilson reiterated the issue raised at the beginning of the meeting, that the Office of General Counsel has determined that if an agency is eligible to receive donations it is implicitly authorized to solicit them. Therefore, federal employees are able to participate in the fundraising process. Mr. Duong suggested that if Vietnamese companies could contribute he would be willing to encourage such participation. Finally, Dr. Maxner noted that the fundraising effort was in consonance with the strategic plan to expand the influence of VEF in areas like the Faculty Scholar program.

### **Old Business/New Business**

Dr. Maxner noted that the time constraints might impact whether the entire agenda could be accomplished. He suggested moving to old business, adding that

the 2008 Annual Report to the President had been submitted, and that Dr. McNamara was working on the 2009 Annual Report. Secondly, he reported that the strategic plan had been sent to Board members and that they should be prepared to discuss implementation at the October meeting.

Under new business, Dr. Maxner announced that Senator Webb had resigned from the VEF Board because of a conflict of interest that arose when he was appointed chair of the Subcommittee on Asian Pacific Affairs. A request to Senator Byrd's office for a replacement is pending.

Ms. Dugan requested that the Board formally approve Mr. Duong as a member of the Finance Committee and made a motion to that effect. Duly seconded by Mr. Fussner, the Board unanimously approved the appointment of Mr. Duong to the VEF Finance Committee.

Dr. Maxner commented to the Board members that a waiver of compensation had been created by staff such that Board members could choose to either receive the authorized compensation for services to the Board or to waive the compensation. He requested that each Board member complete the form, with the assurance that either option was acceptable.

Finally, concerning interactions with the public media, Dr. Maxner encouraged Board members to contact Dr. McNamara if the opportunity to make a public statement arose, particularly because questions can become quite specific and technical and staff is prepared to field and respond to those questions.

Mr. Fussner suggested that staff arrange a day or two immediately prior to the October Board meeting to give members an opportunity to participate in visits to the Hill. Dr. McNamara concurred and invited members to provide information on when they might be available for such visits. Mr. Fussner also followed up on his prior suggestion that a publication be developed containing the curriculum vitae of the Fellows for distribution to Vietnamese businessmen, universities and ministry officials. There was a brief discussion about the fact that such information must be voluntarily provided by the Fellows (all of whom are not amenable to providing certain information), and the fact that it is a significant project to collect such information for publication. Dr. McNamara noted that the Fellows do provide permission to publish a limited amount of information – name, university affiliation, field of study, e-mail address. She agreed to make inquiries among the VEF Alumni and the Fellows concerning their feelings about such a publication.

### **Closing Discussion**

Ms. Dugan briefly described her impressions of her visit to Vietnam during the Pre-Departure Orientation, noting the exceptional skill with which the staff organized and carried out the two phases: the two-day outdoor team-building

and the two-day indoor lectures. She noted that it was an outstanding opportunity to meet the new Fellows and Visiting Scholars and to see their development over the four-day period. They began to create camaraderie during the four days and received an exceptional amount of information that would make their transition to the U.S. academic community smoother and more successful.

Ms. Gunawardena commented that the planning process for the Alumni Conference is making good progress and they have requested input from the planning committee concerning motivational speakers for the meeting. Two speakers in particular were mentioned: the former VEF Executive Director, Dr. Vo Van Toi, and the current Board member, Mr. David Duong. After a brief discussion the Board agreed that, since both are Vietnamese Americans, both would present information that would be of value to the Alumni. In addition, there was a comment that the conference is for the Alumni and they should be able to develop the program and propose the speakers.

Finally, Dr. McNamara mentioned two items. First, the U.S. Embassy in Hanoi had requested VEF assistance in developing a program concerned with Internet freedom in Vietnam, and she agreed to provide the Board with details of the request for consideration at the next meeting. Second, she stated that there was a draft letter to the Association of American State Colleges and Universities concerning the AASCU request for VEF support in their developing a stronger rapport with Vietnamese universities. Dr. Maxner suggested that the letter be considered at another time.

(There being no further business, the Board meeting was adjourned.)