

**American University of Beirut**  
**Minutes of the University Senate**  
**General Meeting of Friday 8 January 2010**

Present: A. Abdelnoor, A. Abdel-Rahman, G. Araj, S. Arnaut, A. Dallal, N. Dajani, J. DeJong, H. Diab, P. Dorman (chair), M. El-Sabban, L. Farhood, J. Ghafari, N. Hwalla, S. Isber, A. Jurjus, Z. Kassaify, A. Kayssi, S. Kenney, R. Khaulil, M. Kisirwani, S. Maamari, P. McGreevy, F. Moukalled (for I. Hajj), L. Musfy, A. Nasri, N. Nassif, S. Neaime, I. Osman, J. Radulski, S. Ramia (for I. Nuwayhid), S. Sadek, M. Salameh, S. Seikaly, F. Sleiman, R. Smith, M. Tabbal, G. Zaatari (for M. Sayegh) , R. Zurayk.

Absent: A. Abdul-Malak, K. Hindi, H. Huijjer\*, S. Jeffrey\*, M. Jurdi, G. Najjar\*, I. Nuwayhid\*, D. Wrisley\*.

(\* = regrets notified before meeting or on leave)

The meeting was called to order at 2:10 p.m.

1. *Approval of minutes.* The minutes of 11 December 2009 were approved unanimously as corrected.

2. *2010-11 University Calendar (see senate minutes of 11 December 2009, item 4).* The registrar said that perhaps the University Calendar did not need to include dates of summer advising since advising was an administrative matter within each faculty. Provost Dallal said that the issue concerned particularly FAS which had the largest number of new students wanting to register during the summer for courses in the Fall semester; it was impracticable to leave their advising until the end of September; the university owed it to them to facilitate registration and to put the relevant dates into the Calendar. Since other faculties already had procedures for advising during the summer, he added, compensation would be offered for those departments in FAS which had to make special provision to advise their incoming students. A. Abdel-Rahman proposed a motion which was seconded **to approve the University Calendar as circulated. The motion was passed unanimously (vote 2010-04).**

3. *Retirement Program Plan B Memorandum Account.* Two memos were circulated to senators, one from the chair of the Senate Committee on Faculty Affairs, S. Seikaly, giving the committee's recommendations, the other from I. Osman (himself a member of the SCFA) with recommendations made in consultation with professors of the Olayan School of Business. S. Seikaly said that the main worry of faculty members tied to Plan B concerned the university contribution of 12½% in the so-called Memorandum Account which, under the measures introduced on 1 January 2010, might lead to substantial loss to members if funds were invested at moderate risk; and he asked for clarification regarding the extent to which actual funds were involved. He reiterated the view of the SCFA, as expressed in the memo, that it was "most unfortunate that the faculty as a whole as well as the Senate Committee, empowered by Senate by-laws to look into faculty affairs, were neither consulted nor, for that matter, formally apprised about impending changes except a few days prior to actual implementation." He proposed four motions to be considered serially as follows. The motions were seconded.

**I. To introduce a change in 4.1(d) of the October 1, 2009 Plan B document to read: "Effective on and after January 1, 2010, each Employee's Memorandum Account shall be deemed invested in a portfolio of the employee's choice comprising fund options available to Plan A participants."**

**II. To initiate a process, involving the University Administration and the Senate Committee of Faculty Affairs, leading to the establishment of real parity between Plans B and A not only in terms of operation but also in retirement benefits.**

**III. To work for the prompt appointment of an experienced financial officer delegated with the specific task of advising faculty about fund allocations governing their retirement benefits with a view to ultimately establishing an advisory office exclusively devoted to handling matters relating to retirement.**

**IV. To direct the HR office to develop a ‘Summary Plan Description’ for Plan B, similar to that available online for participants in Plan A.**

I. Osman then proposed a substitute motion which he said combined the above four motions. He said that a critical concern was with a perceived disparity in AUB’s contributions between Plans A and B. In Plan B AUB’s contribution was 12½%, whereas in Plan A it was 10% plus a mandatory 6½% to match the US government contribution of 6½% to the National Social Security Fund (NSSF). With the employee’s contribution of 5% in each plan, the total contributions were thus 28% in Plan A against 17½% in Plan B. A second major concern was with the management of investment funds, in particular regarding both costs of management and investment sectors, for instance investment sectors tied to Israel. He pleaded that the university administration give equal retirement benefits to faculty participating in Plan B as to those participating in Plan A. The substitute motion was seconded.

**The senate recommends the establishment of a joint committee involving SCFA members, concerned AUB administration and selected financial experts from OSB to report within one month to the Senate, a set of recommendations related to:**

- 1. Provide a short summary on the corporate governance practice of fund management;**
- 2. Provide an action plan to meet the desire of faculty members in Plan B in addressing any perceived disparity with Plan A;**
- 3. Evaluate the consequence of the new change on the retirement returns for Plan B faculty members;**
- 4. Any other recommendations that may be deemed necessary to meet the desire of both administration and faculty in both plans for better governance and more transparency.**

There was considerable discussion. VP Radulski said that a basic difference between Plans A and B was that the former was for US citizens who had to pay US taxes, whereas participants in Plan B might have a lower tax liability, both cases depending on income level and corresponding tax bracket. VP Kenney said that all institutions had to choose between defined Benefit Plans, such as the former Plan B, and defined Contribution Plans like Plan A. In answer to S. Seikaly’s request for clarification, he added that the university was required to set aside a certain amount of funds for retirement plans, and the management of these funds – some \$60 million – was of course properly audited; the idea that the Memo Account was a kind of virtual account without real funds was false. In reply to a question from A. Kayssi why the university had changed from a system in which both the principal and a minimal rate of annual interest were guaranteed, to a system where the annual interest might fluctuate wildly, Provost Dallal said that the university had had no option. S. Sadek said that he assumed that the university had acted with the best interest of its faculty in mind but that people were now scared about their retirement prospects and the university owed its faculty a transparent explanation, intelligible to all. President Dorman said that the matter was complex, involving both Lebanese and USA tax law, but he regretted the implication that the university administration had not had the best interests of the faculty at heart for that was simply not true. He said that the Pension Committee of the BOT had been looking at the question of retirement for some time; pension schemes had to be adequate if a university was to renew itself with a continuous supply of new staff and academic talent. He agreed with F. Sleiman that a ‘golden handshake’ was one of the ideas being considered. In answer to a request from F. Sleiman he asked VP Kenney and VP Radulski to prepare a report addressing the concerns of senators before the next meeting of the senate on 29 January 2010. In answer to a question from R. Zurayk, VP Radulski said the Pension Committee of the BOT and the university administration was fully aware of the issues regarding investment in Israeli companies and companies with strong ties to Israel, and he was not aware of any such investment. The question was called.

**Vote 2010-05: the motion was carried (For 21, voting members present 31).**

4. *Other business.* (a) *Promotion and long-term contracts.* S. Sadek said that the faculty had been promised a proposal concerning associate and full professors; he asked that the faculty be consulted before the proposal was sent out for implementation. Provost Dallal said that, because of the Christmas break, the proposal was still being studied by lawyers but would be sent out as soon as possible. He added that long-term contracts were already in place and that revised promotion procedures had been discussed over the last one and a half years in a variety of venues. S. Sadek replied that senior faculty felt aggrieved; the new system had to be discussed with those affected with sensitivity and transparency. President Dorman said that long-term contracts were essential both for reasons of job security and to lessen bureaucracy. External review of contract renewals was part of the general process of reviewing everything we do as academics by the scientific community. He said that he was for reintroducing tenure but this would be easier to implement if a system of self-assessment was already in place.
- (b) *Hostler Sports Center.* R. Khauli said that faculty members would like greater access to the sports center which was reserved for other groups at times more convenient to faculty and was closed over the weekend, while the pool was not accessible three days a week. M. Kisirwani said that the problem was money since staff had to be paid overtime over the weekend.
- (c) *Identity cards.* F. Sleiman said that some faculty members had asked that the senate's attention be drawn to the fact that university ID cards presently made no distinction between Faculty and Staff. He asked that either some additional identification be put on ID cards such as "Ph.D" or professorial rank, or that separate ID cards be made for faculty.
- (d) *Salaries.* L. Farhood asked that the level of salaries be reviewed not only for the so-called outliers (those below the minimum salary at a given rank) but throughout the community. President Dorman said that the issue was already under consideration.

The meeting was adjourned at 3:40 p.m.

R. Smith, secretary