

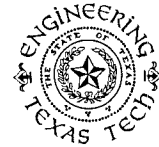
MEMORANDUM OF UNDERSTANDING

Between the

National Institute for Engineering Ethics

and

Texas Tech University



Introduction

The Board of Directors of the National Institute for Engineering Ethics (NIEE) voted July 20, 2001 to accept the proposal from Texas Tech University (TTU) to provide a permanent home and assume financial, administrative, management and leadership responsibilities of the Institute; the Board also approved the development of this Memorandum of Understanding to be approved by the NIEE Board and Texas Tech University and to be signed by the Presidents of the National Institute for Engineering Ethics and Texas Tech University. The following are articles of understanding and agreement.

Articles of Understanding and Agreement

1. **Name and Legal Status:** The name of the Institute shall remain the National Institute for Engineering Ethics (also known as the Institute). The Institute itself shall remain a recognizable entity with an unchanged purpose within the non-profit status of the University.
2. **Creator and Commitment:** The National Society of Professional Engineers (NSPE) shall be forever recognized as the original creator of the Institute. Engineering Ethics is an important part of NSPE's mission and its leadership is supportive of the NIEE/Texas Tech University relationship as described herein. NIEE is committed to maintaining a close professional relationship with NSPE.
3. **Status within the University:** NIEE shall be an official part of Texas Tech University and will be included as an important component of the College of Engineering's strategic plans. As part of the University, NIEE shall be subject to all operating policies and procedures of Texas Tech University and its Board of Regents. While sharing a location with the Murdough Center, and working within the Center, NIEE shall retain its own individual identity as a recognized unit of the College of Engineering with its own letterhead, web site, and other means of maintaining its identity.

4. **Mission:** The mission* and purpose of the Institute shall remain unchanged. In all its endeavors, NIEE shall work toward the best interest of practicing engineers, engineering students, and the engineering profession as a whole.

** The Mission of the Institute shall be to provide opportunities for education in the field of engineering ethics and to promote the understanding and application of ethical processes within the engineering profession and with the public. In implementing this mission, the Institute will:*

- Provide a recognized forum for technical/professional societies, corporations, firms and individuals to exchange educational and other information on ethics activities;*
 - Serve as a coordinator for ethics conferences, workshops, etc;*
 - Serve as the coordinator of joint and/or special projects in connection with education and understanding of ethical issues in which several of the participating societies and organizations determine to develop together;*
 - Serve as a resource for educational and other materials on ethics and various databases for those societies and employers of engineers requesting such assistance; and*
 - Provide a forum for participation in international ethics issues and activities.*
5. **University's Initial Commitment:** The University commits \$45,000/year for five years for a total of \$225,000 toward the operation of the Institute to assure the success of this transition. One-third will be provided by the College of Engineering and 2/3 provided by the President/Vice President/Provost.
6. **Endowment Effort:** To help ensure that the Institute will exist and flourish forever, providing valuable services to the engineering profession, both in education and industry, the College of Engineering will make a concerted effort to establish a permanently endowed fund of approximately \$2 million within 5 years. Funding for this endowment shall carry no overhead or administrative burden. All funds contributed for NIEE shall be used *only* as the donor specifies; no contributed funds will be transferred from NIEE to the Murdough Center or to any other university unit.
7. **Leadership and Administration:** The initial leadership of NIEE shall consist of a Director and a Deputy Director, both of whom will be university employees reporting administratively on NIEE matters to the Dean of Engineering. The Director of NIEE shall be responsible for the successful operation of NIEE. In accordance with typical Codes of Ethics, Conflicts of Interest shall be avoided when at all possible, and fully disclosed when unavoidable.
8. **Advisory Board:** For guidance, promotion, and/or support of programs and projects, the Engineering Dean and Institute Director will appoint an Advisory Board. The initial Board will consist of current members of the NIEE Board of Directors who are willing to serve. Subsequent appointees will continue to include representatives from technical/professional societies, engineering firms, corporations, universities and/or individuals desiring to be actively involved in guiding the future of NIEE. As the original founder of NIEE, NSPE will always have a representative on the NIEE Advisory Board, namely, the chairman of the NSPE Board of Ethical Review.

The Advisory Board's role will include, but will not be limited to:

- a) *Providing overall guidance and advice related to programs and procedures of the Institute;*
- b) *Recommending strategies and policies for promoting the mission of the Institute;*
- c) *Recommending implementation of specific programs;*
- d) *Assisting in developing contacts, programs, and/or funding for NIEE related activities;*
- e) *Providing liaison, communication, and coordination between the Board member's respective organization, society, or company affiliations and NIEE; and*

f) *Identifying and promoting methods of actively leveraging information and resources from organizations, including engineering societies, engineering firms, corporations, universities and/or individuals in order to provide a greater benefit to the profession than either the organization or NIEE could do alone.*

9. **Transition:** The transition shall be according to the provisions of NIEE Bylaw 17 and the NIEE Articles of Incorporation concerning Dissolution:

a) *NIEE Bylaw 17: "If the Institute should be dissolved, no member will receive any portion of its remaining assets or property, upon dissolution, the balance of any assets or property which remain after all obligations are paid will be distributed to any other nonprofit corporation of like purposes which has been determined to be exempt from federal income taxes."*

b) Texas Tech University's Murdough Center for Engineering Professionalism meets the conditions of being a nonprofit organization of like purpose to NIEE and is exempt from federal income taxes;

c) The name "National Institute for Engineering Ethics" is not being deleted, but the NIEE Articles of Incorporation, Constitution and Bylaws will be dissolved;

d) If Texas Tech University were to ever dissolve the Institute, the University agrees to distribute all assets consistent with the wording in the original NIEE Bylaw 17 [listed in part (a) above] and consistent with Texas law. Consequently, if dissolved by TTU, all NIEE assets including remaining operations funds, grant funds and endowed funds donated to NIEE, will be distributed to another nonprofit organization of like purpose which is exempt from federal income taxes, in a manner consistent with Texas law.

10. **Cash Assets:** The estimated financial assets remaining on August 31, 2001 that will be transferred from NIEE to TTU (detailed in the proposal) are summarized below.

◆ NIEE Checking Account (American State Bank, Acct #10005444, Lubbock)	\$ 8,377
◆ Certificates of Deposit (Edward Jones)	59,457
◆ Texas Tech University Accounts (Numbers 1453-44-0538, 1049-44-5944 & 0980-44-7467)	<u>9,585</u>
TOTAL	\$ 77,419

a) These assets include a total of \$57,940 that is committed to the production of a new ethics video. These committed funds shall only be used for the original purpose intended by the donors; (*this amount contributed for the video may change prior to September 1, 2001 or afterward*);

b) The two major donors toward the video (Bovay-\$25,000 and Schinnerer-\$15,000) have been notified by NIEE of this pending transition and informed of our commitment to continue the video production once full funding is obtained. Harry Bovay has indicated a continued commitment of his contribution. If individuals who have contributed to the video request a refund, NIEE will comply;

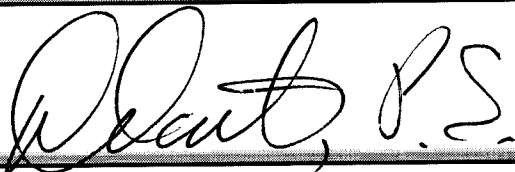
c) In the event that the amount remaining (currently ~\$22,000) to achieve full matching of Mr. Harry Bovay's contribution toward the video is not obtained from private sources, the College of Engineering commits to match those funds with private money and/or funds under the College of Engineering's control.

11. **Non-Cash Assets:** Non-cash assets of NIEE (*40 copies of the video Gilbane Gold, 200 copies of the Ethics Resource Guide, and several bound copies of various volumes of the NSPE Opinions of the Board of Ethical Review*) will be transferred to Texas Tech University. Assets which came to NIEE from NSPE will be returned, if desired by NSPE.

12. Administration of Finances: Funds from all sources shall be handled under the University's normal financial accounting system and subjected to the same degree of oversight and auditing as state accounts. Funds of NIEE shall not be co-mingled with Murdough Center funds or with funds of any other University unit.
13. Anticipated Type of Institute: A "Program" oriented Institute rather than the current "Membership" oriented organization is envisioned for NIEE. However, the individual, corporate, and institutional categories are expected to be maintained to recognize those who financially support Institute activities and/or who want to actively promote engineering ethics utilizing the Institute's name and resources. Former categories of membership will be known as "NIEE Advocates" or similar descriptive name.
14. Involvement of Others in NIEE: The Institute's programs and projects shall not be conducted only by NIEE staff or TTU employees; other individuals or groups not directly associated with Texas Tech, including universities, engineering societies, engineering firms, corporations and individuals who desire to enter into joint ventures and/or team efforts with NIEE will be strongly encouraged to do so. Such individuals or groups will be known as "NIEE Affiliates" (or a similar descriptive term) and will share responsibilities with NIEE for the joint venture(s). At times, engineering societies, engineering firms, corporations, universities and/or individuals may take the lead role in joint ventures with NIEE.
15. Outside Programs: Participation by members of the Board of Advisors, Advocates and Affiliates in the Ethics Hot Line project sponsored by Case Western Reserve University, and participation in other outside ethics programs such as the Ethics Case of the Month Club at the University of Washington will continue if desired by members.
16. Quality/Reputation Control: All future efforts of the Institute, including those with Affiliates and/or Advocates, shall only be undertaken with reputable individuals and/or groups interested in developing research areas and programs that are consistent with the mission of the Institute.
17. Schedule of Transition: Texas Tech University shall assume responsibility for NIEE on September 1, 2001.

APPROVALS

National Institute for Engineering Ethics

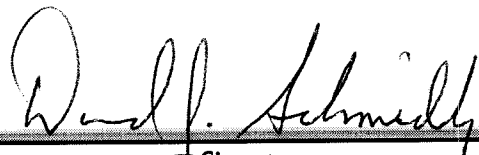


Signature

E. D. "Dave" Dorchester, P.E., President
National Institute for Engineering Ethics

Date: 10/4/01

Texas Tech University



Signature

David J. Schmidly, Ph.D., President
Texas Tech University

Date: 10/4/01

