BUDGET, FINANCE AND INVESTMENT COMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

A meeting of the Budget, Finance and Investment Committee of the Board of Trustees of the University of Vermont State and Agricultural College was held on Friday, February 9, 2007 at 9:45 a.m., in room 338 Memorial Lounge, Waterman Building.

MEMBERS PRESENT: Chair Deborah McAneny, Co-Vice Chair Robert Cioffi, Co-Vice Chair Robert Young, Edwin Amidon Jr., Bill Botzow, Ian Boyce, Johannah Donovan, Kathleen Hoyt (by phone), Richard Hube Jr., Susan Hudson-Wilson, Raymond Pecor Jr., and Stirling Winder

REPRESENTATIVES PRESENT: Alumni Representatives Samuel Bain and Meg Guzewicz, Faculty Representative Albert Joy, Staff Representatives Joan Kieran and Diane Trono, and Student Representatives Jessica Banks and Sean Haggerty

ABSENT: Trustee John Hilton Jr., Faculty Representative Cory Teuscher

OTHER TRUSTEES PRESENT: Board Chair Carl Lisman and President Daniel Fogel

PERSONS ALSO PARTICIPATING: Vice President for Finance and Administration J. Michael Gower, Associate Vice President for Budget and Resource Management Ted Winfield, and Chris Cowen, Prager, Sealy & Co., LLC, Bets Kent, Cambridge and Associates (via teleconference)

Chair Deborah McAneny called the meeting to order at 9:45 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the January 19, 2007 meeting.

Strategic Financial Plan Update

Vice President Michael Gower presented an updated version of the Strategic Financial Plan, Version 5.0-A. This version contained new key assumptions including: 6% tuition increase for forecast period, no change in financial aid levels, and no change in support from private fundraising. The updated Strategic Financial Plan includes a reduced total capital of $433M that has been spread more evenly within the forecast and beyond the 10-year time horizon. Even with these changes, the overall levels of debt are beyond what can be supported and still meet the debt policies. A total of $236M of growth in net expendable assets would then be available. An additional version was run, Version 5.0-B, to match capital spending (at 61% of Version 5.0-A capital) with the growth in net expendable assets.

Chair Deborah McAneny asked how the building projects had been reprioritized. VP Gower explained to the committee there were several factors that tied to the creation of the reduced capital plan for version 5.0-A. The administration, with the president and provost included, looked at the prior plan's front-loaded projects and reprioritized them by using a 15-year period with regards to sequencing and timing of projects; for example the work needed on Hills cannot be done until the work on Plant Sciences has been completed; therefore Hills was pushed out past the 10 year modeling. The committee stressed several times the need to have better communication of the projects and their prioritization in order to make better decisions on capital spending. The committee would have fewer reservations approving capital spending if the projects were understood as to how each met the strategic objectives of the University, defined as real versus problematic, and prioritized on a continual basis. Ms. Kathleen Hoyt commented that the capital need is growing dramatically and thinks the board needs to consider the question "When do capital limitations affect the University's growth?" Board Chair Lisman recommended a campus "road trip" for trustees to see personally the items on the capital projects list, keeping the following priorities in mind: the institution's financial risk of failure, an understanding of revenue sources tied directly to paying debt, and existing deferred maintenance.

Susan Hudson Wilson asked about introducing flexibility to the debt ratio policy with regards rationing out favorable surprises in development and/or investment in the period they occur. The implementation of a maximum debt ratio and a moving average ratio to the University's debt ratio policy would allow the outcomes in the current market to be reflected in the budget period.

Chair McAneny asked if the University carried over all net expendable asset balances to the next fiscal year. Mr. Winfield explained that the return on investment in fiscal year 2006 was higher than the budgeted forecast; which led to a greater level of net expendable assets carried over to fiscal year 2007.

There was discussion on the Capital Campaign and how it was modeled in the strategic financial plan. The question of the cash flow assumptions factored into the strategic plan was raised since input assumptions on fundraising capital could be wildly wrong. The issue over 50% of dollars gifted camp from a small group of donors was alleviated with discussion of how the campaign was structured. Cash flow from the top tier donors are based on a handful of known donors whose gifts can be modeled by a timeline tied with their specific pledges. The bottom tier is composed of smaller gifts that are modeled based on historical experience.

The final comments from the committee's capital discussion concerned the need to prioritize projects using debt ratios, given the magnitude of the gap between Version 5.0-A and 5.0-B, and to define processes for improving the board's knowledge. Trustee Hoyt suggested that the full Board should review the combined programming goals and the ensuing capital costs to see how each affects the University's success, prioritizing them and presenting them holistically. As part of this review the administration would provide the scoring criteria used to rate each program and each capital project's contribution to achieving the University's strategic goals.

Chair McAneny summarized the discussion as follows: 1. Version 5.0-B does an effective job of framing the order of magnitude of likely available capital resources in relation to a picture of overall capital requirements. 2. The board needs a fuller understanding of the range, priority, and impact of the capital projects to assess their connection to the continued success of the University. 3. The work to date and the further knowledge of the capital projects sets the stage well for a review and discussion of the debt ratios at the May meeting.

Asset Allocation, Performance and Manager Review

The report of the Investment Subcommittee began with Mr. Cioffi noting the long-term investment pool's passing of the $300 million mark in addition to a high endowment ranking amongst institutions in Higher Education.

Ms. Kent explained the allocation targets of the University's endowment and cited the following asset classes as needing shifts 1) Fixed Income (overweight); 2) Private and Venture Equity (underweight); and 3) Marketable Alternatives (overweight) due to the hiring of HBK. The good performers were in the Emerging Markets and Public Inflation Hedging asset categories. Longwood was mentioned due to its poor performance in the 5-years trailing statistics and the sub-committee's attention on that manager in the upcoming six months.

Robert Cioffi, Chair of the Investment Subcommittee, provided a recap of the review of managers that the Subcommittee held on January 30 in New York. He remarked that the subcommittee was impressed with all five managers and there were no major concerns following the meetings. The subcommittee will be requesting another meeting by the end of the year to grow the level of comfort within the portfolio by meeting with five additional managers.

Mr. Cioffi then led the Committee through a discussion of Long-Term Investment Pool allocations and performances through December 31, 2006. He reported on the Subcommittee's amendment of allocations to move percentages closer to targets. The subcommittee will also be researching into a new tobacco-free/Sudan-free index fund manager that could replace the S&P 500 Tobacco Free Index Fund; a recommendation is expected for either the May or September BFI meeting.

Chair McAneny asked if there was a benchmark or strategy the subcommittee was following with regards to the endowment portfolio. Mr. Cioffi explained how in the upcoming meetings the subcommittee will be looking to discuss the long-term strategy in terms of 1) market availability and access to products, 2) the size of the long-term pool, 3) the timing of decisions, and 4) a professionally-managed endowment.

Acceptance of Gifts and Grants

The resolution to accept gifts and grants was approved unanimously by the Committee for recommendation to the full Board.

Acceptance of Gifts and Grants

> RESOLVED, that the Board of Trustees hereby accepts gifts in the amount of $10,142,991 for the period October 1, 2006, through December 31, 2006, and grants and contracts in the amount of $19,436,962 for the period October 1, 2006, through December 31, 2006.

Vice President's Report

Vice President Gower highlighted key items from his written report including the current performance of the University's Treasury Operations Limited-Term Asset Pool, budget performance for FY 2007 through December 2006, and the status of the PeopleSoft ERP implementation (report attached).

Vice President Gower reviewed a high-level summary of budget performance-to-date in FY 2007. The summary showed a series of largely offsetting items so that the budgeted contingency remains close to the budgeted level. This position includes application of FY 2006 surpluses to FY 2007 operations. Chair McAneny questioned whether this is an appropriate practice. Vice President Gower responded that in general it was not a usual practice, but that in this particular year the surpluses from 2006 came largely from enrollment excess; the costs to support that sooner-than-expected enrollment growth were occurring in FY 2007. This resulted in the need to match the added revenue to the added expense, crossing two fiscal years.

At 11:45 a.m. the Budget, Finance and Investment Committee recessed. The Committee reconvened at 1:00 p.m., in North Lounge, Room B300, Billings Student Center.

Debt Refunding Analysis

Vice President Gower and Chris Cowen began discussion of debt refunding and the opportunity that exists to reduce borrowing costs through a refunding of portions of current University debt. Mr. Cowen explained the potential benefits of executing a forward-starting interest rate swap. Given the current rate environment, being prepared to execute such a swap is potentially advantageous. The committee agreed that it is desirable to be able to execute a swap as soon as possible; when all of the elements of the transaction are defined, the Board can choose to take advantage of the opportunity.

A resolution was approved unanimously to form a Subcommittee to oversee the organization and completion of the legal documents that would enable the University to enter into an interest rate swap that will hedge against future interest rate increases. The Subcommittee will assist in the creation of a specific action plan and will provide recommendations on the time frame for going forward with an interest rate swap to the Executive Committee at its next meeting in March if the documentation and recommendation can be organized by then. The committee members include Deborah McAneny, Robert Cioffi, Susan Hudson-Wilson and Ian Boyce.

Resolution Authorizing Establishment of Sub-Committee to evaluate an Interest Rate Swap

WHEREAS, the University of Vermont has a strategic plan that calls for a variety of capital investments to further the overall purposes of that plan; and

WHEREAS, the University desires to effectively manage access to capital; to manage its credit to meet its long-term strategic objectives while maintaining creditworthiness consistent with the most favorable relative cost of capital and borrowing terms; to limit risk to its debt portfolio; and to permit the optimization of the investment of the University's working capital and cash balances; and

WHEREAS, the University has an opportunity to enter into a potentially desirable debt refunding through the use of an interest rate swap;

NOW, THEREFORE, BE IT RESOLVED that the Board establish a temporary Sub-Committee of the Budget, Finance and Investment Committee and the Sub-Committee be charged with evaluating the terms, conditions and criteria relevant to an interest rate swap and bringing forward a recommendation for specific action to the full committee and/or Executive Committee of the Board to execute and appoint Deborah McAneny, Robert Cioffi, Susan Hudson-Wilson and Ian Boyce as members of the Sub-Committee.

BE IT FURTHER RESOLVED that this Sub-Committee be constituted as long as this task requires or through March of 2007.

FY 2008 Budget Preparation

Planning for the FY 2008 budget is well underway. The current FY 2008 projected general fund budget has revenue projected at $249.8 million. Revenue assumptions include a 3.0% increase in the state appropriation (the University's request is 5.0% plus a $1 million supplemental appropriation). Additional revenue assumptions include a 6.0% tuition increase, a 9.4% increase in undergraduate student financial aid, 2.0% increase in facilities and administrative cost reimbursement recovery, a 5.5% increase in unrestricted endowments, 10.0% increase in short-term investment income, and an increase in unrestricted giving of 17.3%. Undergraduate enrollment is projected at 8,980 (3,195 Vermont and 5,785 out-of-state).

Expenditures are projected at $247.1 million. Projected commitments include a 5.1% increase in general fund compensation (includes salaries and a benefit rate of 39.5%), facilities (includes a $1.8 million increase in energy budgets, new facilities, renewal, deferred maintenance and rental expense), and a 5.0% increase in contingency (as well as replenishing $1.24 million of its budget from FY 2007). A $3.5 million increase is projected in capital debt service for internal budgeting of capital project repayment. Overall, projected revenue exceeds projected expense by $2.7 million that can be available for added initiatives. Needs that have been currently identified must be further assessed and refined in order to finalize the budget for FY 2008. The University will continue to review its revenue and expenditure projections with the plan of bringing a balanced budget to the BFI Committee special meeting in late March.

Maximum Room and Meal Rates

The Committee was asked to review the maximum room and meal plan rates in order for the Department of Residential Life to market the residence hall system to returning students beginning in March. The traditional double room remains the predominate choice, increasing by 5.4% for FY 2008. The maximum meal plan increase is 4.3%. Together, housing at the traditional double room and average meal rates would increase 5.0% above last year's comparative rates. The Committee will approve final rates in May. Although currently in the discussion phase, the final recommendation for student costs will be formalized for the March BFI Committee meeting. Final rates will be approved by the Committee in May.

Capital Project Resolutions

The Administration asked the Committee to approve financing for five capital projects: Cook Commons Renovations, Marsh/Austin/Tupper Renovations, Deferred Maintenance Projects, DeGoesbriand Building Fitup (Phase I) and Energy Conservation Projects. Financing for the five capital projects totaled $13.725 million, which covers $13.0 million of project costs and up to $.265 million of cost of issuance and $.46 million of capitalized interest. The Committee was asked to authorize use of commercial paper to be changed to long-term bonding at a later date. A summary of each of the five capital financing requests was provided in the Board materials. There was discussion on board responsibility concerning capital project approvals between the EPIR and BFI committees. There was a request for a clear communication channel, a scoring system to be implemented for capital projects and deferred maintenance, and a description of the priority hierarchy item-by-item.

<u>Deferred Maintenance Projects</u>

WHEREAS, the University is undertaking a systematic program to reduce its backlog of facilities deferred maintenance; and

WHEREAS, the highest priority projects for fiscal year 2008 (including building envelope, mechanical, and electrical projects) in Ira Allen Chapel, Dewey Hall, Given Building, 16 Colchester Avenue, 70 South Williams Street, Fleming Museum, and other buildings have been identified, and work must begin on design and engineering so that the majority of the construction can occur during the summer 2007; and

WHEREAS, an allocation of $6,000,000 for deferred maintenance elimination has been previously included in the *2007 Strategic Capital Plan*; and

WHEREAS, the University has adopted its Commercial Paper Note Resolution (the "Resolution") on November 13, 2004, and thereby established a commercial paper program; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time;

NOW THEREFORE, BE IT RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence various FY '08 deferred maintenance activities (the "Project") and to execute any and all contracts and documents necessary to undertake the Project at a total cost not to exceed $6,000,000; and

BE IT FURTHER RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued for the Project; and

BE IT FURTHER RESOLVED, that the external interim financing, including the use of commercial paper, shall be in an amount not to exceed $6,330,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed $120,000 and capitalized interest in an amount not to exceed $210,000; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern; and

WHEREAS, the University expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $6,330,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption.

Energy Conservation Projects

WHEREAS, the University is committed to energy efficiency and conservation; and

WHEREAS, the University wishes to undertake various energy conservation projects in the PFG Athletic Complex, the adjacent Parking Garage, the Central Heating Plant, Marsh Life Science, Votey Hall, Williams Hall, the Residential Learning Center at University Heights, and in various other facilities; and

WHEREAS, an allocation of $1,000,000 for Energy Conservation projects has been previously included in the *2007 Strategic Capital Plan*; and

WHEREAS, the University has adopted its Commercial Paper Note Resolution (the "Resolution") on November 13, 2004, and thereby established a commercial paper program; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time;

NOW THEREFORE, BE IT RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence various energy conservation activities (the "Project") and to execute any and all contracts and documents necessary to undertake the Project at a total cost not to exceed $1,000,000; and

BE IT FURTHER RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued for the Project; and

BE IT FURTHER RESOLVED, that the external interim financing, including the use of commercial paper, shall be in an amount not to exceed $1,055,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed $20,000 and capitalized interest in an amount not to exceed $35,000; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern; and

WHEREAS, the University expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $1,055,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption.

DeGoesbriand Fit-Up (Phase I)

WHEREAS, the University wishes to adapt certain spaces in the DeGoesbriand building to be occupied by various functions from the College of Medicine currently housed in other University buildings and in off-campus leased space; and

WHEREAS, an allocation of $500,000 for phase I of this estimated $2,300,000 two-phase project was included in the *2007 Strategic Capital Plan*; and

WHEREAS, the University has adopted its Commercial Paper Note Resolution (the "Resolution") on November 13, 2004, and thereby established a commercial paper program; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time;

NOW THEREFORE, BE IT RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence Phase I of the DeGoesbriand Fit-Up Project and to execute any and all contracts and documents necessary to undertake the Project at a total cost not to exceed $500,000; and

BE IT FURTHER RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued for the Project; and

BE IT FURTHER RESOLVED, that the external interim financing, including the use of commercial paper, shall be in an amount not to exceed $530,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed $10,000, and capitalized interest in an amount not to exceed $20,000; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern; and

WHEREAS, the University expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $530,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption.

Cook Commons Renovations

WHEREAS, the University wishes to renovate the dining hall known as Cook Commons in the Billings Center following the opening of the Dudley Davis Center; and

WHEREAS, an allocation of $1,100,000 for this project has been previously included in the *2007 Strategic Capital Plan*; and

WHEREAS, the University has adopted its Commercial Paper Note Resolution (the "Resolution") on November 13, 2004, and thereby established a commercial paper program; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time;

NOW THEREFORE, BE IT RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Cook Commons Renovation Project and to execute any and all contracts and documents necessary to undertake the Project at a total cost not to exceed $1,100,000; and

BE IT FURTHER RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued for the Project; and

BE IT FURTHER RESOLVED, that the external interim financing, including the use of commercial paper, shall be in an amount not to exceed $1,165,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed $25,000 and capitalized interest in an amount not to exceed $40,000; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern; and

WHEREAS, the University expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $1,165,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.
Section 4. This declaration shall take effect from and after its adoption.

Marsh/Austin/Tupper Renovation Project

WHEREAS, the University wishes to undertake renovations to the Marsh/Austin/Tupper residence halls during the summer of 2007; and

WHEREAS, an allocation of $4,400,000 for this project has been previously included in the *2007 Strategic Capital Plan;* and

WHEREAS, the University has adopted its Commercial Paper Note Resolution (the "Resolution") on November 13, 2004, and thereby established a commercial paper program; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time;

NOW THEREFORE, BE IT RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Marsh/Austin/Tupper Renovation Project and to execute any and all contracts and documents necessary to undertake the Project at a total cost not to exceed $4,400,000; and

BE IT FURTHER RESOLVED, that the President and Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued for the Project; and

BE IT FURTHER RESOLVED, that the external interim financing, including the use of commercial paper, shall be in an amount not to exceed $4,645,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed $90,000 and capitalized interest in an amount not to exceed $155,000; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern; and

WHEREAS, the University expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $4,645,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and
WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption

Adjournment
There being no further business, the meeting adjourned at 2:53 p.m.

Respectfully Submitted,

Deborah McAneny, Chair