

**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, November 30, 2007 at 8:30 a.m., in the Silver Maple Ballroom, 401 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Debbie McAneny, Co-Vice Chairs Robert Cioffi and Robert Young, Edwin Amidon Jr., Bill Botzow, Ian Boyce, Harry Chen, Jeffrey Davis, Daniel Fogel, Susan Hudson-Wilson, and Stirling Winder

REPRESENTATIVES PRESENT: Faculty Representative Albert Joy, Alumni Representative Meg Guzewicz*, Staff Representative Joan Kieran, and Student Representatives Megan Benay (attending for Sarah Shackett) and Harry Mallory

ABSENT: Trustees Johannah Donovan, John Hilton Jr., Faculty Representative Bud Meyers, Alumni Representative Walt Blasberg, and Staff Representative Diane Trono

OTHER TRUSTEES PRESENT: Board Chair Carl Lisman and Board Vice Chair Frank Cioffi

PERSONS ALSO PARTICIPATING: Vice President for Finance and Administration J. Michael Gower, Associate Vice President for Budget and Resource Management Ted Winfield, Vice President for Development and Alumni Relations Marc Diamond, Director of Capital Planning and Management Robert Vaughan, and Chris Cowen, Prager, Sealy & Co., LLC

*by means of conference telephone.

Chair Debbie McAneny called the meeting to order at 8:45 a.m.

Approval of Minutes

A motion was made, seconded, and voted to approve the minutes of the September 7, 2007 meeting, including Trustee Botzow's amendment. Trustee Botzow pointed out that the minutes did not fully reflect the discussion and agreement that the Strategic Capital Plan should also be accompanied by an "owner's manual," a set of practices and procedures defining how the assessment, use and updating of the plan would occur. Vice President Gower indicated that the minutes would be adjusted accordingly.

Capital Resource Management Plan

President Fogel led a discussion of the Capital Resource Management Plan and the accompanying request to modify the Debt Policy. In order to address essential capital needs, the President and administration recommended several actions to assure that all sources of available capital are identified and used effectively. President Fogel began with a recap of the report he gave earlier to the Committee of the Whole. He commented that unless we find non-debt sources to fund future capital projects, we will feel as uncomfortable with a 6.0% debt burden ratio as we did at 5.0%. He spoke of the recent success of the last campaign and the over 95%

growth in the University's endowment portfolio since the start of his presidency. Future campaigns will have even more ambitious goals with a focus on pledges for capital projects.

Chair McAneny next reported that she and Co-Vice Chair Cioffi have spent considerable time since the September meeting working with the administration to shape a set of recommended actions; those actions included:

- That the Board modify the current debt ratio standards to allow for use of debt as a cost-effective source of capital, amending the University's Debt Policy to permit a maximum debt burden ratio of 6.0% and a minimum viability ratio of 0.8;
- That the Board require that substantial funds other than debt be used for the portion of the capital plan other than routine deferred maintenance, classroom maintenance, infrastructure, and energy efficiency projects, and that for selected projects agreed upon by the Board and the administration as capable of attracting philanthropy and public funding, step-two approval will require that the University secure non-debt funding of no less than 25% of said projects;
- That the President adopt a series of pledging and naming procedures and requirements designed to produce higher levels of giving for building projects and to strengthen the commitment of potential donors;
- That in addition to annual reviews of the debt policy, the Board conduct a comprehensive assessment of all capital requirements and sources every three years in order to update and to amend, as appropriate, the policies and practices of the University to assure the best use of capital in conjunction with institutional financial status and requirements;
- And that this academic year the University assess the feasibility of including an increased amount in the University's annual operating budget designated for recurring capital expenditures, including deferred maintenance, energy efficiency projects, infrastructure upgrades for instruction and research, and academic classroom improvement.

Chair McAneny opened up the meeting to discussion. Trustee Hudson-Wilson stated that she feels strongly in favor of increasing the debt burden ratio to 6.0%. When the Board adopted the Debt Policy in 2004, which set the current debt ratios, there was not the sophisticated means to support the 5.0% limit, yet the Board had the boldness to move ahead with it. In considering an increase to 6.0%, tools such as the Strategic Financial Plan and the Strategic Capital Plan prioritization tool provide the Board with clarity of foresight into the future that no previous Board possessed. She further added that we have proven that the invest-and grow-strategy is working and that not to amend the debt ratio would reverse the progress we've made thus far.

The Committee continued with a lengthy discussion on further clarification of the minimum 25% non-debt funding rule. President Fogel explained that when a capital project comes before the Educational Policy & Institutional Resources Committee for step one approval, an agreement is reached as to whether the project is capable of attracting non-debt funding support. The project would only come before the Budget, Finance, and Investment Committee for step two approval when that threshold was identified. Committee members stressed that securing non-debt funding should not be restricted to the minimum 25% threshold. It should be clearly understood that the minimum 25% contribution be a target to be exceeded whenever possible. It was also clarified that the 25% minimum is an average of non-debt funding secured on the total project portfolio; therefore some projects might receive no external support while others might receive greater than 25%. The project portfolio excludes the annual target of \$11.5M of capital expenditures for routine deferred maintenance and other ongoing improvements. Although the

deferred maintenance is excluded from the minimum 25% requirement University administration should be diligent in their efforts to secure non-debt funding for some of these costs as well. Co-Vice Chair Cioffi asked that the final language emphasize the fact that fundraising should not be limited to a 25% threshold. He also pointed out that non-debt sources are not only private support, but include sources such as student fees, federal earmarks, and state appropriation. He further stated that private funding identified for a specific project can only be counted if it is considered to be “cash in hand” or pledges with appropriate payment terms. Trustee Botzow asked whether the 25% non-debt threshold was selected based on past experiences. President Fogel responded affirmatively, referring to the non-debt support secured for the Plant Science building and the Dudley H. Davis Student Center. Trustee Botzow suggested that as we gain more experience, further refinement of the 25% threshold should be considered.

The Committee next discussed modification of the existing debt ratios. Trustee Amidon suggested that the Committee consider raising the debt burden ratio to 5.5% instead of 6.0%. Referring the Committee to Attachment 4, Associate Vice President Winfield stated that 5.5% would constrict our borrowing ability very quickly. It would not provide the administration the flexibility it needs to accomplish its highest priority projects. He further explained that the actual impact to debt capacity occurs once the project is approved, but only a small portion would impact FY 2008. The rest is spread over the life of the project. There was a brief discussion of the Committee’s expressed desire for future trustees to work over the coming ten years to reduce the debt burden ratio as far below 6.0% as possible. Trustee Chen voiced his concern that increasing the debt burden would impact cost of attendance. It was explained that the proposed increase to the debt ratio would have no impact on the current annual tuition projection within the Strategic Financial Plan (SFP). The current version of the SFP projects an annual tuition increase of 6.0% through FY 2016.

After further discussion, a resolution was drafted that incorporated the refinements discussed by the Committee. The Committee will have opportunity to review and edit prior to presenting to the Full Board on Saturday. The Committee voted to approve the major elements of the discussion, pending final agreement about the specific wording of a resolution to the Full Board, by a vote of 10-1.

Report of the Investment Subcommittee

Wilbur Trust Fund – Investment Management Agreement

Previous to the November 29, 2007 Investment Subcommittee meeting, Committee Chair Cioffi requested that the University’s General Counsel research the legal requirements regarding the Wilbur Trust in order to determine if the Wilbur Trust could be invested through the Long Term Investment Pool (“LTIP”). This inquiry was based on concern that the Wilbur Trust does not currently have access to the diversification offered by the larger pool due to minimum entry restrictions and fees that are prohibitive for the smaller Wilbur fund. After completing due diligence, it appears that the University of Vermont trustees may enter into an agreement where the Investment Subcommittee may invest the Wilbur assets through purchase of units in the LTIP. A condition of the agreement is that at least one member of the University of Vermont Board shall be on the Investment Subcommittee and the Budget, Finance and Investment Committee (“BFI”). The Investment Subcommittee recommends to the BFI Committee approval of the Resolution Recommending Revision of the Investment Subcommittee Charge and the

Resolution Recommending Approval of Wilbur Fund Investment Management Agreement. The BFI approved unanimously both recommendations to move the resolutions forward to the Full Board.

Resolution Recommending Revision of the Investment Subcommittee Charge

WHEREAS, the Investment Subcommittee of this Budget, Finance, & Investment Committee (BFI) asked the administration to examine the feasibility and efficacy of Wilbur Fund assets being co-invested with those of the University through purchase by the Wilbur Fund of shares in the University Long-Term Investment Pool; and

WHEREAS, the administration conducted due diligence to determine the terms and conditions, if any, under which such co-investment is appropriate under applicable law and financial accounting principles, obtaining such direction from qualified external consultants and University officials; and

WHEREAS, the Vice President for Finance and Administration reported to the Investment Subcommittee the results of this due diligence process and made certain recommendations regarding the proposed funds co-investment; and

WHEREAS, the Investment Subcommittee of this Committee has recommended as follows:

1. BFI recommend to the full Board revision of the Investment Subcommittee charge so that, for as long as the Investment Management Agreement remains in effect, at least one member of the University of Vermont Board of Trustees be appointed to serve as a member of BFI and its Investment Subcommittee, as attached hereto.

THEREFORE, BE IT RESOLVED, that BFI accepts the recommendations of the Investment subcommittee and forwards its favorable recommendation for action to the University Board of Trustees.

Subcommittee Charge

The Subcommittee shall have responsibility for oversight, hiring, and termination of managers and advisors engaged for the investment of the University's Long-term Investment Pool, and shall report on these actions at regular meetings of the Budget, Finance, and Investment Committee ("the Committee"). The Subcommittee shall also exercise the responsibilities assigned to it with respect to investment of the Wilbur Fund under an Investment Management Agreement in effect between the University of Vermont and State Agricultural College Board and the University of Vermont Board ("Investment Management Agreement") under which Wilbur Fund assets are co-invested with those of the University.

The Subcommittee shall also be responsible for making adjustments to individual investment allocations to conform to the University's asset allocation policy as recommended by the Committee and approved by the Board. The Subcommittee shall also review the asset allocation policy and make recommendations to the Committee for its consideration at least once annually.

For as long as the Investment Management Agreement remains in effect between the University of Vermont and State Agricultural College Board and the University of Vermont Board, at least one member of the University of Vermont Board of Trustees (“UVM Board”) shall be appointed to this Subcommittee, also thus serving as a member of the Budget, Investment, and Finance Committee, who shall among other responsibilities as a member of the Subcommittee act on behalf of, and report to, the UVM Board with respect to the investment of the Wilbur Fund.

The Subcommittee shall, between meetings of the Committee, make decisions relating to investment managers and investments that are necessary in the best interests of the University. Any such decisions shall be reported to the Committee and its next regular or special meeting.

The Subcommittee shall oversee the work of the University Treasurer with respect to execution of investment decisions and cash management policies in regards to the Limited-Term Investment Pool.

The Subcommittee will exercise its charge in a manner consistent with University governance, including the Board’s reserved rights and delegations of authority.

Resolution Approving Wilbur Fund Investment Management Agreement

WHEREAS, the Investment Subcommittee of the Budget, Finance, and Investment Committee asked the administration to examine the feasibility and efficacy of Wilbur Fund assets being co-invested with those of the University through purchase by the Wilbur Fund of shares in the University Long-Term Investment Pool; and

WHEREAS, the administration conducted due diligence to determine the terms and conditions, if any, under which such co-investment is appropriate under applicable law and financial accounting principles, obtaining such direction from qualified external consultants and University officials; and

WHEREAS, the Vice President for Finance and Administration has now reported to the Investment Subcommittee and the University of Vermont Board (“UVM Board”) the results of this due diligence process and made certain recommendations regarding the proposed funds co-investment; and

WHEREAS, the University of Vermont Board has approved the terms and conditions of an Investment Management Agreement (“IMA”) attached hereto, and authorized its Chair to execute the IMA subject to certain conditions; and

WHEREAS the Budget, Finance, & Investment Committee, upon recommendation of its Investment Subcommittee, recommends that this Board approve the terms and conditions of the IMA and authorize the Chair to execute the IMA subject to certain conditions;

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves the terms and conditions of the IMA and authorizes its Chair to execute the IMA.

INVESTMENT MANAGEMENT AGREEMENT

THIS AGREEMENT made as of the 1st day of December, 2007, by and between the UNIVERSITY OF VERMONT BOARD OF TRUSTEES (“UVM Board”) and the UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE BOARD OF TRUSTEES (“UVMSAC Board”).

RECITALS:

WHEREAS, the UVM Board is the trustee of the University of Vermont Trust established under the James B. Wilbur Trust Indenture (u/a/d August 12, 1919) (the “Wilbur Fund”);

WHEREAS, the UVMSAC Board has the authority for the investment of the Long-Term Investment Pool (“LTIP”) for the benefit of the University of Vermont;

WHEREAS, the Wilbur Fund and the LTIP are managed separately although similarly;

WHEREAS, the UVM Board and the UVMSAC Board agree that if the Wilbur Fund and the LTIP were managed together there would be several advantages including, but not limited to, the following: (1) the Wilbur Fund would achieve greater diversification through more fund managers and market sectors; (2) to the extent management fees decrease with the size of the managed fund, combining the two funds for investment purposes would decrease fund management fees; (3) to the extent management contracts must be reviewed for the UVMSAC Board and similar contracts must be reviewed for The Wilbur Fund by the UVM Board, there would be economy of administration and reduction of attorney fees reviewing contracts if the two funds were invested together; and (4) if the funds were invested together, the investment committee would be able to monitor the Wilbur Fund’s performance better through quarterly reports; and

WHEREAS, the UVM Board and the UVMSAC Board agree to invest and manage the Wilbur Fund and the LTIP together.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions herein set forth, the parties hereto agree as follows:

1. Joint Investment. The UVM Board agrees to invest the assets of the Wilbur Fund together with the LTIP. Shares shall be assigned to represent proportional ownership of the assets. The date of investment into the pool shall set the proportional ownership.
2. Title to the Wilbur Fund. The UVM Board retains legal title to the assets of the Wilbur Fund.
3. Investment Management. A standing Investment Subcommittee of the Budget, Finance and Investment (“BFI”) Committee has been appointed to manage the investment of the long term pool assets. At least one member of the BFI shall be a UVM Board member. The UVM Board member(s) on the BFI shall act on behalf of the UVM Board with

respect to the investment of the Wilbur Fund and shall report to the UVM Board with respect to the investments of the Wilbur Fund.

4. Allocation of Expenses. Investment management costs will be allocated to the Wilbur Fund on a pro rata basis (*i.e.*, a percentage of shares).
5. Accounting. The UVM Office of the Treasurer will provide regular accounting for the investments of the Wilbur Fund and for its income and expenditures. This accounting will be provided to the UVM Board at its regular meetings or upon request of the Chair. The UVM Office of the Treasurer is responsible for third-party reporting and accounting as required by policy, regulation, or law.
6. Termination. This agreement is terminable at will by either party. Upon termination of this Agreement, the Wilbur Fund assets shall be distributed to the UVM Board and invested in such accounts as it may direct.

The parties hereto have signed this agreement all of this the date first above written.

University of Vermont Board of Trustees,
Trustees of the University of Vermont Trust
Under the James B. Wilbur Trust Indenture
(u/a/d August 12, 1919)

University of Vermont and
State Agricultural College
Board of Trustees

By: _____

Name: _____

Its: Chairman of the Board

By: _____

Name: _____

Its: Chairman of the Board

Long Term Investment Pool, Performance and Manager Review

Committee Chair Cioffi gave the Committee a brief overview of the market stating that our asset allocations are in place and the University is in good shape for the long haul and reminded the Committee that the University's endowment is invested for the long term.

Regarding performance, Committee Chair Cioffi referred the Committee to the book provided by Cambridge Associates, *University of Vermont's Performance Update, September 30, 2007*.

Socially Responsible Investing Issues: Call for Issues

Vice President Gower reported that a memorandum was sent to all faculty, staff, and students requesting issues regarding moral, social and ethical considerations in investment and shareholder resolutions. Two substantive proposals were received, and a memorandum detailing these proposals was provided to the Committee members. He requested Chair McAneny appoint a work group to look into these two proposals. Chair McAneny stated she wanted to look into who the appropriate committee members should be and report back to the Committee.

Capital Projects Approval – Step 2

The Committee was asked to approve financing for six capital projects totaling \$52.2M in project costs and \$45.325M in net borrowing authority. A brief presentation was provided to the Committee on each project. The project amounts are:

Colchester Research Facility \$5.7M
Given Courtyard & Mechanical System Upgrade \$17.0M
Greening of Aiken \$13.0M
Terrill Hall Renovation \$7.5M
Deferred Maintenance Annual Request \$5.0M
Harris/Millis Residential Complex Phase I \$4.0M

The Committee had a brief discussion as to how these capital projects fit within the proposed Capital Resource Management Plan parameters. President Fogel noted that in looking at the Colchester Research Facility, Given Courtyard, and Aiken projects combined, total non-debt support is identified at \$9.25M, which is over 25% of the portfolio. Adding the Terrill Hall project, which is entirely debt funded, reduces the portfolio's non-debt support below the 25% threshold. President Fogel expressed the need to move ahead on the Terrill project due to its emergent nature. A plan to address meeting the non-debt support minimum threshold for the project portfolio will be developed and presented at the February Board meeting.

The Committee then voted unanimously to approve financing on all capital projects, with an amendment to the Greening of Aiken resolution, for recommendation to the Full Board.

Colchester Research Facility Renovations

WHEREAS, the Educational Policy and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$5,500,000 for renovations to the Colchester Research Facility (the Project) at its May 2007 meeting and found it an institutional priority consistent with the *Strategic Capital Plan* and worthy of further consideration; and

WHEREAS, the Educational Policy and Institutional Resources Committee endorsed the Project at its May 2007 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review and approval; and

WHEREAS, the proposed budget has been increased by the administration by \$200,000 to reflect the need to replace additional mechanical components; 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 for the Project;

NOW, THEREFORE, BE IT RESOLVED, that the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence Colchester Research Facility renovations, and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$5,700,000; 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 \$6,015,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$115,000 and capitalized interest in an amount not to exceed \$200,000; 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 \$6,015,000 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.

Given Courtyard Infill & Mechanical Systems Upgrade

WHEREAS, the Educational Policy and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$14,500,000 for the construction of the Given Courtyard Infill and Mechanical Systems Upgrade to the larger Given Building (the Project) at its September 2007 meeting and found it an institutional priority consistent with the *Strategic Capital Plan* and worthy of further consideration; and

WHEREAS, the Educational Policy and Institutional Resources Committee endorsed the Project at its September 2007 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review and approval; and

WHEREAS, on November 30, 2007 the administration reported to EPIR about an expanded project to include not only the Given Courtyard Infill and the Mechanical Systems Upgrade, but also other backfill laboratory renovations in the Given Building; and

WHEREAS, EPIR has accordingly received an updated preliminary estimate of \$17,000,000 for the proposed Project and continues to find it an institutional priority, consistent with the *Strategic Capital Plan*, and worthy of further review; and

WHEREAS, the Project will be funded from \$1,750,000 of external funds, \$2,500,000 of internal reserves, combined with \$12,750,000 of University long-term borrowing; 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 for the Project;

NOW, THEREFORE, BE IT RESOLVED, that the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Given Courtyard Infill & Mechanical Systems Upgrade, and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$17,000,000; and

BE IT FURTHER RESOLVED, that the President and the 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 \$13,460,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$260,000, and capitalized interest in an amount not to exceed \$450,000; 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 \$13,460,000 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.

Greening of Aiken

WHEREAS, the Educational Policy and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$13,000,000 for the proposed Aiken Hall Project (the Project) at its September 2007 meeting and found it an institutional priority consistent with the *Strategic Capital Plan* and worthy of further consideration; and

WHEREAS, the Educational Policy and Institutional Resources Committee endorsed the Project at its September 2007 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review; and

WHEREAS, the Project will be funded from \$5,000,000 of **anticipated** gifts and grants combined with \$8,000,000 of University long-term borrowing; 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 pledges are received or bonds can be issued at the appropriate time for the Project;

NOW THEREFORE, BE IT RESOLVED, that **upon the securing of the necessary gifts and grants and the satisfaction of other contingencies,** the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Aiken Hall Project and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$13,000,000; and

BE IT FURTHER RESOLVED, that the President and the 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 \$8,440,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$160,000, and capitalized interest in an amount not to exceed \$280,000; 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 \$8,440,000 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.

Terrill Hall Renovation

WHEREAS, on September 7, 2007, the Educational Policy and Institutional Resources Committee (EPIR) reviewed the program, scope, and preliminary estimate of \$2,000,000 for the Terrill Hall HVAC Project; and

WHEREAS, on that date EPIR found the proposed Project to be an institutional priority, consistent with the *Strategic Capital Plan*, and worthy of further review; and

WHEREAS, on that date, EPIR endorsed the proposed Project and remitted it to the Budget, Finance, and Investment Committee for financial review and approval at its November 2007 meeting; and

WHEREAS, on November 30, 2007 the administration reported to EPIR about an expanded project, to henceforth be known as the Terrill Hall Renovation Project (the Project), to include not only upgrading the HVAC system upgrade, but also other mechanical, electrical, and structural system improvements, including the reconfiguration of the facility to accommodate research growth within the Animal Science department; and

WHEREAS, EPIR has accordingly received an updated preliminary estimate of \$7,500,000 for the proposed Project and continues to find it an institutional priority, consistent with the *Strategic Capital Plan*, and worthy of further review; 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 for the Project;

NOW, THEREFORE, BE IT RESOLVED, that the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Terrill Hall Project and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$7,500,000;

BE IT FURTHER RESOLVED, that the President and the 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 \$7,915,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$150,000, and capitalized interest in an amount not to exceed \$265,000; 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 \$7,915,000 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.

Deferred Maintenance Projects FY '09

WHEREAS, the Educational Policy and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$5,000,000 for the proposed Deferred Maintenance Projects FY '09 (the Project) at its September 2007 meeting and found it an institutional priority consistent with the *Strategic Capital Plan* and worthy of further consideration; and,

WHEREAS, the Educational Policy and Institutional Resources Committee endorsed the Project at its September 2007 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review and approval; 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 for the Project;

NOW, THEREFORE, BE IT RESOLVED, that the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Deferred Maintenance Projects FY '09 and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$5,000,000; and

BE IT FURTHER RESOLVED, that the President and the 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 \$5,275,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$100,000, and capitalized interest in an amount not to exceed \$175,000; 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 \$5,275,000 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.

Harris/Millis Residential Complex Phase I

WHEREAS, the Educational Policy and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$4,000,000 for the proposed Harris-Millis Residence Hall Project, Phase I (the Project) at its September 2007 meeting and found it an institutional priority, consistent with the *Strategic Capital Plan* and worthy of further consideration; and,

WHEREAS, the Educational Policy and Institutional Resources Committee endorsed the Project at its September 2007 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review and approval; 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 for the Project;

NOW, THEREFORE, BE IT RESOLVED, that the President and the Vice President for Finance and Administration and University Treasurer, or their successors or designees, are hereby authorized to commence the Harris-Millis Residence Hall Project, Phase I, and to execute any and all contracts and documents necessary to undertake the Project at a total project cost not to exceed \$4,000,000; and

BE IT FURTHER RESOLVED, that the President, 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 \$4,220,000, included in which shall be Costs of Issuance, as that term is defined in the Resolution, in an amount not to exceed \$80,000, and capitalized interest in an amount not to exceed \$140,000; 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 \$4,220,000 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.

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 grants and contracts in the amount of \$44,270,275 for the period July 1, 2007, through September 30, 2007, and gifts in the amount of \$6,150,431 for the period July 1, 2007, through September 28, 2007.

Approval of FY 2009 State Capital and State Appropriation Requests

There was a brief discussion concerning FY2009 State Capital and State Appropriation requests. It was noted that these are standard annual requests brought by the University President to the Full Board. The President is the only person authorized to make the formal request to the Governor. Trustee Botzow briefly explained the Legislature's position in its decision making on requests for funding. He stated it is very competitive and wanted to know the University's yield on requests.

The resolution to authorize the President to request \$4,000,000 from the Governor and Legislature of the State of Vermont toward construction, renovation, and major maintenance was approved unanimously by the Committee for recommendation to the Full Board. The Committee approved unanimously a resolution authorizing a state appropriation request of \$45,653,592 for FY 2009. This represents an 8.0% increase in base appropriation, plus a supplemental request of \$2 million. The Committee also approved unanimously the resolution authorizing a \$6,000 state

appropriation request for general operations of the Morgan Horse Farm for recommendation to the Full Board.

State Capital Appropriation Request - Fiscal Year 2009

RESOLVED, that the President be and hereby is authorized to request \$4,000,000 from the Governor and Legislature of the State of Vermont toward construction, renovation, and major maintenance of its facilities in advancement of the mission of the University of Vermont.

General University and Morgan Horse Farm FY 2009 State Appropriation Request

RESOLVED, that the President be and hereby is authorized to request from the Governor and the Legislature of the State of Vermont an appropriation for general operations of The University of Vermont in the amount of \$45,653,592 for Fiscal Year 2009, representing a 8% increase in base appropriation and a supplemental request of \$2,000,000.

BE IT FURTHER RESOLVED, that the President be and hereby is authorized to request an appropriation for Fiscal Year 2009 general operations of the Morgan Horse Farm in the amount of \$6,000.

Summer Session Tuition Rates

Associate Vice President Winfield stated that the Continuing Education Program had been in deficit approximately \$10 million for the past four to five years and is now fully repaid. The program has grown very successfully. The change in tuition levels for the summer is designed to further enhance success, allowing summer incentives that can assist students to catch-up or progress faster to graduation and at a reduction in cost.

The resolution to reduce summer session tuition rates by 10% for Vermont and out-of-state students was approved unanimously by the Committee for recommendation to the Full Board. This decrease will create a 15% differential between summer credit hour cost and the balance of the year.

Summer Session Tuition Rates

RESOLVED, that the Board of Trustees hereby approves the change in tuition for the Summer Session from \$410 to \$369 per credit hour for in-state students and from \$1,034 to \$931 per credit hour for out-of-state students. The changes are to become effective with the 2008 summer session.

Vice President's Report

Vice President Gower distributed to the Committee a memorandum detailing the following topics on financial matters to be read at their convenience.

- Strategic Financial Plan Progress
- FY 2007 Treasurer's Report

- Treasury Operations
- FY 2008 Budget Status
- FY 2009 Budget Planning

Other Business

Chair McAneny passed out meeting assessment forms with a request for members to complete. She also asked the Committee members to review the revised Resolution Approving Adoption of the University Capital Resource Management Plan and to get back to her with any of their concerns by 3:30 p.m. today.

Adjournment

There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Debbie McAneny, Chair