

**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 6, 2009 at 10:30 a.m., in the Silver Maple Ballroom at the Davis Center.

**MEMBERS PRESENT:** Chair Debbie McAneny, Co-Vice Chairs Robert Cioffi and Robert Young, Edwin Amidon Jr., Samuel Bain, Bill Botzow, Harry Chen, Jason DePatie, Daniel Fogel, John Hilton Jr., Susan Hudson-Wilson, Bill Ruprecht, John Snow, and Donna Sweaney

**REPRESENTATIVES PRESENT:** Alumni Representatives Walt Blasberg and Meg Guzewicz, Staff Representatives Kit Ardell and Rodman Cory, Faculty Representatives Albert Joy and Bud Meyers, and Student Representatives Ben Porter and Kevin Issadore

**OTHER TRUSTEES PRESENT:** Board Chair Ian Boyce and Board Vice Chair Frank Cioffi

**PERSONS ALSO PARTICIPATING:** Interim Vice President for Finance and Administration Richard Cate, Associate Vice President for Budget and Resource Management Ted Winfield, Associate Vice President for Student and Campus Life Annie Stevens, Chris Cowen from Prager, Sealy & Co and John Malpiede from CitiGroup

Chair Debbie McAneny called the meeting to order at 11:40 a.m.

**Approval of Minutes**

A motion was made, seconded and voted to approve the minutes of the December 5, 2008 meeting.

**FY 2010 Budget Plan Update**

Interim Vice President Cate presented a status report on the budget management work that is underway to meet both the FY 2009 rescissions and targeted FY 2010 budget reductions. The FY 2009 budget rescission target of \$2.5M has been met by implementing a .75% across the board rescission in all unit budgets and reducing one-time expenditures. Currently, \$10M of budget reductions has been identified for FY 2010. Further cuts may be necessary once the FY 2010 state appropriation is finalized. The Board will approve the final FY 2010 budget in May.

The Committee next reviewed peer comparison data provided in the Board materials. There was a discussion on the net cost to students after financial aid. Although more pressure for financial aid is expected, President Fogel expressed the University's commitment to continuing the same level of financial aid relative to

net tuition. Chair McAneny noted the importance of reflecting in the budget the expected increase in financial aid demand. Co-Vice Chair Cioffi commented that the public's perception of UVM continues to be "expensive," even though the data indicates that cost-after-aid places the University in the middle of its public peer institutions for both in-state and out-of-state students. Several trustees spoke of the challenges in marketing this information to the public. Trustee Snow suggested that it may also be beneficial to re-educate the Board on the University's rationale for supporting a "high sticker, high discount" strategy.

The Committee next reviewed targeted rates for room, board and required student fees. In order to market the residence halls and dining facilities to returning students, the Department of Residential Life must offer a student contract containing maximum room and meal plan rates in March and April. Final rates will be brought before the Board for approval in May and will not exceed those proposed today. Associate Vice President Stevens provided the Committee with background on the proposed increase to the predominate choice meal plan. The University currently operates 15 different locations and is one of the lowest cost meal plans compared to competitors. UVM's meal plan structure is 15 years old, but has added new locations, new local vendors, take-out options, and an additional residential dining location. Student demands and needs have changed significantly, e.g. desire for longer hours, more convenience, fair trade products, organic foods, kosher options, cage-free products, unlimited access, etc. The Student Government Association in conjunction with Sodexo developed recommendations for the FY 2010 meal plan with an increase of 9.0%. This increase reflects the current cost of food, supports facility renovations, and covers the costs associated with restructuring the meal plan. Together, housing and meal plans rates would increase 5.4% for FY 2010.

Interim Vice President Cate then presented the Committee with a revised Treasury Operations amortization schedule. He reviewed the underlying assumptions of the revised schedule; 1) no additional debt is reflected beyond projects previously approved by the Board, 2) the internal bank balance is currently \$22M, 3) consulting costs are reduced as a result of less bonding, and 4) a buffer of approximately 25 basis points (bps) is built in to cover program costs and to maintain a reserve. Associate Vice President Winfield added that under these assumptions internal debt service payments are being matched to meet external debt obligations. Chair McAneny questioned the methodology used to calculate program costs and requested that a policy statement outlining the assumptions be provided to the Committee in April.

At 12:37 p.m. the Budget, Finance and Investment Committee recessed. The Committee reconvened at 1:40 p.m.

### **General Obligation Bond, Series 2009 and Commercial Paper Program Amendment**

Chair McAneny reminded the trustees that the Committee was being asked to approve permanent financing for the debt portion of previously approved and under construction capital projects. Interim Vice President Cate presented information concerning the General Obligation Bond, Series 2009 and the Commercial Paper Program Amendment.

The bond issue will include the University's current commercial paper debt of \$24.855M as a part of the overall borrowing of \$81M. Mr. Cowen and Mr. Malpiede continued with a review of current market conditions. Long-term tax-exempt rates have decreased over the past months and rates have settled down to 5.0%-5.5%. Although still volatile, the tax-exempt market is moving back to normal levels. Due to attractive fixed rates and the concerns regarding liquidity for commercial paper, the University is recommending selling 30 year fixed rate bonds. The market for Higher Education is strong and the University's flexibility in its revenue sources has been beneficial. Further, the viability ratio as a measurement of creditworthiness is less relevant in the current environment, as indicated by the bond issue pricing for recent issues. Since December, spreads have become more favorable for the University, and bond insurance has become less important. Insurance as a credit enhancement is not economically feasible in the current market since UVM's rating is stronger than those of the insurance companies. Premiums are 2 to 3 times what they were in 2007.

The University's average annual debt service will increase from approximately \$22.9M to \$27.4M. There will be no restructuring with the current debt.

Trustee Ruprecht asked how fast work can proceed to issue the bond and what happens if the rate is not what is expected. Interim Vice President Cate responded that if bonding does not occur the University will be in trouble with liquidity. Trustee Ruprecht recommended that the University move faster toward bonding if possible. Mr. Cowen and Mr. Malpeide stated that the University's bond documents are in good shape but the rating agencies will need to be pushed to rate the 2009 issue as soon as possible. UVM's strong credit allows the terms, covenants and conditions to be the same as the 2007 bond issue.

The Bond Resolution, Section 1 empowers an ad hoc subcommittee for the bond transactions to include Trustees Boyce, Hudson-Wilson, R. Cioffi, and McAneny. Section 1 also set parameters for the issue in terms of maximum rate. The timeline for closing and delivering bonds is late March 2009.

Interim Vice President Cate continued, stating that it would be prudent for the University to reduce the current level of the commercial paper (CP) program from \$100M to \$50M. This is in response to the negative connotation rating agencies have towards higher CP program sizes, and the fact that UVM needs to have \$1 in the bank to back every outstanding dollar of CP to satisfy self-liquidity requirements. Moreover, the program reduction will have no impact on the University based on its history of CP draws. There was some discussion on reducing the CP Program to \$25 million, but the decision was made to lower the CP Program to \$50 million.

The Committee unanimously approved two resolutions to be brought to the Full Board: General Obligation Bonds, Series 2009 and Second Supplemental Resolution to Commercial Paper Note Resolution. (see Appendix A)

## Report of the Investment Subcommittee

Robert Cioffi, Chair of the Investment Subcommittee (ISC), led the Committee through a brief discussion of Long-Term Investment Pool allocations and performance through December 31, 2008. The endowment ended the quarter at \$243.2 million, down 27.5% for the quarter with Cambridge median also down 27.5%. The endowment was down 2% for the trailing 3 years and up 3.1% for the trailing five years. The University beat Cambridge median for both of the trailing years.

Chair Cioffi reported on recent activities of the Investment Subcommittee. On January 27, 2009, the Investment Subcommittee met in Boston with Cambridge Associates. Interim Vice President Cate gave an update on the Commonfund. The University will be out of the short term fund by the end of the year and almost all other assets will be out by the same time.

The Investment Subcommittee met with representatives from two current investment managers, specifically Iridian Asset Management and Eaton Vance Management. Both managers were well received and gave strong presentations.

The Subcommittee went into an elongated discussion on asset allocation goals and objectives. They also discussed whether to consider increasing equity exposure given that the asset class is down considerably. The Subcommittee agreed to make the following modifications to long-term target allocations: increase US Equity from 22% to 25%, decrease Global ex US Equity from 23% to 22%, decrease Marketable Alternatives from 20% to 17.5%, keep Venture Capital/Private Equity at 10%, decrease Real Assets from 15% to 12.5%, keep Bonds at 10%, and increase Cash and Equivalentents from 0% to 3%.

	Current Targets	New Targets
US Equity	22.0	25.0
Global ex U.S. Equity	23.0	22.0
Developed Markets	11.5	12.0
Emerging Markets	11.5	10.0
Marketable Alternatives	20.0	17.5
Venture Capital/Private Equity	10.0	10.0
Real Assets	15.0	12.5
Bonds	10.0	10.0
Cash and Equivalentents	0.0	3.0

The Committee had a discussion on the Resolution Recommending Adoption of UPMIFA by the State of Vermont. Trustee Cioffi read the whole resolution to the Budget, Finance, and Investment Committee. He stated that UPMIFA is not very clear

on how endowments are to be managed in times when their market values decline below the value of the gifts.

Trustee Bostow stated that to be effective, the resolution recommending adoption needs to be directed to the appropriate Officials at the State. He identified the applicable titles to be named in the resolution. The Investment Subcommittee recommended approval of the Resolution Recommending Adoption of the Uniform Prudent Management of Institutional Funds Act by the State of Vermont, with a modification in the final paragraph to specify the addressees.

**Resolution Recommending Adoption of the Uniform Prudent Management of Institutional Funds Act by the State of Vermont**

WHEREAS, as a non-profit education corporation subject to the laws of the State of Vermont, the University of Vermont is subject to the Uniform Management of Institutional Funds Act (UMIFA) and some elements of this act are, after over 35 years, somewhat dated; and

WHEREAS, in July 2006, the National Conference of Commissioners on Uniform State Laws (NCCUSL) approved and recommended for adoption by all states the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which is an update of UMIFA; and

WHEREAS, UPMIFA further protects donor intent regarding distributions from endowments and provides clarity about how endowments are to be managed in times when their market values decline below the value of the gifts when they were originally made;

NOW THEREFORE BE IT RESOLVED, that the Investment Subcommittee of the Board of Trustees of the University of Vermont recommends that the State of Vermont respond to the recommendation of the NCCUSL and adopt UPMIFA during the 2009 legislative session.

BE IT FURTHER RESOLVED, that this resolution be conveyed to the Speaker of the House, Senate Pro Tempore, the Chair of the Committee on Economic Development, Housing and General Affairs, and the Chair of the Committee on Commerce/Economic Development.

**Capital Project Financial Feasibility Review**

The Committee was asked to approve phase II of the Harris/Millis residential complex for \$4.0M in project costs. Reallocation of debt financing to the Harris Millis residential complex will have no impact on total debt capacity. The project cost will be covered by budgeted operating dollars from the Division of Student and Campus Life (\$3.0M) and reallocation of positive balances remaining from three other previously approved Residential Life Projects: Cook Commons Renovation (\$0.250M), Marsh Austin Tupper

Residential Complex Renovation (\$0.200M), and Carbon Monoxide Detection Systems (\$.550M). The Committee voted unanimously to approve phase II of the project and also to reallocate debt financing and project budgets among the Residential Life projects, for recommendation to the full Board.

**Harris-Millis Phase II Resolution**

WHEREAS, the Educational Programs and Institutional Resources Committee carefully reviewed the program, scope, and preliminary estimate of \$4,000,000 for the Harris-Millis Residential Complex Phase II (the "Project") at its September 2008 meeting and found it an institutional priority, consistent with the *Strategic Capital Plan* and worthy of further consideration; and,

WHEREAS, the Educational Programs and Institutional Resources Committee endorsed the Project at its September 2008 meeting and remitted it to the Budget, Finance, and Investment Committee for financial review and approval at a subsequent meeting; and

WHEREAS, the Division of Student and Campus Life has budgeted \$3,000,000 of its operating funds for this project; and

WHEREAS, at its February 2007 meeting the Board approved the Cook Commons Renovation budget for \$1,100,000 and the University completed that project at \$850,000; and,

WHEREAS, at its February 2007 meeting the Board approved the Marsh Austin Tupper Residential Complex Renovation budget for \$4,400,000 and the University completed that project at \$4,200,000; and,

WHEREAS, at its November 2006 meeting the Board approved the second and final phase of the Carbon Monoxide Detection Systems budget for a total of \$3,500,000 and it has been determined that project can be completed at \$2,950,000;

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and Administration and University Treasurer, or his successor or designee, is hereby authorized to decrease the Cook Commons Renovation Project budget from \$1,100,000 to \$850,000, the Marsh Austin Tupper Residential Complex Renovation Project budget from \$4,400,000 to \$4,200,000, and the Carbon Monoxide Detection Systems Project budget from \$3,500,000 to \$2,950,000; and,

BE IT FURTHER RESOLVED, that the Vice President for Finance and Administration and University Treasurer, or his successor or designee, is hereby authorized to apply the reallocation of \$1,000,000 in funds with the \$3,000,000 of Student and Campus Life operating funds to finance the \$4,000,000 Harris-Millis Residential Complex Phase II Project; 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 people 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.

### **Vice President's Report**

The Committee was provided with a FY 2009 budget to actual report as of December 31, 2008. A short discussion took place regarding various elements such as short term investment income. Due to the volatility of investment income, this item will not be included as part of the University's general fund base revenue budget starting in FY 2010, but will be listed "below the line" so that it can be tracked.

### **Adjournment**

There being no further business, the meeting adjourned at 3:00 p.m.

Respectfully Submitted,

Debbie McAneny, Chair

## **GENERAL OBLIGATION BONDS, SERIES 2009 RESOLUTION**

WHEREAS, the University has decided to issue its General Obligation Bonds, Series 2009 (the “Series 2009 Bonds”), to provide funds (i) to refund all outstanding commercial paper notes of the University (including the payment of interest thereon), (ii) to finance the cost of certain capital projects of the University which have been authorized by the Board prior to or on the date hereof (including authorized reimbursements for prior University capital expenditures) and (iii) to pay the costs of issuance relating to the Series 2009 Bonds, which purposes have been found by the Board to be necessary and desirable; and

WHEREAS, the University desires to authorize the issuance of the Series 2009 Bonds in an aggregate initial principal amount not to exceed \$85 million; and

WHEREAS, the University has issued its General Obligation Bonds, Series 1990 (the “Series 1990 Bonds”), Series 1998 (the “Series 1998 Bonds”), Series 2002 (the “Series 2002 Bonds”), Series 2005 (the “Series 2005 Bonds”) and Series 2007 (the “Series 2007 Bonds”) pursuant to the terms of an Indenture dated as of February 1, 1990 (the “Trust Indenture”) between the University and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A. and TD Banknorth, N.A.), as trustee (the “Trustee”), as amended and supplemented by the Series 1998 and First Supplemental Indenture, the Series 2002 and Second Supplemental Indenture, the Series 2005 and Third Supplemental Indenture) and the Series 2007 and Fourth Supplemental Indenture), (the Trust Indenture, as amended, hereafter referred to as the “Indenture”), and

WHEREAS, the University proposes to issue the Series 2009 Bonds on a parity with the Series 1990 Bonds, the Series 1998 Bonds, the Series 2002 Bonds, the Series 2005 Bonds and the Series 2007 Bonds pursuant to the terms of the Indenture and a Series 2009 and Fifth Supplemental Indenture thereto (the “Fifth Supplemental Indenture”) between the University and the Trustee; and

WHEREAS, the University desires to execute and deliver a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the University and Citigroup Global Markets Inc. and J. P. Morgan Securities Inc. (the “Underwriters”), pursuant to which the University will sell the Series 2009 Bonds to the Underwriters in accordance with the terms and conditions set forth therein; and

WHEREAS, in connection with the issuance and sale of the Series 2009 Bonds, a Preliminary Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”) will be prepared by the University, which will present information about the University, the terms of the Series 2009 Bonds and the security for the Series 2009 Bonds, among other things; and

WHEREAS, the University desires to execute and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) between the



University and the Trustee, pursuant to which the University will be obligated to update certain information in the Official Statement and provide certain other notices to specified repositories in accordance with the terms and conditions set forth therein; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the University:

1. the Fifth Supplemental Indenture;
2. the Bond Purchase Agreement;
3. the Continuing Disclosure Agreement; and
4. the Preliminary Official Statement;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Issuance of Series 2009 Bonds. The Board hereby approves and confirms the issuance of the Series 2009 Bonds by the University in the initial principal amount of not more than \$85 million (including the costs of issuance, insurance premium if any and other related expenses), bearing a true interest cost not exceeding 6.50% per annum and maturing not later than October 1, 2039 with a first maturity or sinking fund installment date not later than October 1, 2010 to provide funds (i) to refund all currently outstanding commercial paper notes of the University and (ii) to finance the cost of certain capital projects of the University which have been authorized prior to or on the date hereof (including authorized reimbursements for prior University capital expenditures). The Board hereby finds and determines that these purposes are necessary and desirable and hereby authorizes the Chair of the Budget, Finance and Investment Committee to establish an ad-hoc subcommittee for the issuance of the Series 2009 Bonds. Such subcommittee may authorize the President or the Interim Vice President for Finance and Administration to determine (i) whether a policy of municipal bond insurance should be obtained with respect to all or a portion of the Series 2009 Bonds (based on whether such policy will be cost effective considering both the interest cost of the Series 2009 Bonds if such a policy was obtained and the insurance premium, and based on whether the insurer will require that the University comply with certain covenants); (ii) whether the Series 2009 Bonds should be issued as two or more sub-series of bonds (based on whether the issuance of the Series 2009 Bonds in two or more sub-series will facilitate debt management, marketing of the bonds, or compliance with federal tax law restrictions) and (iii) the terms of the Series 2009 Bonds and the terms of the sale of the Series 2009 Bonds (including the maturity dates and amounts, the interest rates, the original issue premium or discount, the redemption provisions of the Series 2009 Bonds based on financial or structural benefits to the University and marketing considerations and the underwriters' compensation) subject to the limitations set forth in this resolution and any additional limitations imposed by such sub-committee. The form and content of the Series 2009

Bonds as set forth in the Fifth Supplemental Indenture are hereby approved and confirmed. The President or the Interim Vice President for Finance and Administration and Interim Treasurer of the University, and the Secretary or the Assistant Secretary of the Board are authorized and directed to execute and deliver the Series 2009 Bonds for and on behalf of the University, in substantially the form and content set forth in the Fifth Supplemental Indenture, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions.

Section 2. Authorization of Fifth Supplemental Indenture. The Board hereby approves and confirms the form and content of the Fifth Supplemental Indenture. The President or Interim Vice President of Finance and Administration and Interim Treasurer of the University, and the Secretary or Assistant Secretary of the Board are hereby authorized and directed to execute and deliver the Fifth Supplemental Indenture for and on behalf of the University, in substantially the form and content presented to the Board, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions. From and after the execution and delivery of the Fifth Supplemental Indenture, the President and Interim Vice President of Finance and Administration and Interim Treasurer of the University, and the Secretary or Assistant Secretary of the Board and all other officers of the Board and the University are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Fifth Supplemental Indenture as executed.

Section 3. Authorization of Bond Purchase Agreement. The Series 2009 Bonds shall be awarded and sold to the Underwriters pursuant to the terms of the Bond Purchase Agreement at an underwriters' discount or fee of not more than 0.6% (\$6.00 per \$1,000 bond) of the principal amount of the Series 2009 Bonds and the Series 2009 Bonds shall be authenticated and delivered to or upon the order of the Underwriters upon payment of the purchase price set forth in the Bond Purchase Agreement. The form and content of the Bond Purchase Agreement are hereby approved and confirmed. The President or Interim Vice President of Finance and Administration and Interim Treasurer of the University is hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and on behalf of the University, in substantially the form and content presented to the University, but with such changes, additions or deletions as shall to him or her seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Bond Purchase Agreement, the President and Interim Vice President for Finance and Administration and Interim Treasurer of the University and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such

documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreement as executed.

Section 4. Authorization of Continuing Disclosure Agreement. The form and content of the Continuing Disclosure Agreement are hereby approved and confirmed. The President or Interim Vice President of Finance and Administration and Interim Treasurer of the University is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement for and on behalf of the University, in substantially the form and content presented to the Board, but with such changes, additions or deletions as shall to him or her seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, modifications, additions or deletions. From and after the execution and delivery of the Continuing Disclosure Agreement, the President and the Interim Vice President of Finance and Administration and Interim Treasurer of the University and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Agreement as executed.

Section 5. Approval of Preliminary Official Statement and Official Statement. The form, terms and content of the Preliminary Official Statement and the Official Statement in substantially the form of the Preliminary Official Statement (but including the terms of the Series 2009 Bonds) are authorized, approved and confirmed, with such changes, additions or deletions therein as shall seem necessary, desirable or appropriate to the President or Interim Vice President of Finance and Administration and Interim Treasurer of the University. The use of the Preliminary Official Statement and of the Official Statement by the Underwriters in connection with the sale of the Series 2009 Bonds is hereby authorized, approved and confirmed. The President or Interim Vice President of Finance and Administration and Interim Treasurer of the University is authorized to execute the Official Statement on behalf of the University.

Section 6. Tax Certificates. The President or Interim Vice President of Finance and Administration and Interim Treasurer of the University are hereby authorized to execute a certificate in order to evidence the University's compliance with the Internal Revenue Code of 1986 and the applicable Income Tax Regulations thereunder.

Section 7. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the Series 2009 Bonds, the Indenture, the Fifth Supplemental Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement or any other instrument related to the issuance of the Series 2009 Bonds shall be deemed a stipulation, obligation or agreement of any officer, agent or employee of the University in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Series 2009 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 8. Actions of Officers. The officers of the Board and of the University are hereby authorized and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (i) this Resolution, (ii) the Indenture and the Fifth Supplemental Indenture and (iii) the documents presented to this meeting; except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Resolution, (b) the specific provisions of the Indenture and the Fifth Supplemental Indenture, (c) any agreement to which the University is bound, (d) any rule or regulation of the University or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of Vermont.

Section 9. Severability of Invalid Provisions. If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Series 2009 Bonds authorized hereunder.

Section 10. Conflicting Provisions. All prior resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 11. Effective Date. This Resolution shall take effect upon its adoption.

SECOND SUPPLEMENTAL RESOLUTION TO THE UNIVERSITY OF  
VERMONT AND STATE AGRICULTURAL COLLEGE COMMERCIAL PAPER  
NOTE RESOLUTION

BE IT RESOLVED by THE UNIVERSITY OF VERMONT AND  
STATE AGRICULTURAL COLLEGE (the "University"), as follows:

ARTICLE I.

Authority for Second Supplemental Resolution

SECTION 1.01. Second Supplemental Resolution. This Second Supplemental Resolution is supplemental to, and constitutes a Supplemental Resolution within the meaning of and is adopted in accordance with Articles VII and VIII of, the resolution adopted by the University on November 13, 2004, entitled "THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE COMMERCIAL PAPER NOTE RESOLUTION ADOPTED NOVEMBER 13, 2004, A RESOLUTION AUTHORIZING THE ISSUANCE BY THE UNIVERSITY OF VERMONT AND

STATE AGRICULTURAL COLLEGE OF ITS SHORTTERM PROMISSORY NOTES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF,” referred to herein as the “Resolution.”

SECTION 1.02. Authority for the Second Supplemental Resolution. This Second Supplemental Resolution is adopted pursuant to the provisions of the Resolution.

## ARTICLE II. Definitions

SECTION 2.01. Definitions. All terms not defined herein which are defined in Section 1.01 of the Resolution shall have the same meanings, respectively, in this Second Supplemental Resolution as such terms are given in said Section 1.01 of the Resolution. In addition, as used in this Second Supplemental Resolution, unless the context shall otherwise require, the term “Second Supplemental Resolution” means this First Supplemental Resolution, adopted \_\_\_\_\_, 2009.

## ARTICLE III. Amendment of Resolution

SECTION 3.01. Amendment to Reduce Maximum Authorized Principal Amount of Notes. The first sentence of Section 2.01 of the Resolution and the third sentence of the fourth paragraph of the back of the form of CP Notes attached as Exhibit A-2 to the Resolution are amended to read as follows: The aggregate principal amount of Taxable Notes and Tax-Exempt Notes which may be outstanding at any time shall not exceed the lower of \$50,000,000 and the aggregate amount authorized to be issued to pay Costs of the Project and Costs of Issuance pursuant to resolutions of the Board authorizing the undertaking of a Project and the issuance of Notes to finance such Project.

## ARTICLE IV. Miscellaneous

SECTION 4.01. When Effective. This Second Supplemental Resolution shall become effective immediately upon the later of (i) the issuance of the General Obligation Bonds, Series 2009 and (ii) the date, subsequent to this date of adoption, that all Notes Outstanding on the date hereof no longer remain Outstanding under the Resolution, and the filing with the Issuing and Paying Agent of a copy of this Second Supplemental Resolution, accompanied by an opinion of Bond Counsel stating that this Second Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted thereby and is valid and binding upon the University and enforceable in accordance with its terms.