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 and State Agricultural College was held on Friday, October 17, 2014 at 10:15 a.m. in the Silver Maple Ballroom, 401 Dudley H. Davis Center.

MEMBERS PRESENT: Chair David Daigle, Carolyn Branagan, Joan Lenes, Donald McCree, Dale Rocheleau, Raj Thakrar, Lisa Ventriss****, Jeff Wilson and Mark Young

REPRESENTATIVES PRESENT: Foundation Representative Richard Ader** and Alumni Representative Mike Reardon**, Staff Representative Cheryl Herrick, Student Representatives Roger DaGama*** and Maya Donoghue and Graduate Student Representatives Nikisha Patal and Mairi-Jane Fox

OTHER TRUSTEES PRESENT: Board Chair Debbie McAneny

PERSONS ALSO PARTICIPATING: President Tom Sullivan****, Provost David Rosowsky****, Vice President for Finance and Treasurer Richard Cate, University Budget Director Alberto Citarella, Controller Claire Burlingham, Vice President for University Relations and Administration Tom Gustafson, Vice President for Enrollment Management Richard Galbraith, University of Vermont Foundation Chief Executive Officer Rich Bundy, Director of Capital Planning and Management Robert Vaughan, and Chief Information Officer and Dean of Libraries and Learning Research Mara Saule

ABSENT: Trustee Rob Brennan, Faculty Representatives Don Ross and Randy Headrick, Staff Representative Patty Eldred

*via conference phone
** via conference phone and departed the morning session at 11:17 a.m.
*** arrived at 10:35 a.m.
**** afternoon session only

Chair David Daigle called the meeting to order at 10:17 a.m.

Chair Daigle began the meeting by welcoming incoming staff, alumni, undergraduate, and graduate student representatives Mike Reardon, Cheryl Herrick, Maya Donoghue, Roger DaGama, Nikisha Patal and Mairi-Jane Fox. He also thanked staff representative Patty Eldred for her service to the University and the Committee and offered congratulations on her upcoming retirement.

Approval of Minutes

A motion was made, seconded, voted to approve the minutes of the May 16, 2014 meeting.

Approval of Tuition Rates

Summer Session Tuition

Chair Daigle asked University Budget Director Alberto Citarella to deliver an overview of the Committee's budget review cycle and to present the three Summer Session tuition requests.

Mr. Citarella explained that the administration provides preliminary estimated tuition and fees to the Committee in February; a draft general fund budget in April, and a final budget for approval in May. Summer Session tuition is brought forth for approval in October to enable Continuing and Distance Education to advertise classes and tuition in a timely manner.

Budget Director Citarella reminded the Committee that the rationale for adjusting the summer tuition price-setting structure last October from a 15% discount to a 30% discount was twofold: The University's summer tuition rates were higher than peer institutions in the region, and the University has been experiencing a downward trend in student credit hours during summer session.

Vice President Cate added that offering more competitive rates allows the University to attract students who otherwise may choose to leave Vermont and attend their state colleges in the summer at in-state costs. Since financial aid is available to students for only two semesters per year, the discounted summer rates may allow more student to take classes.

Mr. Citarella said that while the Summer 2014 number of student credit hours increased 11% over the previous summer, the net tuition goal fell short at -4.6%. Out-of-state enrollment increased 18.5% and in-state enrollment rose 4% and so, the administration is recommending continuation of the 30% discount rate.

The recommendation for Summer Session (summer 2015) is to set tuition at $414 per credit hour for in-state students and $1,046 per credit hour for out-of-state students.

Global Gateway International Student Tuition

Mr. Citarella proceeded with the rate approval request for the summer 2015 Global Gateway Program, a matriculation preparatory program for international students. Currently there are over 170 students from a dozen countries enrolled, with the first cohort matriculating into an undergraduate program this fall.

The total cost of attendance rates will apply to students, recruited by Study Group, entering either the two-semester program beginning spring 2015, the three-semester program beginning spring 2015, or the two-semester program beginning summer 2015. Rates are set at existing out-of-state rates and those starting in the summer pay an additional charge for health insurance.

Proposed rates for programs commencing spring 2015: $25,252.
Proposed rates for programs commencing summer 2015: $25,802.

Mr. Citarella also mentioned that fall and spring rates for this program are presented to the Committee in May.

Graduate tuition
The Committee was asked to approve a tuition-setting methodology for graduate programs. The proposal would allow schools and colleges to offer different, more competitive rates (within a range) for different programs based on demand for the program and assessment of the national market of individual programs. Out-of-state tuition range will be no lower than in-state undergraduate tuition and no higher than out-of-state undergraduate rate. This will not impact in-state graduate tuition and the President would set graduate program rates based on Deans' recommendations.

Responding to Trustee Branagan's inquiry, Vice President Cate reiterated that the reason for this tuition structure is that while the University's in-state graduate tuition is competitive, out-of-state costs have been too high to attract the optimum number of students. The elimination of the state legislative 40% rule allows for this flexibility in setting tuition for these programs.

The following resolutions were presented to the committee for approval for recommendation to the full Board:

Resolution Approving Summer Tuition

RESOLVED, that the Board of Trustees hereby approves the tuition rate for the Summer Session of $414 per credit hour for in-state students and $1,046 per credit hour for out-of-state students. The changes will become effective for the 2015 Summer Session.

Resolution Approving Global Gateway International Student Tuition

BE IT RESOLVED, that the following rates are established:

For students beginning the two-semester Global Gateway program in the spring 2015, the rate is $25,252 for the summer 2015 semester.

For students beginning the three-semester Global Gateway program in the spring 2015, the rate is $25,252 for the summer 2015 semester.

For students beginning the two-semester Global Gateway program in the summer 2015, the rate is $25,802 for the summer semester.

All entering students will also be assessed an additional $475 acceptance fee their first semester.

Resolution Approving Graduate Tuition Rate for 2015-16 Academic Year

RESOLVED, that the Board of Trustees hereby approves the establishment of variable tuition rates for graduate programs, to be competitive (on price) with other universities and to enable growth in selective graduate programs at UVM. Graduate tuition for Vermont residents (in-state) will be equal to that for Vermont resident undergraduates. Non-resident (out-of-state) graduate tuition rates will be no less than undergraduate tuition rates for Vermont residents and no greater than those for non-resident undergraduates and will be determined by the President, based on student demand and the national market for similar programs.

A motion was made, seconded, and Trustees voted on the three resolutions: David Daigle – Aye, Carolyn Branagan – Aye, Joan Lenes – Aye, Donald McCree – Aye, Dale Rocheleau – Aye, Raj Thakrar – Aye, Jeff Wilson – Aye, and Mark Young – Aye. The resolutions were passed as presented.

Report of the Investment Subcommittee (ISC)

On behalf of ISC Chair Rob Brennan, ISC Vice Chair McCree led the discussion on recent activity by the ISC.

In August, ISC members Brennan, Daigle and McCree met in New York to review the University's FY 2014's endowment performance and asset allocation. The agenda also included three current and three prospective manager presentations. The subcommittee will continue to search for a suitable emerging markets manager.

The endowment, as of August 31, 2014, was at $448 million. No changes were made to the asset allocation but the subcommittee did choose to shift the portfolio slightly ($9 million out of equity investments to medium-term bond funds) which has allowed for better performance to date.

As of August 31, 2014, calendar year-to-date total assets are up 4.8%; up 13.8% for the cumulative trailing year, and up 10.9% over the annualized trailing three years. Trustee McCree added that given recent market volatility year-to-date performance as of today was likely closer to flat.

Discussion ensued on the ISC's benchmarking methods and Trustee Wilson asked whether the ISC has considered eliminating/reducing the hedge fund portfolio in light of Calpers recently announcing the elimination of hedge funds from its portfolio. Trustee McCree responded that the subcommittee and Cambridge Associates discussed this at length and concluded that the University will not be following suit.

Trustee Wilson requested that the ISC provide to the Committee a snapshot of the University's investments for members to have a general perspective on its holdings.

Trustee Young expressed his appreciation for the three members of the ISC as well as consultants Cambridge Associates for their investment expertise and commitment to the ISC.

Vice Chair McCree briefed new members on two policies up for annual approval. The Endowment Budget Policy sets the percentage of the endowment to be spent. The Endowment Administration Fee Policy sets what is paid to the University for administrative support including staffing, legal fees, and investment advisor fees. He brought forth the Investment Subcommittee-endorsed resolutions for Committee approval for recommendation to the full Board:

Resolution Reaffirming the Endowment Budget Policy

RESOLVED, that the *Endowment Budget Policy* is reaffirmed as reads below:

BE IT RESOLVED, that the annual budget for spending from Endowment be set at 4.5 percent of the average market value for the previous thirteen quarters ending December 31 of the prior calendar year; and

BE IT FINALLY RESOLVED that the Investment Subcommittee will review and make recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the *Endowment Budget Policy* each year no later than December 31.

Adopted by: *Board of Trustees – May 13, 1995*
Reaffirmed: *Board of Trustees – September 8, 2007*
Board of Trustees – September 5, 2008
Board of Trustees – October 24, 2009
Board of Trustees – October 30, 2010
Board of Trustees – October 22, 2011
Board of Trustees – November 8, 2012
Board of Trustees – October 26, 2013

Resolution Reaffirming Endowment Administration Fee Policy

RESOLVED, that the *Endowment Administration Fee Policy* is reaffirmed as reads below:

BE IT RESOLVED, that the Board of Trustees hereby approves a 0.25 percent fee applied to the University endowment for FY 2015 to cover reasonable costs associated with endowment administration, management and operation; and

BE IT FURTHER RESOLVED, that on a fiscal year basis, the fee will be reviewed and assessed annually as 0.25 percent of the average market value of the University endowment for the previous thirteen quarters ending December 31 of the prior calendar year; and

BE IT FINALLY RESOLVED, that the Investment Subcommittee will review and make a recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the *Endowment Administration Fee Policy* each year no later than December 31.

Adopted by: *Board of Trustees – September 13, 2003*
Reaffirmed: *Board of Trustees – September 8, 2007*
Board of Trustees – September 5, 2008
Amended: *Board of Trustees – October 24, 2009*

Reaffirmed: Board of Trustees – October 30, 2010
Board of Trustees – October 22, 2011
Board of Trustees – November 8, 2012
Board of Trustees – October 26, 2013

A motion was made, seconded, and Trustees voted was taken on the two resolutions: David Daigle – Aye, Carolyn Branagan – Aye, Joan Lenes – Aye, Donald McCree – Aye, Dale Rocheleau – Aye, Raj Thakrar – Aye, Jeff Wilson – Aye, and Mark Young – Aye. The resolutions were passed as presented.

Energy Efficiency Revolving Loan Fund

In response to a previous request from Trustee Young to revisit the Energy Efficiency Revolving Loan Fund, Vice President Cate outlined the proposed changes to eliminate the requirements that project savings be used to return 5% interest to the general fund and that the loans must be backed by encumbering other University unrestricted net assets.

Vice President Cate reminded the Committee that the annual review of the fund is scheduled for the February meeting and will be part of an overall net assets discussion.

Chair Daigle presented to the committee for approval for recommendation to the full Board:

<u>Resolution Approving Revisions to the Energy Efficiency Revolving Loan Fund</u>

WHEREAS, on February 3, 2012, the Board authorized the administration to create an energy efficiency revolving loan fund in order to reduce energy costs and UVM's carbon output, and authorized the Vice President for Finance to draw from existing liquid assets up to $13 million to create an energy efficiency revolving loan fund;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves amendments to the Energy Efficiency Revolving Loan Fund appearing as Appendix A to this document.

A motion was made, seconded, and Trustees voted on the resolution: David Daigle – Aye, Carolyn Branagan – Aye, Joan Lenes – Aye, Donald McCree – Aye, Dale Rocheleau – Aye, Raj Thakrar – Aye, Jeff Wilson – Aye, and Mark Young – Aye. The resolution was passed as presented.

Amendments to the BFI Committee Charge

Chair Daigle noted that as a result of a recent review of all Board of Trustees' committee charges, the addition of some language to the Budget, Finance and Investment Committee charge was needed. Specifically, the charge for the Committee to review and make student tuition and fees recommendation to the Board was added.

The other substantive recommendation was to include in the Committee's jurisdiction the receipt of periodic updates on the UVM Foundation's fundraising goals and progress.

Chair Daigle presented to the committee for approval for recommendation to the full Board:

> **Resolution Approving Amendments to the Budget, Finance and Investment Committee Charge**
>
> RESOLVED, that the Board hereby approves amendments to the Budget, Finance & Investment Committee charge appearing as Appendix B to this document.

A motion was made, seconded, and Trustees voted on the resolution: David Daigle – Aye, Carolyn Branagan – Aye, Joan Lenes – Aye, Donald McCree – Aye, Dale Rocheleau – Aye, Raj Thakrar – Aye, Jeff Wilson – Aye, and Mark Young – Aye. The resolution was passed as presented.

Vice President's Report

Vice President Cate reported that the administration will present the final opinion letter from external auditor Grant Thornton at the November Audit Committee meeting and the A-133 audit will be completed in January.

Referring to the Vice President's Report distributed at the meeting, Mr. Cate pointed out that FY 2014 general fund revenue totaled $299 million and general fund expenses ended at $302 million.

He explained that as a result of net tuition coming in better than anticipated and total financial aid ending lower than originally expected, only $3.3 million of the $7.7 million in net assets that was authorized to bridge a potential net tuition gap was required. Vice President Cate stated that predicting expenses is much easier than predicting revenue and his objective is to always have a balanced budget.

Trustee Daigle was curious about how the implementation of incentive-based budgeting (IBB) is affecting the financial infrastructure. Vice President Cate outlined the implementation process which includes him meeting with each dean to discuss specific needs for their college or school, his senior leaders and staff working closely with the University Business Advisors and providing transition support to the campus through the pilot year. Next year, deans will receive reports reflecting what the previous year's budget would have looked like under IBB.

He agreed that the administration will provide an IBB overview in February which will include samples of how future reports will be presented once the new budgeting model is fully implemented.

UVM Foundation Sustainable Investment Fund

Chief Executive Officer Rich Bundy informed the committee that the Green Investment Fund at UVM Foundation was created in response to a donor's request for a sustainable investment fund. It is a Green Century balanced fund, a blended commercial mutual fund of stocks and bonds. Also at the donor's request, this is a student-managed fund held by the UVM Foundation and separate from the University's endowment.

Trustee Wilson said that this was a great alternative investment opportunity and inquired about how potential donors could learn more about donating to the fund. CEO Bundy said his staff are available to assist anyone interested in learning more.

CEO Bundy noted that the UVM Foundation governance structure includes a Finance and Investment Committee, separate from the University's Investment Subcommittee. Trustee McCree added that he and Trustee Brennan are members of the Finance and Investment Committee, as well.

Chair Daigle recessed the meeting at 11:40 a.m. and reconvened the meeting at 1:00 p.m.

Capital Project – Billings Library Renovation

Chair Daigle invited Vice President for University Relations and Administration Tom Gustafson, Capital Planning and Management Director Bob Vaughan, and CEO Bundy to provide the funding plan for the schematic design phase of the Billings Library renovation project.

Vice President Gustafson stated that the strategic goals of this project are to advance the overall theme of investing in the academic quality of the University, enhance academic programs, and strengthen research. It will provide faculty and student better access to the University's Special Collections (currently in Bailey-Howe Library), the Carolyn and Leonard Miller Center for Holocaust Studies, and the Center for Research on Vermont. Director

Director Vaughan reported that the Educational Policy & Institutional Resources Committee approved the conceptual design of the project earlier today. He further explained the project's scope has two distinctive stages. The initial work will focus on renovating the historic third floor for space for classrooms, events and exhibits. The North Lounge will return to its original design as a reading room. The fourth-floor mezzanine will house offices for the above-mentioned historic materials. Work is scheduled to commence in August 2015 and wrap up by February 2016.

The second stage (May 2017 – January 2018) entails completely reconfiguring the 1984 upper level addition that the Cook Commons dining facility current occupies. The existing concrete slab construction will accommodate the heavy loading requirements of the Special Collections shelving needs.

Director Vaughan informed the committee that options on relocating the third-floor displaced offices are being considered and the removal of Cook Commons may be resolved by including a dining facility in the new third-party housing plans that will replace Chittenden-Buckham-Wills.

Director Vaughan said that the estimated budget for the schematic design phase is $200,000, and $8.5 million for the overall project. Mr. Bundy confirmed that the total source of funds is private committed gifts.

Trustee Ventriss inquired about further renovations needed to Billings Library. Director Vaughan responded that the current project does not encompass everything that needs further work, and there could be another project request in the future.

When asked how this renovation will impact the University's deferred maintenance, Director Vaughan promised to provide information to the Committee in the near future.

Chief Information Officer and Dean of Libraries and Learning Research Mara Saule was asked to address Trustee Branagan's question about plans for the vacant space in Bailey-Howe Library. She replied that the space will be renovated to create a learning commons for students with multi-media areas and project space.

Chair Daigle presented the following resolution for Committee approval for recommendation to the full Board:

> **Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for Billings Library Renovation**
>
> WHEREAS, the Educational Policy & Institutional Resources Committee has reviewed the preliminary study of the feasibility, programming and conceptual design of Billings Library Renovation and affirmatively referred the Billings Library Renovation to the Budget, Finance & Investment Committee for financial review; and
>
> WHEREAS, the administration today asked the Committee to recommend initiation of the schematic design phase of Billings Library Renovation and generation of an associated project cost estimate and funding plan; and
>
> WHEREAS, the administration today reported the estimated cost of completing the schematic design phase of the Project and generating a total Project cost estimate and funding plan;
>
> THEN, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the administration to proceed with the schematic design phase of the Project and generate an associated project cost estimate and funding plan; and
>
> BE IT FINALLY RESOLVED, that the funds for such expenditures be drawn from gift assets.

A motion was made, seconded, and Trustees voted on the resolution: David Daigle – Aye, Carolyn Branagan – Aye, Joan Lenes – Aye, Donald McCree – Aye, Dale Rocheleau – Aye, Raj Thakrar – Aye, Lisa Ventriss – Aye, Jeff Wilson – Aye, and Mark Young – Aye. The resolution was passed as presented.

Enterprise Risk Management

Chair Daigle asked Vice President for University Relations and Administration Tom Gustafson and Vice President for Research Richard Galbraith to provide updates on the University's deferred maintenance and research funding, both of which have been identified as risks on the University's Enterprise Risk Map.

Deferred Maintenance
Vice President Gustafson was joined by Director of Maintenance Sal Chiarelli, Director Vaughan and CEO Bundy in his presentation. He said that deferred maintenance currently falls into the red zone of the University's heat map which puts the University at risk.

According to the Sightlines 2013 study, the backlog of deferred maintenance is about $320 million over a 50-year horizon. The five-year goal is to invest $19 million by FY 2019. In FY 2014, the practice of using one-time funding for deferred maintenance was replaced by dedicated base budgets for facilities and information technology and $7 million was committed. Another $1.5 million for facilities and $.5 million for IT was added to bases budget in FY 2015, for a total of $9 million. However, subject to budget capacity, an additional $2.5 million per year is required in order to reach the FY 2019 goal. Vice President Gustafson stated that addressing the University's deferred maintenance is both a challenge and a priority.

He then noted that about $36 million of deferred maintenance will be alleviated through upcoming building, renovations and demolitions. The Sightlines Study indicates that the STEM project will remove about $27.5 million and the demolition of Chittenden-Buckham-Wills dormitories will remove another $8.5 million due to the private funding of the replacement beds.

Vice President Cate addressed questions on the deferred maintenance impact of recently acquired real estate. He said that the Taft School is not included in the Sightlines data, and the College Street fraternity currently housing a sorority adds another $4 million to the total. Maintenance for Alumni House is the UVM Foundation's responsibility. It was also noted that newer buildings have a built-in 15% reserve to address structural needs as they arise.

Finally, Mr. Gustafson spoke to what is being done annually to address deferred maintenance. Projects priorities include life safety, building envelope, electrical and mechanical systems, vertical transportation and campus aesthetics.

Research Funding
Vice President Galbraith reported on his first review of the risk identified as *Lack of Diversification of External Research Funding*. His assessment led to the revising the level of likelihood from High to Moderate and views this more of an opportunity than a risk. He feels positive about strategizing on how to successfully tap into corporate funding.

Trustee Ventriss was pleased to hear about the focus on the global audience, but, questioned Vice President Galbraith whether Vermont businesses were being considered as further partners as well. Vice President Galbraith assured her that he has clearly thought of the Vermont sector as well and is welcome to opportunities on the small to significant scale.

In terms of how IBB may impact external sources, he foresees a whole new area of fund-raising opportunities.

Trustee Rocheleau commented that he would like to see the University take a similar approach to other identified risks and find opportunities.

BFI Committee Annual Work Plan Review

Vice President Cate reviewed the details of the Committee's 2015 Annual Work Plan, including the budget-approval process, risks under the auspices of the BFI Committee, and required written reports. When discussing capital project approval, he mentioned that the administrations will bring forth a funding proposal for the STEM project in February. This project will be the University's largest capital project to date. Chair Daigle recommended that Vice President Cate organize a learning session for new members to understand the magnitude of the project prior to their voting in February.

Adjournment

There being no further business, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,

David Daigle, Chair

Energy Efficiency Revolving Loan Fund

The administration is proposing to establish an energy efficiency revolving loan fund. Self-financing these projects will result in energy cost savings that will repay the loans, plus interest, so that additional projects can be funded. The first step to establishing the loan fund is to isolate available net assets in the amount of $13 million. This amount represents approximately 10% of the University's minimum level (July and December, just prior to the next round of tuition receipts) of liquid assets. A list of potential projects will be developed and then prioritized based on their payback period, internal rate of return (IRR), and the availability of remaining funds in the revolving loan fund. Before a project is funded the payback period and the IRR calculations will be reviewed by Efficiency Vermont, a non-profit corporation that provides technical assistance to Vermont households and businesses in reducing their energy costs. Only projects with payback periods of no more than seven years and a total cost of less than $3 million will be funded. After a period of two years these criteria will be reviewed with the Board of Trustees BFI Committee to determine if they are still appropriate. The administration will also provide an annual report on the results of the program.

~~Examples of potential projects with estimated costs include:~~

- ~~**Demand-controlled Ventilation Projects – $400,000+**: Projects could reduce excess ventilation energy by providing the ability to implement demand control ventilation, which will reduce energy costs and improve comfort levels.~~
- ~~**UVM Campus Exterior Comprehensive Lighting Upgrade LED Project – $800,000**: A variety of projects to replace exterior light fixtures with energy efficient light emitting diode fixtures, which use far less energy.~~
- ~~**Waterman Upgrades – Selected energy projects – $350,000**:~~
  ~~Ventilation Controls: $63,600 + $130,400~~
  ~~Lighting Controls Upgrade: $62,500.~~

The calculated amount of annual savings from projects will be transferred each year out of the general fund utilities budget in an amount adequate to make the annual payment necessary ~~in the form of interest and principal~~to repay the principal amount of the loan in full over the payback period. ~~Interest in the amount of 5% of the outstanding principal will accrue to general fund revenue (operating investment income). The remainder will be transferred as a principal payment to the revolving loan fund account to be used for other projects.~~ In order to maintain a conservative approach, if utility rates increase beyond those anticipated in the original pro forma for a project, the resulting increase in savings will not be factored into the repayment plan. The savings will therefore be primarily based on a reduction in energy usage.

~~Every precaution will be taken to avoid overestimating the savings from these projects but, if the savings do not accrue, the loans will be repaid by using a "waterfall" from our unrestricted net assets. If the expected savings do not accrue, the first $4.4 million of such "losses" would be covered by the $4.5 million unencumbered balance of the Unrestricted Loan fund; the next $4.3 million would be covered by the $36.5 million unencumbered (externally) balance of the General Fund Operations funds; and the last $4.3 million by the unencumbered $23.7 million balance of~~

~~the Treasury Operations fund. However, losses would not be allowed to accrue to this degree. If there are any such transfers for the purpose of covering nonperforming loans, a plan will be developed in each instance to reimburse the appropriate funds with savings from subsequent projects.~~

~~The chart below illustrates the repayment plan for a $1,000,000 loan for a project that has a five-year payback period.~~

~~**$1,000,000 Loan at 5% for a Period of Five Years**~~	~~**Interest Paid to Investment Income Account**~~	~~**Minimum Principal Payment to Revolving Loan Fund**~~
~~Year 1~~	~~$50,000~~	~~$200,000~~
~~Year 2~~	~~$40,000~~	~~$200,000~~
~~Year 3~~	~~$30,000~~	~~$200,000~~
~~Year 4~~	~~$20,000~~	~~$200,000~~
~~Year 5~~	~~$10,000~~	~~$200,000~~

Creating this revolving loan fund would help the University better control energy costs and meet its goal of being a leader in the area of sustainable energy production and efficient energy consumption.

Approved by the Board of Trustees *February 3, 2012*
Revised by the Board of Trustees October 17, 2014

Appendix B

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

COMMITTEE ON BUDGET, FINANCE AND INVESTMENT

The Committee shall have responsibility for overseeing the development of strategic, long-range institutional financial plans and related plan objectives. It shall engage in ongoing assessment of the current and long-range financial status of the institution.

The Committee shall oversee the formation and approval of annual budgets. It shall oversee the creation, implementation, and periodic review and revision of financial, treasury, investment and debt management policies.

The Committee shall review, and make recommendations to the Board regarding student tuition and fees.

The Committee shall retain investment managers and financial advisors as necessary and desirable in the conduct of its work.

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

Approved by the Board of Trustees: September 9, 2006
Approved as amended by the Board of Trustees: November 8, 2012
Approved as amended by the Board of Trustees:

BFI Committee Operational Elaboration of Charge

The ~~subject matter~~ jurisdiction of the Committee ~~may~~ includes:

- Strategic financial planning, including short and long-range financial status assessment
- The annual capital and operating budgets, and quarterly institutional financial statements
- State appropriations and capital requests
- Receipt of periodic updates from the Foundation CEO regarding fundraising goals and progress
- Fund investment decisions (such as those relating to the endowment and similar funds, agency funds, trusts and, as lawfully available, funds from bonds, loans, and other sources in excess of immediate debt payment requirements), including assets management and allocation, and policies relating to socially responsible investment
- Debt management, including the adequacy of assets to meet external debt obligations, and issuance of debt
- Cash, central bank, and commercial paper policies
- Dissolution, merger, sale, pledge, or transfer of all or substantially all of institutional assets
- Such other matters consistent with its charge as may be referred to the Committee by the Board Chair with notice to the Board