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, May 15, 2015 at 1:30 p.m., in the Silver Maple Ballroom, 401 Dudley H. Davis Center.

MEMBERS PRESENT: Chair David Daigle, Vice Chair Donald McCree, President Thomas Sullivan, Samantha Lucas, Ed Pagano, Dale Rocheleau, Lisa Ventriss, and Jeff Wilson

REPRESENTATIVES PRESENT: Faculty Representatives Don Ross and Randy Headrick, Staff Representatives Leslye Kornegay and Cheryl Herrick, Student Representative Roger DaGama, and Graduate Student Representatives Nikisha Patal and Mairi-Jane Fox

PERSONS ALSO PARTICIPATING: Provost David Rosowsky, Vice President for Finance and Treasurer Richard Cate, University Budget Director Alberto Citarella, Controller Claire Burlingham, Chief Risk Officer Al Turgeon, Vice President for Enrollment Management Stacey Kostell, and Director of Capital Planning and Management Robert Vaughan

ABSENT: Trustees Robert Brennan, Bernie Juskiewicz, and Joan Lenes; Foundation Representative Richard Ader, Alumni Representative Mike Reardon; and Student Representative Maya Donoghue

Chair Daigle called the meeting to order at 1:33 p.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the April 13, 2015 meeting.

Report of the Investment Subcommittee (ISC)

ISC Chair Don McCree noted the ISC has met six times since the last Board meeting and spent much of its time interviewing investment advisor managers. He explained that every five years, the ISC looks at which investment advisor assists UVM with managing its portfolio. Since 1980, UVM has been using Cambridge Associates. Every five years, there is a formal RFP process to reevaluate which advisor UVM is using. This year, an RFP was sent out to twenty different firms, three of which are still being interviewed. It is anticipated that a formal recommendation will be put before the Executive Committee for vote in June.

Student Representative Mairi-Jane Fox asked if the language in the RFP is specific to working with a university and/or a non-profit. Chair McCree explained the language is very detailed and the ISC talks with each potential firm about socially responsible thinking, what other benchmark universities are doing, etc.

Vice President Cate noted UVM has a much more active ISC, meeting eight times a year.

Trustee McCree added the ISC looks at a firm's track record and experience, its ability to support UVM in reporting and analytics around how the portfolio is performing over a period of time, as well as the firm's access to managers.

Chair McCree then reviewed the Cambridge Report, dated May 15, 2015.

- **Asset Allocations**
  At the February ISC Asset Allocation meeting, the decision was made to maintain the University's current asset allocations.

- **Endowment Performance Update**
  Referring to pages 15 and 16 of the Cambridge Associates Performance Update (separate distribution) he continued with the following updates:
  - As of March 31st the balance was $441 million, which is up slightly from this time last year, though down from a few months ago
  - FY 2015 had a rough start in July through December due to a decline in international equities and natural resources
  - The endowment year-to-date 2015 had a return of 1.7%

Chair McCree explained the ISC plans to review the restrictions of UVM's investments and put together a comprehensive policy on how to manage the portfolio with these restrictions. The ISC wants to create more transparency on how the portfolio is managed and exactly what the Subcommittee does.

Chair Daigle added that, because the return on investment of the endowment is expected to be somewhat lower in the future due to changing market conditions, there may be a need to revisit the endowment's 4.75% spending rate in the future.

Socially Responsible Investing Advisory Council (SRIAC) Update

Socially Responsible Investing Advisory Council leader Claire Burlingham updated the Committee on Council activities.

During the last semester, the SRIAC met regularly. Most of the Council's work was focused on discussing and researching divestment from coal. The Council is currently reviewing and finalizing a recommendation to be sent to Vice President Richard Cate regarding the issue.

In addition to their work on coal, the Council also began researching the United Nations principles for socially responsible investing and the Montreal Pledge. These principles call for organizations to incorporate environmental, social, and governance (ESG) issues into their investment decision, as well as for organizations to seek appropriate disclosure on ESG issues from the entities in which they invest. This research will continue when the Council reconvenes in the fall.

She noted that members of the ISC joined the SRIAC at its meeting in April, which resulted in meaningful discussions and provided a work plan for when the Council reconvenes in the fall.

Controller Burlingham noted there will be four new members on the Council starting this fall. Ms. Burlingham thanked all of the departing members for their contributions and service on the Council.

She concluded by presenting the resolution reaffirming divestiture from Sudan as reviewed by the Council and recommended by the ISC.

Reaffirm Divestiture from Sudan

WHEREAS, the Board of Trustees approved a resolution for Divestment from Sudan on May 20, 2006;

WHEREAS, the resolution was amended by the Executive Committee on June 12, 2006, to include annual review and reaffirmation;

WHEREAS, the Committee on Socially Responsible Investing was dissolved as part of a new committee structure approved by the Board in September 2006 and implemented in November 2006;

WHEREAS, the Board established a Socially Responsible Investing (SRI) Work Group in September 2008; and

WHEREAS, in November 2012 the Board dissolved the SRI Work Group and authorized the creation of the Socially Responsible Investing Advisory Council;

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees reaffirms its Resolution for Divestment from Sudan, as re-stated below.

BE IT FURTHER RESOLVED, that the Budget, Finance and Investment Committee will review this resolution on an annual basis.

Resolution for Divestment from Sudan

WHEREAS, the University's Policy Statement on Moral, Social and Ethical Considerations in Investment and Shareholder Resolutions holds that the primary objective of investment by the University is to provide a satisfactory return on investment for the support of University operations based upon the Prudent Investor Rule; and

WHEREAS, the Policy Statement also holds, however, that the policy of fiscal prudence shall not preclude the University from considering moral, ethical, and social criteria in determining companies in which to invest; and

WHEREAS, a balanced group of the University community has been convened as the Committee on Socially Responsible Investing and has studied the issue of genocide in the Darfur region of Sudan and has made recommendations to the Investment Committee of the Board of Trustees;

> THEREFORE BE IT RESOLVED, that the University adopt and implement a policy of targeted divestment from companies doing business with or otherwise aiding the governing regime of Sudan based on the model developed by the Sudan Divestment Task Force;
>
> BE IT FURTHER RESOLVED, that the University implement its divestment policy to the fullest extent consistent with its fiduciary responsibilities; and
>
> BE IT FURTHER RESOLVED, that the Socially Responsible Investing Advisory Council will review and, if appropriate, reaffirm this resolution on an annual basis.

A motion was made, seconded, and the following vote was taken to reaffirm the resolution as presented: David Daigle - Aye, Donald McCree - Aye, Samantha Lucas - Aye, Ed Pagano - Aye, Dale Rocheleau - Aye, Lisa Ventriss - Aye, Jeff Wilson - Aye, and Thomas Sullivan - Aye.

General Obligation Bond, Series 2015 – Amended new Money Project

Chair Daigle reminded Committee members that at the February Board meeting, bonds for the STEM project were authorized. Today, the Committee will be asked to consider amending that resolution to include money for the construction of the new student housing project.

Vice President Cate explained that the Committee of the Whole voted to approve the funding proposal for the construction of a University-owned student housing project and that there was consensus to recommend to the BFI Committee that the amount of bonds to be issued for the project be amended from $55 to $53 million.

Vice President Cate added that if this was a private project, investors demand higher rates of return and a private developer would pay about $1 million in property taxes each year, whereas the University will not have to pay property taxes. Vice President Cate emphasized this decision was not instantaneous; there have been ongoing conversation between the Board leadership and the administration on this topic for the past month and a half.

Chair Daigle added that the General Obligation Bond, Series 2015 resolution, amended to include new money for the on campus student housing, was written by bond counsel in consultation with the administration. He explained that while making these decisions, the following factors were taken into consideration: the impact on student fees, the University's debt capacity, the University's Bond rating and the external auditor's opinion.

When asked if on-going maintenance was factored into the cost of the project, Vice President Cate explained that it is, and that UVM will continue to be in conversation with all the consultants and contractors to determine if they will stay on the project now that UVM will be managing the development and construction activities.

The following resolution was presented for approval with the recommended amendment to modify the amount to reflect the current bond requirement of $53 million.

<u>Resolution Approving General Obligation Bond, Series 2015 – Amended New Money Project (on campus student housing)</u>

See Appendix A

A motion was made, seconded, and the following vote was taken to approve the resolution as amended: David Daigle – Aye, Donald McCree – Aye, Samantha Lucas – Aye, Ed Pagano – Aye, Dale Rocheleau – Aye, Lisa Ventriss – Aye, Jeff Wilson – Aye, and Thomas Sullivan – Aye.

Vice President's Report/Third-Quarter General Fund Budget to Actuals

Budget Director Citarella briefed the Committee on the FY 2016 budget to actuals report as of March 31, 2015 distributed at the meeting. Of note:

- Revenue is in line with the budget at 97%
- Undergraduate tuition is up $1 - $2 million
- Graduate tuition is up $500 thousand - $1 million
- Operating Investment Income is down $900,000
- Actual expenses are in line with the budget at 75%, largely due to salaries
- Barring any unforeseen expenses, the budget is on track

GASB 45 Update on Post-Retirement Medical Benefits Discussion

Vice President Cate started the discussion by providing the history of Post-Retirement Medical Benefits (PRMB) at the University. Of note:

- UVM does not have a pension plan
- UVM contributes 10% of an employee's pay to a 403b retirement account
- UVM does have a defined benefit plan for post-retirement medical benefits
- The plan was altered in 2011 such that the eligibility age for PRMB was changed from 55 or 60 to age 65 and the required contribution for employees was significantly increased
- Those that met the eligibility criteria by June 30, 2014 retained the original benefits
- Employees hired after January 1, 2012 are eligible for a defined contribution plan, but not the pre-existing defined benefit plan

Vice President Cate noted the reason the system worked in the 1970s and 1980s was because medical costs were not rising at the pace they are now, and people were not living as long after retirement as they are now.

Vice President Cate went on to explain that the Government Accounting Standard Board (GASB) establishes the accounting rules for governments and related entities like UVM, and GASB 45 went into effect in FY 2008. GASB 45 requires that the future liability for UVM associated with paying for medical benefits in retirement be recognized in the finical statements when the obligation is incurred. He noted that UVM currently pays about $11 million for the benefits for current retirees and the additional annual liability is about $30 million. The accumulated liability recognized on the balance sheet since FY 2008 is $149 million.

The annual direct cost of PRMB is projected to rise until about 2032 when it reaches around $22 million. The actuarially calculated future liability will be readjusted every two years based on employee demographics and projections about the future cost of health insurance. Growth in the endowment has helped to offset this liability in the past; because most endowed gifts now go to the Foundation, UVM's endowment asset on the balance sheet will only grow in the future as a result of growth of the existing corpus.

Vice President Cate noted that although the increasing liability poses a challenge, the changes to UVM's PRMB plan in 2011 have significantly reduced the future impact and the rating agencies currently view this liability in such a way that it does not impact UVM's rating.

Chair Daigle noted that if the liability continues to grow so quickly, this would present an issue for UVM. He then asked if there was an estimated peak date. Vice President Cate explained that with an annual cost of $22 million, in FY 2032, UVM will have a liability of roughly $300 million.

Chair Daigle stated that as the Committee continues to think about UVM's debt capacity, this is a real liability unless it is possible to somehow reduce the liability in the future. At some point, this will be a drain on resources in real time and as UVM thinks about a balanced budget, it cannot ignore the future cost of this liability as it continues to accrue. When asked why the rating agencies are not treating this as a real liability now, Vice President Cate explained every higher education institution in the country is facing the same problem.

When asked how private institutions look at the liability of PRMB, Vice President Cate explained that when UVM starting looking at this, it was considered to be radical, as UVM had been more conservative in recognizing the liability than most other institutions. He noted that private institutions started doing this years ago because their accounting rules require that they accrue the entire liability rather than amortize it over 30 years, which is the requirement for public institutions.

Chair Daigle commended UVM for looking at this now and noted it is an intergenerational issue.

Minimum Liquidity Policy Discussion

Chair Daigle opened the discussion by explaining that over the course of the last few years, reserve funds have been targeted for various initiatives, including the STEM project and the Net Tuition Stabilization Fund. He noted that once applied to a specific purpose, UVM cannot rely on those funds as reserves anymore. Best practices on minimum liquidity standards are difficult to come by, but the administration continues to research this topic.

Vice President Cate reiterated that this is just the beginning of a conversation that will continue at subsequent meetings. He explained that UVM operates in a constrained financial environment with the 40% rule, one of the lowest state contributions, and UVM is very tuition dependent. Vice President Cate emphasized the difference between liquidity ($130 million as of today) and unrestricted, unencumbered cash ($30 million after STEM funding).

He stated the goal is to develop an approach that is consistent with the University Strategic Action Plan of promoting student affordability, advancing institutional quality and value, and maintaining financial sustainability for the institution.

Controller Burlingham went on to describe the formal definitions of terms related to the liquidity discussion. She noted that it is necessary to look at the standards and industry-wide drivers to form this discussion. One of the challenges of finding these standards is the basis of comparison is different; the way certain transactions are reported differ between private and public institutions. Also, each public university's relationship with their state differs, as well as their relationship with their foundation. The key common denominator is cash. Cash is easily defined and recognized on a balance sheet and most universities have a cash management policy similar to UVM.

Chief Risk Officer Al Turgeon explained they started research in early March of this year and are researching Moody's, S&P, NACUBO, GASB and other selected groups of peers and aspirants and that the Education Advisory Board (EAB) will assist in on-going research in the future through surveying benchmark universities to see how they do this and their best practices. He noted that data are difficult to obtain, as higher education institutions are reluctant to share this information. However, follow-up with each organizational contact to clarify data is being implemented.

Vice President Cate concluded the conversation by advocating for balance between ensuring that the University has a sound and sustainable financial base and continues to invest in the future on behalf of students. He noted one of the best practices will likely support the need to retain a minimum number of months of cash-on-hand, which is also a key component of liquidity. He stated that in an emergency, the funds in many of the internally restricted accounts could be made available for another purpose by a motion of this Board and noted the Green Revolving Loan fund as an example.

Chair Daigle reminded Committee members this conversation will continue in the fall and, after more data gathering and analysis, a recommendation will be provided for the Committee's consideration. He explained there will not be a perfect answer and that the minimum liquidity policy will be based off what other institutions are doing, input from the rating agencies, and what is best for UVM.

Chiller Plant Expansion Project

Vice President Cate opened the discussion by reminding Committee members that at the May 2014 meeting, the Board approved a $10 million expenditure for this project. At that time there was not time to gather detailed cost estimates before the vote as the Committee had been advised. Current detailed estimates indicate that the total cost for the project is now $11.8 million and the administration is proposing to take the remaining $1.8 million out of specific development project accounts and plant net assets reserves.

Trustee Dale Rocheleau asked about the possibility of using the Chiller Plant to service the new building on the hospital campus. Director of Capital Planning and Management Robert Vaughan explained that the hospital has tighter utility requirements and UVM does not want to take on those obligations.

The following resolution was presented with additional language added to the final paragraph as noted below:

Resolution Authorizing Expenditures of Chiller Plant Expansion Project

WHEREAS, the design of the University's STEM, Billings and student housing projects are ongoing and there are different options for providing chilled water to the facilities for air conditioning; and

WHEREAS, significant energy cost savings for the STEM and other currently planned projects can be achieved by expanding the existing central heat/chilling plant rather than installing standalone electric chillers; and

WHEREAS, on May 16, 2014, the Board of Trustees approved the expenditure of up to $10 million for the chiller plant expansion project;

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is hereby authorized to fund the Chiller Plant Expansion Project at a cost not to exceed $11.8 million, using the $10 million in funds approved by the Board of Trustees on May 16, 2014, and an additional $1.8 million of funding from relevant STEM, Billings and student housing project accounts and plant net assets; and this funding will be accomplished with no reduction in the University's unencumbered, unrestricted net assets.

A motion was made, seconded, and the following vote was taken to approve the resolution as amended: David Daigle – Aye, Donald McCree – Aye, Samantha Lucas – Aye, Ed Pagano – Aye, Dale Rocheleau – Aye, Lisa Ventriss – Aye, Jeff Wilson – Aye, and Thomas Sullivan – Aye.

FY 2016 Proposed Student Tuition, Fees and Rates

Provost David Rosowksy opened the conversation by explaining that budget drivers are largely the same as they have been in recent years: heightened competition for students; inadequate state appropriations; flat indirect cost recovery funding; salary and wage increases; financial aid increases to recruit students; health insurance benefits increase. He reiterated the primary commitment of UVM is access and affordability to students.

He then walked through the FY16 budget process noting that in February the University had reasonable estimates in enrollment and cost projections, which identified a $12.6 million need and started a strategy to remedy this. The budget strategy included increased undergraduate enrollment; a 3.4% tuition increase; and 2.8% administrative and 2.3% academic unit budget reductions.

Provost Rosowsky noted that UVM has higher tuition for out-of-state students than other public institutions, and therefore, UVM has to do more for its students. He explained that UVM is increasing tuition at a more modest rate than competitors and the UVM Foundation is working to increase financial aid at a higher rate than the tuition increase rate. Also, cost of attendance for Vermonters is, on average, discounted 30% and close to 40% of undergraduate students graduate with no debt.

As UVM's fixed costs are increasing, which include salaries, benefits, financial aid, utilities, fuel, etc., UVM must continue to seek ways to minimize costs, and generate more revenue with, which Incentive-based Budgeting (IBB) will help. IBB is on track to be implemented July 1 of this year.

Provost Rosowsky stated the FY16 budget is balanced and supports the Strategic Action Plan.

Vice President Cate continued the discussion by stating the general fund budget is $334 million. He explained that every single piece of this budget is allocated and will not change significantly next year. In regards to where UVM spends money, two-thirds of the budget goes directly to students and academic enterprise. He explained there were no significant changes on the premise budget sheet the Committee reviewed at its planning meeting in April.

Chair Daigle noted that state appropriation is declining in real terms because of the inflation rate and asked how long that could go on. Vice President Cate explained the state appropriation has been essentially flat in nominal terms for the past six years, but UVM did not suffer the radical reductions other universities did in the recession.

When asked if he was assuming a flat nominal contribution for state appropriations for next year, Vice President Cate confirmed he was, to be conservative. He explained UVM requests more each year, but projects it to be flat, in case it does not receive more.

President Thomas Sullivan added that of the state appropriation UVM receives, nearly one-half goes directly to support financial aid for Vermonters. Last year, he asked the legislature for a $1.3 million increase and was successful. This year, he asked for exactly the same amount, but received a 0% increase.

In regards to the IBB transition, Chair Daigle noted that the Committee does not see the internal changes UVM is making on a programmatic level regarding underperformers and transformative initiatives. Provost Rosowsky explained that IBB will indicate where costs cannot be met within certain programs with the tuition revenue generated. From there, it is possible to make decisions about programs that are not supporting UVM and see where revenue can be grown in other places to support strategic programs.

When asked if some things were more challenging to cut than others in regards to unit budget reductions, Provost Rosowsky stated that budget reductions are difficult no matter what. He explained that some colleges within the University were able to meet the reductions entirely on operating costs, but most units had to make decisions on how positions were filled and/or salaried.

Trustee Ed Pagano stated that the perception is UVM is very high-priced. Provost Rosowsky remarked that the average cost of attendance is lower than our competitors. Chair Daigle reiterated Trustee Pagano's point and encouraged Committee members to be ambassadors on the point that UVM is financially affordable to students.

Trustee Samantha Lucas noted that the increase of the undergraduate student body does not seem to be in line with the Strategic Action Plan of selecting quality students. Provost Rosowsky explained that UVM is still being selective with the students admitted each year and that the higher enrollment brings the University up to capacity. Vice President for Enrollment Management Stacey Kostell added that within the additional 136 undergraduate students being admitted, only 50 or 60 are first-year students and the remaining are transfer students.

When asked how tuition has increased over the last three years, President Sullivan noted it has increased: 2.9%, 3.4%, and 3.4% again for next year. Chair Daigle applauded the team for controlling gross tuition and net tuition increases.

Undergraduate Student Representative Roger DaGama asked if it was possible to move in such a way that tuition stays constant but aid goes down. President Sullivan explained that the 40% rule creates a problem in regards to that. He noted summer tuition rates decreased by 30% and part of the Strategic Action Plan is to grow summer school offerings. This will help substantially with a three-semester curriculum and UVM is moving in that direction.

University Budget Director Citarella pointed out that there were no significant changes to the FY 2016 budget premise presented at the April planning meeting which is based on a 3.4% tuition increase for both in-state and out-of-state students.

Chair Daigle then presented the following resolutions with a proposed amendment to the room and meal plan rates resolution as noted below:

Resolution Approving Tuition Charges for Fiscal Year 2016

RESOLVED, that the Board of Trustees hereby approves increases in the following tuition rates effective with the 2015-2016 academic year:

In-state tuition from $14,184 to $14,664 per year, or $611 per credit hour.
Out-of-state tuition from $35,832 to $37,056 per year, or $1,544 per credit hour.
Medical student in-state tuition from $32,020 to $33,460 per year.
Medical student out-of-state tuition from $56,060 to $58,020 per year.

Resolution Approving Online Tuition Rate for Fiscal Year 2016

RESOLVED, that the Board of Trustees hereby approves the continuation of variable tuition rates for programs that are offered exclusively online. Consistent with the Board resolution in 2011, online tuition rates will be set at a minimum of the prevailing in-state tuition rate and at a maximum of the prevailing out-of-state tuition rate. The rate will be set based on demand for the program and assessment of the national market for similar online programs and subject to the approval of the Provost.

Resolution Approving Global Gateway International Student Tuition

WHEREAS, the University, after a request-for-proposal process, entered into an agreement with Study Group, an international private-sector provider of education and training for international students, to provide services to UVM in support of the University's Global Gateway Program; and

WHEREAS, this program will prepare undergraduate international students to successfully matriculate to degree status, persist, and graduate, and to support the University's larger internationalization efforts; and

WHEREAS, the students need to be charged on a total cost-of-attendance basis that includes tuition, room and board, and all other fees and costs associated with enrollment at the University in a manner in accordance with the terms and conditions set forth in the agreement between the University of Vermont and Study Group;

THEREFORE, BE IT RESOLVED, that the following rates are established:

For the cohort entering in:	**Fall 2015**	**Spring 2016**
Fall '15 for the *1 semester* program	$27,599	n.a.
Fall '15 for the *2 semester* program	$27,599	$27,081
Fall '15 for the *3 semester* program	$15,671	$27,081
Spring'16 for the *1 semester* program		$27,081
Spring'16 for the *2 semester* program		$27,081
Spring'16 for the *3 semester* program		$15,153

For the cohort that entered (or will enter):	**Fall 2015**
Spring '15 for the *3 semester program*	$26,925
Summer '15 for the 2 semester program	$26,925

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

Resolution Approving Room and Meal Plan Rates, Fiscal Year 2016

RESOLVED, that the Board of Trustees hereby approves room and meal plan rates for Fiscal Year 2016 as follows:

	per year
Private Single with Bath	$9,216
Private Double with Bath	$9,000
Suite Single with Shared Bath	$8,710

Suite Double with Shared Bath	$7,524
Traditional Single	$8,500
Traditional Double	$7,376
Traditional Triple	$5,886
Retail Dining	$3,774
Residential Unlimited Access (+100 Points)	$3,774
Residential Unlimited Access (+325~~300~~ Points)	$4,220

Resolution Approving Student Fees for Fiscal Year 2016

RESOLVED, that the Board of Trustees approves increases to student fees from $2,042 to $2,104 effective with the 2015-2016 academic year.

Resolution Approving Graduate Student Senate Fee for Fiscal Year 2016

RESOLVED, that the Board of Trustees approves a continuation of the Graduate Student Senate fee in the amount of $20 for the academic year.

Resolution Approving Graduate Continuous Registration Fee for Fiscal Year 2016

RESOLVED, that the Board of Trustees approves a continuation of a varying Graduate Continuous Registration fee, effective with the 2015-2016 academic year, as follows:

Less than half-time $100 per semester
Half to full-time $200 per semester
Full-time $300 per semester

Resolution Approving Tuition for High-School Students

RESOLVED, that the Board of Trustees hereby approves the establishment of a new tuition rate, apart from the Dual Enrollment Program, for high-school students who wish to enroll part-time at the University. The rate is intended for high-school students who are officially enrolled in a high school or are home-schooled and remains effective in the summer immediately after graduation from high school but before matriculation into a degree program at UVM or another institution. The rates will be set at 50% of the prevailing tuition rate for that academic year based on the residency of the student. Summer tuition rates for these students will also be set at 50% of the prevailing tuition rate for the prior fall and spring semesters for the student's particular residency.

A motion was made, seconded, and the following vote was taken to approve the resolutions as presented and amended: David Daigle – Aye, Donald McCree – Aye, Samantha Lucas – Aye, Ed Pagano – Aye, Dale Rocheleau – Aye, Lisa Ventriss – Aye, Jeff Wilson – Aye, and Thomas Sullivan – Aye.

Chair Daigle next presented the following resolution approving the budget planning assumptions or Fiscal Year 2016 and offered an opportunity for further discussion.

<u>Resolution Approving Fiscal Year 2016 Budget Planning Assumptions: General Fund</u>

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2016, which lead to a General Fund operating expense budget for the University of $333,983,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

There being no further discussion, a motion was made, seconded, and the following vote was taken to approve the resolution as presented: David Daigle – Aye, Donald McCree – Aye, Samantha Lucas – Aye, Ed Pagano – Aye, Dale Rocheleau – Aye, Lisa Ventriss – Aye, Jeff Wilson – Aye, and Thomas Sullivan – Aye.

Adjournment

There being no further business, the meeting adjourned at 3:32 p.m.

Respectfully Submitted,

David Daigle, Chair

Appendix A

University of Vermont and State Agricultural College
Board of Trustees

For approval: May 16, 2015

GENERAL OBLIGATION BONDS,
SERIES 2015

AMENDED NEW MONEY PROJECT

WHEREAS, the University of Vermont and State Agricultural College (the "University") previously 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"), Series 2007 (the "Series 2007 Bonds"), Series 2009 (the "Series 2009 Bonds"), Series 2010A and Series 2010B (collectively, the "Series 2010 Bonds"), Series 2012A (the "Series 2012A Bonds") and Series 2014 (the "Series 2014 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 dated as of September 1, 1998, the Series 2002 and Second Supplemental Indenture dated as of June 13, 2002, the Series 2005 and Third Supplemental Indenture dated as of September 27, 2005, the Series 2007 and Fourth Supplemental Indenture dated as of July 11, 2007, the Series 2009 and Fifth Supplemental Indenture dated as of April 16, 2009, the Series 2010A and Sixth Supplemental Indenture dated as of February 18, 2010, the Series 2010B and Seventh Supplemental Indenture dated as of February 18, 2010, the Series 2012A and Eighth Supplemental Indenture dated as of August 15, 2012 and the Series 2014 and Ninth Supplemental Indenture dated as of October 30, 2014 (the Trust Indenture, as amended, is hereafter referred to as the "Indenture"); and

WHEREAS, a working group of Trustees appointed by the Chair of the Budget, Finance and Investment Committee of the University's Board of Trustees (the "Bond Work Group") met on January 22, 2015, and, due to favorable market conditions, recommended to the University's Board of Trustees (the "Board") that the University (i) refund all or a portion of the outstanding Series 2005 Bonds (the "Series 2005 Refunded Bonds"), all or a portion of the outstanding Series 2007 Bonds (the "Series 2007 Refunded Bonds") and all or a portion of the outstanding Series 2009 Bonds (the "Series 2009 Refunded Bonds" and collectively with the Series 2005 Refunded Bonds and the Series 2007 Refunded Bonds, the "Refunded Bonds") and (ii) finance the cost of certain capital projects of the University which have been authorized by the Board prior to the date hereof (including authorized reimbursements for prior University capital expenditures) (the "New Money Project"); and

WHEREAS, the Board met on February 7, 2015 and adopted a resolution (the “February 2015 Resolution”) approving and confirming the issuance by the University of its General Obligation Bonds, Series 2015 in amounts not to exceed $80,000,000 aggregate principal amount allocable to the New Money Project, $84,000,000 aggregate principal amount allocable to the refunding of the Series 2005 Refunded Bonds, $79,000,000 aggregate principal amount allocable to the refunding of the Series 2007 Refunded Bonds and $73,000,000 aggregate principal amount allocable to the refunding of the Series 2009 Refunded Bonds (collectively, the “Series 2015 Bonds”), in one or more series, at one or more times; and

WHEREAS, the Board has determined that it is desirable to finance additional capital projects and therefore to increase the maximum principal amount of Series 2015 Bonds authorized to be issued by $53~~55~~,000,000 (the amended New Money Project as more particularly described on Exhibit A attached hereto being referred to as the “Amended New Money Project”);

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Increase in Series 2015 Bond Amount Allocable to Amended New Money Project. The Board hereby approves and confirms the portion of the Series 2015 Bonds allocable to the Amended New Money Project shall be in the initial principal amount of not more than $137 million. The Board hereby ratifies all other parameters of the Series 2015 Bonds authorized by the February 2015 Resolution and all other provisions of the February 2015 Resolution shall remain in full force and effect.

Section 2. No Personal Liability. No stipulation, obligation or agreement herein contained 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 2015 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 3. 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 herein, 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 hereof, (b) any agreement to which the University is bound, (c) any rule or regulation of the University or (d) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of Vermont.

Section 4. 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 2015 Bonds authorized hereunder.

Section 5. Conflicting Provisions. All prior resolutions or parts thereof of the University in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 6. Effective Date. This Resolution shall take effect upon its adoption.

Exhibit A

Amended New Money Project Description

The New Money Project shall consist of (i) the development of the Science Technology Engineering and Mathematics complex including (A) demolition of Angell Hall and the Cook Building; (B) construction of a research / teaching lab building and a classroom / office building; and (C) renovation of Votey Hall; and (ii) the construction of a student housing building.