

**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 20, 2017 at 10:30 a.m. in the Sugar Maple Ballroom, room 400 at the Dudley H. Davis Center.

MEMBERS PRESENT: Vice Chair Robert Brennan, David Aronoff, John Bartholomew, Johannah Donovan, Bernard Juskiewicz, Ron Lumbra, Ed Pagano, Soraiya Thura, and Lisa Ventriss

OTHER TRUSTEES PRESENT: Board Chair David Daigle*

REPRESENTATIVES PRESENT: Faculty Representatives Andrew Barnaby and Timothy Higgins, Foundation Representative Richard Ader**, Alumni Representative Myron Sopher, Staff Representative Renee Berteau, Student Representatives Clark Deng and Reginah Mako, Graduate Student Representatives Michelle DiPinto and Joseph Campbell

PERSONS ALSO PARTICIPATING: Vice President for Finance and Treasurer Richard Cate, University Budget Director Alberto Citarella, Controller Claire Burlingham, UVM Foundation President and CEO Shane Jacobson, Director of Capital Planning and Management Robert Vaughan, Assistant Provost and Chief of Staff Kerry Castano, and Associate Dean of the College of Medicine Brian Cote

ABSENT: President Thomas Sullivan, Chair Don McCree and Staff Representative Sonya Stern

* departed the meeting at 11:12 a.m.

**Participated via conference call starting at 11:16 a.m.

Vice Chair Robert Brennan called the meeting to order at 10:42 a.m. He began by emphasizing the Board of Trustees meeting is a public meeting and visitors are welcome.

He then welcomed new Graduate Student Representatives Michelle DiPinto and Joey Campbell, Faculty Representative Timothy Higgins, and Staff Representative Renee Berteau.

Approval of Minutes

A motion was made, seconded, voted to approve the minutes of the May 19, 2017 meeting.

Summer Session Tuition

Budget Director Alberto Citarella introduced a resolution approving summer session tuition rates. He explained that the administration was asking for a continuation of the summer pricing structure that has been implemented for the past two summers: a 30% discount to the previous

spring's tuition rate. Since Summer Session 2015, this practice and the increased emphasis from the Colleges and Schools on summer enrollment increased summer revenue by roughly 7%. He noted the recommendation is that certain Graduate Programs, with prior approval of the Provost, be allowed to keep the same tuition rate as the prior Fall/Spring tuition rate. This would be a slight change from the previous resolutions and necessitates a slight edit to the Variable Graduate Tuition resolution previously approved by the Board.

The recommendation for Summer Session 2018 is to set tuition at \$452 per credit hour for in-state students and \$1,140 per credit hour for out-of-state students.

Modification of Graduate Variable Tuition

Director Citarella introduced a resolution modifying graduate variable tuition by reminding Committee members that on October 18, 2014, the Board approved the establishment of variable tuition rates for graduate programs. The modification of the resolution will allow certain graduate programs, with the prior approval of the Provost, to be able to maintain the same tuition rate (for both in-state and out-of-state students) in the Summer as it had in the previous Fall and Spring semesters.

Total Cost of Attendance for Global Gateway and Pre-Master's Programs (Summer/Fall 2018 and Spring 2019)

Director Citarella introduced a resolution setting the proposed total cost of attendance for the Global Gateway (GGP), a matriculation preparatory program for international undergraduate students, and the Pre-Master's Program (PMP), for graduate-level students.

He indicated that for most of the components of these students' charges, the University charges them the out-of-state rates that have been approved by the Board. However, he noted that there were two unique components of their pricing model that made them distinct from other out-of-state students.

The first unique component was the summer tuition rate. For the 2018 Summer Semester, the tuition component of the total cost-of-attendance fee will be set at the same tuition rate as the prior Spring semester, as opposed to the 30% discount rate for Summer Session Tuition of non-GGP/PMP students.

The second unique component was for those Global Gateway students whose program includes a semester of non-credit English as Second Language (ESL) coursework, the tuition component of their total cost-of-attendance fee for that semester will be set at \$7,000 per semester for Fall 2018 and Spring 2019.

Room and Meal Plan Rates for FY 2019

Director Citarella opened the conversation by explaining that last year, The College Board moved back the earliest date that students and parents could submit the Free Application for Federal Student Aid (FAFSA) and they changed the tax year of the financial year to be reported.

For example, if a student was applying for aid for the FY 2017 – 2018 school year, the old requirements called for use of 2016 tax data and the FAFSA could not be submitted until January 1, 2017. Under the new requirements, the FAFSA was able to be submitted as of October 1, 2016 using 2015 tax data. Last year, many schools responded by offering financial aid packages to early applicants in the fall rather than waiting until spring. This gave them a competitive advantage. In order for the Vice President for Enrollment Management to do so as well, she needs to be able to publish the maximum room and board rates prior to February, which is when the Board has traditionally been asked to approve them.

The proposal for increases to the predominate room and meal plan rates for FY 2019 is indicated below:

- The predominate residence hall traditional double room will increase 3.75%, not to exceed \$8,196.00, over the current year's rate based on new program additions/changes, facility renovations, and debt payment responsibilities.
- The predominate meal plan will increase 3.5%, not to exceed \$4,266.00, over the current year's rate based on the University's contract with Sodexo.

In addition to operating increases, facility renovations, and debt payments, this year's room rate increase also reflects the University's goal to increase first year retention. Residential Life has committed to the creation of residentially-based Learning Communities. The Fall 2015 first-year cohort who lived in a Learning Community with a required course had a retention rate of 90.2%.

Director Citarella then directed Committee members to the Comparator Charts shown as attachment 3 of the Board meeting materials. He explained with the 3.75% room increase, the University compares to its public and private comparators the same as it has in the past when the increase was 3.5%.

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

Resolution Approving Summer Session Tuition

RESOLVED, that the Board of Trustees hereby approves the tuition rate for Summer Session of \$452 per credit hour for in-state students and \$1,140 per credit hour for out-of-state students except that, with prior approval from the Provost, Graduate programs may maintain summer tuition rates for in-state and out-of-state students equal to the prior Fall and Spring tuition rates for their program. The changes will become effective for the 2018 Summer Session.

Resolution Modifying Graduate Variable Tuition

WHEREAS, the Board of Trustees previously approved 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; and

WHEREAS, the rate setting mechanism established the following:

- 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 Provost, based on student demand and the national market for similar program;

BE RESOLVED, that with prior approval from the Provost, graduate programs may maintain summer tuition rates for in-state and out-of-state students equal to the prior Fall and Spring tuition rates for their program.

This resolution supersedes the resolution approved by the Board of Trustees on October 18, 2014.

Resolution Approving Total Cost of Attendance Fees for Global Gateway and Pre-Master’s Programs

WHEREAS, the University, after a request-for-proposal process, entered into an agreement with Study Group to provide services to UVM in support of the University’s Global Gateway Program; and

WHEREAS, in January 2016, the Board approved amendments to the agreement with Study Group, which included additions to the Study Group Agreement to create a Pre-Master’s Global Gateway Program;

THEREFORE, BE IT RESOLVED, that for the 2018 Summer Semester, the tuition component of the total cost-of-attendance fee charged to Global Gateway Program students and Pre-Master’s Program student will be set at the same tuition rate as the prior Spring semester; and

BE IT FURTHER RESOLVED, that for those Global Gateway students whose program includes a semester of non-credit coursework, that the tuition component of their total cost-of-attendance fee for that semester shall be set at \$7,000 per semester for Fall 2018 and Spring 2019.

Resolution Approving Room and Meal Plan Rates, Fiscal Year 2019

RESOLVED, that the Board of Trustees hereby approves room and meal plan rates for Fiscal Year 2019 as follows:

| <u>Per Year</u> | |
|-------------------------------|----------|
| Private Single with Bath | \$10,240 |
| Private Double with Bath | \$9,098 |
| Private Triple with Bath | \$7,542 |
| Suite Single with Shared Bath | \$9,826 |
| Suite Double with Shared Bath | \$8,580 |

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| Suite Triple with Bath | \$7,174 |
| Traditional Single | \$9,446 |
| Traditional Double | \$8,196 |
| Traditional Triple | \$6,490 |
| Traditional Quad | \$5,494 |
| Retail Dining | \$4,266 |
| Residential Unlimited Access (+100 Points) | \$4,266 |
| Residential Unlimited Access (+300 Points) | \$4,766 |

A motion was made, seconded, and Trustees voted unanimously to approve the four resolutions as presented.

Report of the Investment Subcommittee (ISC)

ISC Chair Robert Brennan started the discussion by stating that the markets have been performing very well. He then reviewed the supplemental materials provided by Cambridge Associates comparing UVM's year-to-date performance with its benchmark. As of August 31, 2017, the portfolio is outperforming its benchmark for a 10-year period, although it is slightly underperforming its benchmark for a one- to five-year period.

He noted that the endowment, as of August 31, 2017, was \$505 million.

Board Chair David Daigle emphasized that with the *Move Mountains* campaign, a lot of the money being raised is going to projects that are currently happening on campus and not into the endowment. He also noted that the endowment is becoming increasingly important to the future of the University.

ISC Chair Brennan briefed new members on two policies up for annual review. The Endowment Budget Policy sets the percentage of the endowment to be available for spending. The Endowment Administration Fee Policy sets what is paid for administrative support, including staffing, legal fees, and investment advisor fees. The ISC has reviewed both policies and recommend they be reaffirmed with no changes.

ISC Chair Brennan presented the following resolutions for Committee approval and 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

Board of Trustees - October 18, 2014

Board of Trustees - October 3, 2015

Board of Trustees - October 22, 2016

Board of Trustees -

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 2018 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

Board of Trustees - October 18, 2014

Board of Trustees - October 3, 2015

Board of Trustees - October 22, 2016

Board of Trustees -

A motion was made, seconded, and Trustees voted unanimously to approve both resolutions as presented.

Vice President's Report

Vice President Cate started the conversation by congratulating University Controller Claire Burlingham, Assistant Controller Lindsey Donovan, as well as many members of the Controller's team for yet another year with an audit free of findings.

- **External Audit Update**

Controller Burlingham explained that KPMG completed their field work regarding the financial statement audit. There were no material weaknesses or significant deficiencies. The audit should be issued early by the end of the month. After that, the annual financial report will be issued.

- **Dual Enrollment Update**

The Administration is required to report annually on the number of high school students that were enrolled in UVM classes this past year. In FY 2017, 450 high school students took classes at UVM through the Dual Enrollment Voucher program, mostly during Summer 2017. This compares to 405 and 358 Dual Enrollment students in FY 2016 and FY 2015 respectively. In FY 2017, there were another 116 students who took classes at UVM outside of the Dual Enrollment Voucher program. This compares to 83 and 96 high school students in FY 2016 and FY 2015 respectively.

- **President's Strategic Initiatives Fund**

Controller Burlingham reminded Committee members that when the President's Strategic Initiatives Fund was created by the Board, the administration was asked to report annually on the fund. This fund's sources originate from one-time events such as the sale of property and the President makes decisions on how to strategically spend it. The current balance is \$49,537.

- **Budget to Actuals**

University Budget Director Citarella reported on the end-of-year results of the FY 2017 budget, noting that units spent \$13.3 million less than budgeted and actual revenues were \$11.5 million over budget. Of this balance, \$17.6 million will be reappropriated for multi-year use by academic and administrative units against strategic priorities to be reviewed and authorized annually by the Provost in future years. The other \$4.3 million will be earmarked for development of contingency funds, deferred maintenance/capital projects and subsidization of the Global Gateway program. The remaining \$2.7 million will become part of the University's unrestricted net assets.

Director Citarella explained the University ended the year with revenues \$11.5 million higher than budgeted and the primary driver behind this was undergraduate tuition net revenue, which came in above budget by \$6.4 million.

Vice President Cate noted that the University spent more on financial aid per student than it has in the past, as there were more higher-need students this year.

When asked why General Fund expenses were \$13.3 million below budget, Vice President Cate asked Associate Dean Brian Cote of the Larner College of Medicine (LCOM) to speak. Mr. Cote explained that this past year was unusual for LCOM, as some things the college anticipated purchasing or funding in FY 2017 didn't occur, such as Chair start-up packages and a new Information Technology system. Due to these things, there was a larger variance in expenses than expected. Mr. Cote expects that these transactions will occur in FY 2018.

Director Citarella also explained that Athletics, Legal Affairs, and the College of Arts and Sciences overspent their budgets. Both Athletics and the College of Arts and Sciences are on multi-year plans to get them onto budget. The Legal Affairs Office was over budget due to a series of unforeseen legal cases.

Fundraising Update on Capital Projects

UVM Foundation President and CEO Shane Jacobson updated the Committee on fundraising progress on capital projects, including the STEM Complex and Ifshin Hall. He began his presentation by explaining the different categories into which funding from the Capital Campaign are allocated.

President and CEO Jacobson explained that the STEM Complex will be funded by a mix of private gifts and non-debt funding. As of October 19, 2017, the Foundation had already secured \$10.3 million in non-debt funding. The remaining non-debt goal is \$15.7 million. The Foundation leadership remains confident that a high percent of the non-debt goal will be achieved through donor funding.

In regard to Ifshin Hall, as of October 19, 2017, \$7.7 million of the \$11 million non-debt goal and total project cost has been raised in non-debt funding. The Foundation remains confident that a high percent of the non-debt goal will be achieved through donor funding.

Capital Projects

Director of Capital Planning and Management Robert Vaughan was invited to present the Residential Life FY 2018 Deferred Maintenance Project (McAuley Hall). This project will replace the exterior aluminum curtain wall system on the exterior of the building of McAuley Hall on the Trinity Campus.

It is estimated that the renovation scope for McAuley Hall will cost \$3.0 million, based on the current estimates, which will be supported by the use of unrestricted plant funds that currently exist in residential life.

Vice Chair Brennan presented the following resolution for Committee approval and recommendation to the full Board:

Resolution Approving Residential Life FY 2018 Deferred Maintenance Project (McAuley Hall)

WHEREAS, the administration today reported on the estimated cost for the McAuley Hall Deferred Maintenance Project and presented a funding plan,

THEN, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the \$3,000,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the \$3,000,000 of funds for such expenditures be drawn from the unrestricted plant funds from Residential Life.

The motion was made, seconded, and Trustees voted unanimously to approve the resolution as presented.

Contract with Educational Advisory Board – Student Success Collaborative

Vice President Cate introduced a six-year contract with the Educational Advisory Board - Student Success Collaborative for advising/retention software and services at a cost not to exceed \$1.4 million. He explained this software is a strategic initiative of the Provost to better advise students to increase retention. This tool will improve the communication link between students and advisors so faculty members can better help guide students toward the resources they need on campus.

Assistant Provost Kerry Castano explained the three most important aspects of the tool are as follows:

- The software will run 10 years of the University's student data through their analytics and report back.
- The software will allow faculty and advisors to send emails and texts to students that are specific to their needs. The software will allow staff in student support units and faculty on campus to communicate with each other and help students in a more individualized way.

Vice Chair Brennan presented the following resolution for Committee approval and recommendation to the full Board:

Resolution Approving Contract with Educational Advisory Board – Student Success Collaborative

RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is hereby authorized to execute a contract with Educational Advisory Board –

Student Success Collaborative, for advising and retention software and services for the University of Vermont, beginning on or about November 1, 2017 through June 30, 2023, in the amount not to exceed \$1,400,000.

A motion was made, seconded, and Trustees voted unanimously to approve the resolution as presented.

Adjournment

There being no further business, the meeting was adjourned at 11:47 a.m.

Respectfully submitted,

Robert Brennan, Vice Chair