

**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, October 25, 2019 at 10:15 a.m., in the Silver Maple Ballroom, 410 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Don McCree, Vice Chair Briar Alpert, President Suresh Garimella¹, David Aronoff, Robert Brennan, Kevin “Coach” Christie, Sidney Hilker, Bernard Juskiewicz, Ron Lumbr, Ed Pagano, and Tristan Toleno

REPRESENTATIVES PRESENT: Faculty Representatives Donald Ross² and Terri Donovan, Foundation Representative Richard Ader³, Alumni Representative Myron Sopher, Staff Representatives Joshua Tyack and Renee Berteau, Student Representative Lana Al-Namee, Graduate Student Representatives Jessica Bocanegra and Avery Rasmussen

PERSONS ALSO PARTICIPATING: Board Chair David Daigle, Vice President for Finance and Treasurer Richard Cate, University Controller Claire Burlingham, University Budget Director Shari Bergquist, UVM Foundation President and CEO Shane Jacobson

ABSENT: Student Representative Clark Deng

¹ Joined the meeting at 11:24 a.m.

² Joined the meeting at 10:55 a.m.

³ Participated by conference phone, exited the meeting at 11:30 a.m.

Chair Don McCree called the meeting to order at 10:43 a.m. He began by welcoming Graduate Student representatives Jessica Bocanegra and Avery Rasmussen.

Approval of minutes

A motion was made, seconded and voted to approve the minutes of the May 17, 2019 meeting.

Vice President for Finance and Treasurer Richard Cate introduced UVM Budget Director Shari Bergquist. Ms. Bergquist worked as Assistant Dean for Business Operations at the UVM College of Nursing and Health Sciences for the past eight years. Previously, Ms. Bergquist also worked as a college Departmental Business Administrator at Medical University of South Carolina.

Summer session tuition

University Budget Director Bergquist explained that the proposal to set summer session tuition rates using the same pricing structure since 2015 is brought to the committee at this meeting so that rates may be publicized in a timely fashion for prospective students. As in the past, the proposed tuition is a 30% discount off the rates charged for the previous fall/spring semesters. Summer session enrollment has consistently increased since implementing this structure.

The recommendation for Summer Session 2019 is to set tuition at \$478 per credit hour for in-state students and \$1,204 per credit hour for out-of-state students.

**Total cost of attendance for Global Gateway and Pre-Master's programs
(summer/fall 2020 and spring 2021)**

University Budget Director Bergquist presented cost of attendance fees for the university's preparatory program for international undergraduate students, Global Gateway program, which includes the Pre-Master's program for graduate-level students.

Students recruited by UVM's Global Gateway program administrator, Study Group, are charged on a total cost of attendance basis, which includes out-of-state tuition, room and board, and all other fees and costs associated with enrollment at the university, in a manner that is consistent with the terms and conditions set forth in the agreement between the university and Study Group.

The recommendations are for the 2020 summer semester tuition component of the comprehensive fee charged to Global Gateway program students and Pre-Master's program students to be set at the same tuition rate as the prior spring semester; and the tuition for non-credit coursework to be set at \$8,000 per semester for fall 2020 and spring 2021.

The following resolutions were presented to the Committee.

Resolution approving summer session tuition

BE IT RESOLVED, that the Board of Trustees hereby approves the tuition rate for summer session 2020 of \$478 per credit hour for in-state students and \$1,204 per credit hour for out-of-state students except that, with prior approval from the Provost, graduate programs may maintain summer tuition rates for 2020 in-state and out-of-state students equal to the prior fall and spring tuition rates for their program.

Resolution approving total cost of attendance fees for Global Gateway and Pre-Master's programs (summer/fall 2020 & spring 2021)

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 2020 summer semester, the tuition component of the total cost-of-attendance fee charged to Global Gateway Program students and Pre-Master's Program students 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 \$8,000 per semester for fall 2020 and spring 2021.

A motion was made, seconded, and the resolutions were unanimously approved as presented.

Report of the Investment Subcommittee (ISC)

ISC Chair Robert Brennan referred committee members to the supplemental performance update report provided by Cambridge Associates.

As of September 30, 2019, the endowment balance was \$539 million and the Foundation has an additional \$33 million in non-monetary philanthropic assets generated from donations made for specific use as designated by the donor.

In addition, as recommended by the Investment Subcommittee, the committee is being asked to reaffirm the Quasi-Endowment Funds Policy. This policy was created to give guidance as to when a quasi-endowment should be established because the creation, management, and termination of the quasi-endowment funds involve the University's consolidated endowment pool.

The following resolution was presented to the Committee.

Resolution to reaffirm Quasi-Endowment Funds Policy

WHEREAS, in May 2011, the Board adopted a Quasi-Endowment Funds Policy to govern the creation, management, and termination of quasi-endowment funds; and

WHEREAS, the Investment Subcommittee is charged with review of the Quasi-Endowment Funds Policy; and

WHEREAS, at their meeting held on August 14, 2019, the Investment Subcommittee reviewed the Quasi-Endowment Funds Policy and recommended that the Budget, Finance and Investment Committee reaffirm the Quasi Endowment Funds Policy;

THEREFORE, BE IT RESOLVED, that the Budget, Finance and Investment Committee hereby recommends that the Board reaffirm the Quasi-Endowment Funds Policy, appearing as Appendix A to this document.

A motion was made, seconded, and the resolution was unanimously approved as presented.

Vice President's Report

- **Bond refinancing & rating agency update**

Vice President Cate spoke about bond refinancing and rating agency action. He noted that FY 2009 bonds were refinanced with a net present value savings of \$17 million as a result of low-interest rates. This is the sixth bond refinance that the University has undergone, while retaining its bond rating of Aa3. \$45 million of new bonds will be used for the on-campus multi-purpose center project.

- **External audit update**

University Controller Claire Burlingham reported that the University's external auditor, KPMG, is completing its fieldwork regarding the FY 2019 financial statement audit. To date, there are no material weaknesses or significant deficiencies, and it appears that UVM will once again receive a "clean" audit.

Vice President Cate noted that this is the seventh year in a row that UVM has received these positive audit results, which rarely is the case in higher education. Trustee Audit Committee chair Bernard Juskiewicz commended University Controller Burlingham and her staff for their excellent work.

- **President's strategic initiatives fund**

University Controller Burlingham provided the President's Strategic Initiatives Fund annual update. Established in 2015, this fund is used at the President's discretion and draws from one-time events such as the sale of property. As of June 30, 2019 the fund balance is \$333,308, of which the vast majority now has been committed.

- **Dual enrollment**

University Budget Director Bergquist presented a dual enrollment update. As of September 5, 2019, for FY 2019, 403 students took classes at UVM through the dual enrollment voucher program, mostly during summer 2019. This compares to 371, 450, and 405 dual enrollment students in FY 2018, FY 2017, and FY 2016 respectively. In FY 2019, another 97 high school students took classes at UVM outside of the dual enrollment voucher program. This compares to 51, 116, and 83 high school students in FY 2018, FY 2017, and FY 2016 respectively.

- **FY 2019 year-end general fund budget to actuals**

University Budget Director Bergquist reported on the FY19 budget to actuals report. The year-end results were positive, with units spending \$13.9 million less than budgeted, and actual revenues \$13.4 million over budget. After reappropriations and adjustments of \$19.1 million, there was a remaining fund balance of \$5.3 million, of which \$5 million will be used to help fund the multi-purpose center. Vice President Cates noted that the distributed report mistakenly stated the remaining fund balance was at \$5.2 million.

Fundraising update on capital projects

UVM Foundation President and CEO Shane Jacobson updated the committee on fundraising progress on capital projects, including the on campus multi-purpose center. As of September 30, 2019, the Foundation had commitments totaling \$32.86 million for the athletics facility. The Foundation projects they will have cash receipts for the project totaling \$15.2 million by December of 2021.

Adjournment

There being no further business, the meeting adjourned at 11:44 am.

Respectfully submitted,
Don McCree, Chair

Appendix A



Policy V 4.12.1

Responsible Official: Vice President
for Finance and Treasurer

Effective Date: May 21, 2011

Quasi-Endowment Funds

Policy Statement

The University, through its Board of Trustees, may establish, alter, or terminate quasi-endowment funds. A quasi-endowment fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the University, not by an external donor, and (2) the University may spend down the principal of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund's principal and earnings may be expended only for that purpose.

Reason for the Policy

From time to time the University may decide to designate assets as quasi-endowment funds. These funds gain the benefit of the earning power of the University's consolidated endowment pool while retaining the flexibility to be expended in whole or in part. Because the creation, management, and termination of quasi-endowment funds involve the University's consolidated endowment pool, they may proceed only with the approval of the Board of Trustees. These funds create a mechanism for the University to save and invest sums of money to be spent over time to achieve long-range academic objectives.

Applicability of the Policy

This policy applies to all University of Vermont faculty, staff, and students and to all academic and non-academic units.

Policy Elaboration

A minimum asset value of \$50,000 is necessary to establish a quasi-endowment fund. A department may use its own internal funds for this purpose.

Once established, a quasi-endowment fund's principal must remain within the consolidated investment pool for at least three years. New cash or assets may be added to a quasi-endowment fund only if that cash or those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund.

Following the establishment of a quasi-endowment fund and the expiration of the three-year lock-up period, its principal may be partially or totally expended only with the approval of the Board.

Definitions

A quasi-endowment fund is an expendable fund designated by the Board of Trustees for medium- to long-term investment. A quasi-endowment fund is established by the Board to function like an endowment fund but may be totally expended at the discretion of the Board. The fund's assets are invested in the same manner as those of a true endowment and have the same payout provisions.

Procedures

Requests or proposals to establish quasi-endowments must be directed in the first instance to the University Controller. That official may then advance the request or proposal to the Vice President for Finance and Treasurer (VPF). If the VPF determines that a quasi-endowment should be established, said establishment will be subject to the approval of the Board of Trustees Investment Subcommittee.

Forms

None

Contacts

Questions related to the daily operational interpretation of this policy should be directed to:

University Controller
Claire Burlingham
(802) 656-2903

The Vice President for Finance and Treasurer is the official responsible for the interpretation and administration of this policy.

Related Documents/Policies

None

Revision History

Approved by the University of Vermont Board of Trustees May 21, 2011

Approved by the President on June 7, 2011 and reaffirmed May 7, 2016

Reaffirmed by the University of Vermont Board of Trustees Chair May 20, 2016