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, 2009 at 9:15 a.m., in the Silver Maple Ballroom, 401 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Debbie McAneny, Co-Vice Chairs Robert Cioffi and Samuel Bain, Bill Botzow, Carolyn Branagan, Jason DePatie, Daniel Fogel, John Hilton, Jr., Susan Hudson-Wilson, John Snow, Donna Sweaney, and Mark Young

REPRESENTATIVES PRESENT: Faculty Representatives Albert Joy and Bud Meyers, Alumni Representatives Walt Blasberg and Meg Guziwicz, Staff Representatives Kit Ardell and Rodman Corey, and Student Representative Kate Ash (attending for Ben Porter and Kevin Issadore)

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

PERSONS ALSO PARTICIPATING: Vice President for Finance and Administration Richard Cate and Associate Vice President for Budget and Resource Management Ted Winfield

Chair Debbie McAneny called the meeting to order at 9:43 a.m.

Chair McAneny began the meeting by welcoming new trustees Carolyn Branagan and Mark Young to the Budget, Finance, and Investment Committee. She also welcomed student representative Kate Ash who was attending for Ben Porter and Kevin Issadore.

Approval of Minutes

A motion was made, seconded, and voted to approve the minutes of the April 13, 2009 meeting.

Committee Orientation

Chair McAneny stated that an agenda item was being added for committee orientation. She reviewed the Committee charge and key responsibilities for new trustees that were handed out to the Committee.

Updated Budget Forecast FY 2009

The Committee reviewed the budget to actual results through March 31, 2009. It is based on the FY 2009 budget as amended by the Board in September 2008. Overall, expenses are tracking in line with budget through nine months of operations. Vice President Cate reported that beginning in the first quarter of FY 2010, quarterly reports will be reviewed, approved and certified by Deans and Vice Presidents with subsequent joint attestation by the Vice President for Finance and Administration, the Provost and the President. Trustee Botzow recommended that these reports be presented to the Audit Committee as well as Budget, Finance, and Investment (BFI). Vice President Cate confirmed that would occur.
FY 2010 Budget – General Fund

Vice President Cate presented an overview of the FY 2010 general fund budget. A handout was provided to the Committee. At the April BFI meeting, the Committee reviewed the FY 2010 general fund budget parameters. Changes in revenue since April include a $3M reduction in facilities and cost reimbursement projections. Changes in expense include a reduction in salaries and wages, operating and equipment, and capital debt service. One-time adjustments include a $600K savings in the cost of no layoffs and the addition of $1.3M in one-time allocation to formula funded units. The revised budget shortfall is an increase from $4.4M to $5.4M. The FY 2010 projected general fund budget will be balanced with one-time state appropriations and $5.38M coming from Loan Fund reserves.

The Committee discussed various components of the budget. There was a short discussion on the University’s high sticker, high discount, financial aid strategy and the need for better marketing of this information to the public. It was also recommended that the Board be re-educated periodically on the University’s policy and rationale for using this institutional model. The University’s current rates for research facilities and administrative cost reimbursement, as well as the University’s endowment payout policy, were also discussed.

Trustee Snow expressed his concern that the Committee was being presented with a FY 2010 general fund budget that was out of balance. He added that the University was proposing to draw on reserves as a way to balance the budget; however the Committee will not have an opportunity to gain a full understanding of the University’s reserves until the October meeting. He asked whether the process was transparent so that the Board can be reasonably assured that the proposed budget is appropriate. Chair McAneny responded that the budget could be balanced sooner but that the decision was made not to jeopardize academic quality and student life. The fact that $3.2M was being returned to academic units is an indication that the budget was pushed as far as it could go.

Co-Vice Chair Cioffi thanked the legislative trustees for their role in level-funding the University’s state appropriation for FY 2010, adding that it reflected a large vote of support from the state. Trustee Branagan reminded the Committee that the state budget has not yet been approved but expressed the Governor’s support of the University.

Before voting on the FY 2010 general fund budget resolution, Chair McAneny asked if there were any final questions. Trustee Bain asked when the Committee would have opportunity to discuss the University’s current financial aid model and marketing strategies. Chair McAneny replied that it would be part of October’s meeting. Trustee Young asked whether the word “Premises” in the budget resolution should be replaced with “planning assumptions,” referring to page 9 of 13 of attachment 4. The Committee agreed to amend the resolution as suggested.

The FY 2010 general fund budget resolution was approved unanimously as amended by the Committee for recommendation to the full Board.
Fiscal Year 2010 Budget Planning Assumptions: General Fund

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions (as attached pg 9 of 13) for Fiscal Year 2010, which lead to a General Fund operating expense budget for the University of $284,645,000, with additional one-time spending of $2,349,000 covered by revenue of $276,173,000 and one-time State support of $5,441,000 and one-time support from balances in the Loan Fund of $5,380,000 and authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

Tuition Rates for FY 2010

Tuition rate increases of 6.0% for both Vermont and out-of-state students were proposed. Also included in the resolution are proposed tuition rate increases for the College of Medicine of 4.0% for the first year class and 2.0% for the second through fourth year classes, for both Vermont and out-of-state students.

The Committee was also asked to approve the establishment of a flat tuition rate for programs that enroll non-degree or certificate students and are offered primarily on-line. On-line tuition will go into effect for the fall 2009 semester at a rate of $488 per credit hour for the 2009-10 academic year. Both tuition resolutions were unanimously approved by the Committee for recommendation to the full Board.

Tuition Charges for Fiscal Year 2010

RESOLVED, that the Board of Trustees hereby approves increases in the following tuition rates effective with the 2009-2010 academic year:

a. In-state tuition from $11,048 to $11,712 per year, or $488 per credit hour.
b. Out-of-state tuition from $27,886 to $29,568 per year, or $1,232 per credit hour.
c. Medical student in-state tuition from $26,680 to $27,750 per year for first-year students; from $26,680 to $27,210 for second-year students; from $26,680 to $27,210 for third-year students; and from $26,680 to $27,210 for fourth-year students. Medical student out-of-state tuition from $46,700 to $48,570 per year for first-year students; from $46,700 to $47,630 for second-year students; from $46,700 to $47,630 for third-year students; and from $46,700 to $47,630 for fourth-year students.

On-line Tuition Rate

RESOLVED, that the Board of Trustees hereby approves the establishment of a flat tuition rate for programs that enroll non-degree or certificate students and are offered primarily on-line. On-line tuition will go into effect for the Fall 2009 semester at a rate of $488 per credit hour for the 2009-10 academic year.

Student Fees for FY 2010

An increase of $46 (2.6%), from $1,796 to $1,842, is proposed for FY 2010. The student fees resolution was unanimously approved by the Committee for recommendation to the full Board.
**Student Fees for Fiscal Year 2010**

RESOLVED, that the Board of Trustees approves increases to student fees from $1,796 to $1,842 effective with the 2009-2010 academic year.

**Room and Meal Rates for FY 2010**

The predominate traditional double room rate is proposed to increase 3.7% to $5,964 for the 2009-2010 academic year and the proposed average meal plan rate will increase 9.0% to $3,032. The room and meal rate resolution was unanimously approved by the Committee for recommendation to the full Board.

**Room and Meal Plan Rates, Fiscal Year 2010**

RESOLVED, that the Board of Trustees hereby approves room and meal plan rates for Fiscal Year 2010 as follows:

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Single with Bath</td>
<td>$7,446</td>
</tr>
<tr>
<td>Private Double with Bath</td>
<td>$7,272</td>
</tr>
<tr>
<td>Suite Single with Shared Bath</td>
<td>$7,042</td>
</tr>
<tr>
<td>Suite Double with Shared Bath</td>
<td>$6,080</td>
</tr>
<tr>
<td>Traditional Single</td>
<td>$6,868</td>
</tr>
<tr>
<td>Traditional Double</td>
<td>$5,964</td>
</tr>
<tr>
<td>Traditional Triple</td>
<td>$4,756</td>
</tr>
<tr>
<td>Traditional Quad</td>
<td>$3,994</td>
</tr>
<tr>
<td>Retail Dining – Lite Points</td>
<td>$2,386</td>
</tr>
<tr>
<td>Retail Dining – High Points</td>
<td>$3,032</td>
</tr>
<tr>
<td>Unlimited Access (+100 Points)</td>
<td>$3,032</td>
</tr>
<tr>
<td>Unlimited Access (+250 Points)</td>
<td>$3,392</td>
</tr>
</tbody>
</table>

**FY 2010 Budget - Morgan Horse Farm**

The UVM Morgan Horse Farm is a self-sustaining operation that generates the majority of its revenue from the sale of horses. The proposed FY 2010 operating budget of $360,001 represents a 2.0% increase over FY 2009. The Committee unanimously approved the Morgan Horse Farm resolution presented for recommendation to the full Board.

**Fiscal Year 2010 Operating Budget: Morgan Horse Farm**

RESOLVED, that the Board of Trustees approves the recommended operating budget for the Morgan Horse Farm for Fiscal Year 2010 in the amount of $360,001.
Report of the Investment Subcommittee

Performance and Manager Review

Investment Subcommittee (ISC) Chair Cioffi opened his remarks by providing a brief orientation for the new/returning Board members in regard to the ISC and its role within the BFI Committee. The BFI Committee annually confirms ISC’s recommendation for asset allocation. In addition, the BFI Committee receives quarterly performance reports prepared by Cambridge Associates. The ISC meets monthly to discuss manager performance, reviews asset allocation targets and tries to stay within these ranges throughout the year. In August, the ISC will have its annual meeting to review and set asset allocation targets, and review managers’ performance.

Chair Cioffi led the Committee through the Cambridge Associates’ University of Vermont Long-Term Pool Investment Performance Report as of March 31, 2009. The University’s endowment returns were -3.5% for the most recent quarter and -28.0% for fiscal year-to-date. April preliminary numbers look positive. The endowment aggregate value as of March 31, 2009 is $238.3 million, down from September 30, 2007 value of $348.9 million, the endowment’s high water mark.

The ISC receives reports from the Socially Responsible Investing Work Group. The ISC is recommending one resolution from the SRIWG today along with the Investment Advisor Contract Renewal.

Chair Cioffi thanked Trustee Botzow for his help in association with the UPMIFA bill that was recently passed by the State Legislature.

Investment Advisor Contract Renewal

Annually, the “Resolution Regarding Investment Advisory Services” is brought before the Committee for review and approval. A motion was made, seconded and approved to continue the contract with Cambridge Associates at a fee to be determined by the Investment Subcommittee Chair for the fiscal year July 1, 2009 through June 30, 2010.

Resolution Regarding Investment Advisory Services

BE IT RESOLVED, that the President, Provost, Vice President for Finance and Administration, Controller, or any officer holding the above positions on an interim basis, singly is authorized to enter into a contract with Cambridge Associates LLC for the purpose of serving as an investment advisor to the University for the period July 1, 2009 to June 30, 2010, at a fee to be determined by the Investment Subcommittee Chair.

This resolution supersedes all previous authorizations.

Socially Responsible Investing Work Group (SRIWG) Update

Trustee Snow described the role of the SRIWG and how issues of concern are brought forward regarding investment policy relative to the University’s endowment. The SRIWG are the successor group to the Socially Responsible Investing Committee, which is uniquely designed to
have equal voting privileges for Trustees, Faculty, Staff, and Students. Recommendations come from all over the community in response to call for issues. In the past, the SRIWG has considered proposals for actions relative to voting of proxies, and actions to divest from certain companies.

Generally, SRIWG tries to set the bar very high for divestment because it is costly in terms of administration and opportunity costs. Currently we only have two divestment resolutions in place: divestment from tobacco companies receiving at least 25% of their revenues from the manufacture of tobacco, and companies deemed to support the regime in Sudan. We have several proxy voting resolutions that consist of Climate Change, Tobacco Advertisement, Discrimination, and Landmines.

Trustee Snow reported that the SRIWG has been working with the Students Against War (SAW) for approximately a year regarding cluster munitions and military equipment and/or weapons containing depleted uranium. Both have broad adverse effect on human health and environment. The cluster munitions are very attractive to small children because they resemble toys with grave consequences. The depleted uranium contains hardening properties used in body armor among other items, and has been identified as causing significant health to the user and to the environment through which they pass. Because of both of these issues, SAW has asked the University to divest from companies materially engaged in manufacture of:

a) Cluster munitions as defined by the Oslo Treaty of December 2008; and
b) Military equipment and/or weapons containing depleted uranium.

There have been eight companies identified as being materially involved in their manufacture. Three companies are involved with the production of these products and are the group’s main concern.

It was brought to the Committee’s attention that the “Resolution Regarding Divestment from Companies Manufacturing or Distributing Cluster Munitions and/or Military Items Containing Depleted Uranium” should have a sunset clause similar to the “Resolution for Divestment from Sudan.” It was agreed to unanimously by the Committee.

Annually, there is an automatic sunset requiring action to reaffirm its “Resolution for Divestment from Sudan.” The SRIWG unanimously agreed that the University should remain divested since the conditions are still deplorable in Sudan.

A motion was made, seconded and approved for the “Resolution Regarding Divestment from Companies Manufacturing or Distributing Cluster Munitions and/or Military Items Containing Depleted Uranium” as amended, and the “Resolution for Divestment from Sudan”.

**Reaffirm Divestiture from Sudan**

RESOLVED, that the Board of Trustees reaffirms its Resolution for Divestment from Sudan, as adopted by the Board on May 18, 2006, and amended by the Executive Committee on June 12, 2006 (stated below);

BE IT FURTHER RESOLVED, that the Budget, Finance and Investment Committee, as successor to the Committee on Socially Responsible Investing, 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 Investment Work Group will review and reaffirm this resolution on an annual basis.

Resolution Regarding Divestment from Companies Manufacturing or Distributing Cluster Munitions and/or Military Items Containing Depleted Uranium

WHEREAS, the board reaffirms its commitment to “Our Common Ground” and its stated values of “justice” and “responsibility”; and

WHEREAS, the University’s policy of fiscal prudence shall not preclude the consideration of moral, ethical and social criteria in determining companies in which to invest, and that the University will take an active role on request in pursuing shareholder resolutions through proxy resolutions and other means in order to further its goal of investing in firms that produce safe and useful products in accord with moral, ethical and social criteria; and

WHEREAS, reaffirming the Declaration of the Oslo Conference on Cluster Munitions, by which, inter alia, States recognized the grave consequences caused by the use of cluster munitions and committed themselves to conclude by 2008 a legally binding instrument that would prohibit the use, production, transfer, and stockpiling of cluster munitions that cause unacceptable harm to civilians, and would establish a framework for cooperation and assistance that ensures adequate provision of care and rehabilitation for victims, clearance of contaminated areas, risk reduction education, and destruction of stockpiles; and
WHEREAS, weapons containing depleted uranium have potentially harmful effects on human health and the environment and do so indiscriminately;

BE IT RESOLVED, that the Budget, Finance & Investment Committee recommends University divestment from companies that are materially engaged in the manufacture of:

a) Cluster munitions as defined by the Oslo Treaty of December 2008.

b) Military equipment and/or weapons containing depleted uranium.

BE IT FURTHER RESOLVED, that the Socially Responsible Investment Work Group will review and reaffirm this resolution on an annual basis.

Signatory Authority Resolutions

Vice President Cate brought forward seven resolutions for approval. He explained that these resolutions are before them solely because the predecessor resolutions include the title “Associate Vice President for Finance and Controller,” and the position has been renamed “Controller.” This will ensure that the standing resolutions are technically correct and will prevent potential problems with financial transactions in the future.

A motion was made, seconded and approved for the “Establishment of Bank Account,” “Transfers between Corporate Accounts,” “Maintenance of Accounts,” “Establishment of Brokerage Account,” “Sale of Securities,” “Signatory Authority - UVM Pooled Income Fund,” and “TD Bank - Wire Transfer Agreement” resolutions to move to the full Board.

Establishment of Bank Account

BE IT RESOLVED, that any combination of two of the following persons: the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, or any officer holding any of the above positions on an interim basis, are hereby authorized to open or close commercial checking accounts for the purpose of conducting corporate business; and

BE IT FURTHER RESOLVED, that the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, Senior Treasury Management Professional, and Treasury Management Professional, or any officer holding any of the above positions on an interim basis, are hereby authorized to be signatories on these accounts.

This resolution supersedes all previous authorizations.

Transfers between Corporate Accounts

BE IT RESOLVED, that the Board of Trustees hereby authorizes the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, Senior Treasury
Management Professional, Treasury Management Professional, or any officer holding any of the above positions on an interim basis, to issue telephone instructions to banks for the purpose of conducting University business by making transfers between the University’s corporate accounts at banks and the University’s accounts at other institutions.

This resolution supersedes all previous authorizations.

**Maintenance of Accounts**

RESOLVED, that any combination of two of the following persons: the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, or any officer holding any of the above positions on an interim basis, are hereby authorized and empowered to carry out all legal acts relative to the maintenance of any Bank accounts; and

BE IT FURTHER RESOLVED, that the agreements and authority herein confirmed continue in force until notice of amendment or revocation thereof by proper resolution shall be given to the Bank.

**Establishment of Brokerage Account**

BE IT RESOLVED, that any combination of two of the following persons: the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, or any officer holding any of the above positions on an interim basis, are hereby authorized to open and close brokerage accounts for the purpose of conducting corporate business; and

BE IT FURTHER RESOLVED, that the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, Senior Treasury Management Professional, or any officer holding any of the above positions on an interim basis, singly is hereby authorized to be signatories on these accounts.

This resolution supersedes all previous authorizations.

**Sale of Securities**

BE IT RESOLVED, that the Board of Trustees hereby authorizes only the following officers to sell securities received as contributions to the University: President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, Senior Treasury Management Professional, or any officer holding any of the above positions on an interim basis.

BE IT FURTHER RESOLVED, that the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, Assistant Controller for Tax and Treasury Services, Senior Treasury Management Professional, or any officer holding any of the above positions on an interim basis, singly is authorized to execute any and all instruments necessary, proper, and desirable for that purpose; and further that any
officer of this Corporation is hereby authorized to certify this resolution to whom it may concern.

This resolution supersedes all previous authorizations.

**Signatory Authority - UVM Pooled Income Fund**

WHEREAS, the Board of Trustees has appointed the University of Vermont and State Agricultural College as the custodian for securities held in connection with the UVM Pooled Income Fund; and

WHEREAS, from time to time documents relating to securities transfers, purchases, and sales are required in connection with the operation of this fund;

BE IT RESOLVED, that the President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, or any officer holding any of the above positions on an interim basis, singly is authorized to execute any and all instruments necessary, proper, and desirable for that purpose, and further that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

This resolution supersedes all previous authorizations.

**TD Bank - Wire Transfer Agreement**

BE IT RESOLVED, that the Board of Trustees hereby authorizes any combination of two of the following persons to enter into and execute the Wire Transfer Agreement and all its Exhibits and Schedules (collectively the “Agreement”) between the University of Vermont and State Agricultural College and TD Bank: President, Senior Vice President and Provost, Vice President for Finance and Administration and Treasurer, Controller, or any officer holding any of the above positions on an interim basis; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby authorizes any combination of two of the following persons to execute on behalf of the University additional exhibits to said Agreement in order to, from time to time, select different services: President, Provost, Vice President for Finance and Administration and Treasurer, Controller, or any officer holding any of the above positions on an interim basis; and

BE IT FINALLY RESOLVED, that any officer of this Corporation is hereby authorized to certify this resolution.

**Adjournment**

There being no further business, the meeting was adjourned at 12:13 p.m.

Respectfully submitted,

Debbie McAneny, Chair