# AGENDA

<table>
<thead>
<tr>
<th>Item</th>
<th>Enclosure</th>
<th>Discussion Leader(s)</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Call to Order</strong></td>
<td></td>
<td></td>
<td><em>1:15 p.m.</em></td>
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<tr>
<td>1. Approval of the October 21, 2016 meeting minutes</td>
<td>Attachment 1</td>
<td>Don McCree</td>
<td>1:15-1:20</td>
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<tr>
<td>2. Debt Policy Annual Review <em>(action)</em></td>
<td>Attachment 2; Appendix A</td>
<td>Claire Burlingham</td>
<td>1:20-1:35</td>
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<tr>
<td>• Resolution Revising Debt Policy</td>
<td>Attachment 3</td>
<td>Richard Cate</td>
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<tr>
<td>• Annual Debt Ratio Review <em>(discussion)</em></td>
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<td>• Endowment Performance Update</td>
<td>Attachment 2; Appendix B</td>
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<td>• Resolution Approving Revisions to the Cash Management and Liquidity Policy</td>
<td>Attachment 2; Appendix B</td>
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<td>• Resolution Approving Revisions to the Statement of Investment Policies and Objectives</td>
<td>Attachment 2; Appendix C</td>
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<tr>
<td>4. Fundraising Update on Capital Projects</td>
<td>Attachment 4</td>
<td>Richard Cate</td>
<td>1:50-2:00</td>
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<td>5. Vice President’s Report</td>
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<td>2:00-2:15</td>
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<tr>
<td>• First Quarter General Fund Budget to Actuals</td>
<td>Handout</td>
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<td>• Net Assets Annual Review</td>
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<td>• Green Revolving Loan Fund Annual Report</td>
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<tr>
<td>6. Strategic Financial Planning Input Examples</td>
<td>Separate Distribution</td>
<td>Richard Cate</td>
<td>2:15-2:45</td>
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</tbody>
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<pre><code>                                    |                            | Charles Kim                  |            |
                                    |                            | David Woodward               |            |
</code></pre>

*Times are approximate.*
## BUDGET, FINANCE & INVESTMENT COMMITTEE

### AGENDA, Continued

<table>
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<th>Item</th>
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| 7.   | FY 2018 Budget  
  • Key Budget Assumptions Presentation  
  • Comparator Institutions (tuition and fees)  
  • Resolution Setting Maximum Cost of Fees | Attachments 5A and 5B Attachment 2 | Richard Cate Alberto Citarella | 2:45 -3:05 |
| 8.   | Deferred Maintenance Funding Plan  
  • Review of Conceptual Plan & Funding Options | Separate Distribution | Richard Cate | 3:05-3:35 |
| 9.   | Funding Options for Multipurpose Center  
  • Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for an On-Campus Multipurpose Center | Attachment 2 | Richard Cate | 3:35-4:25 |
| 10.  | Other Business** | Don McCree | 4:25-4:30 |

**Motion to Adjourn**  
4:30 p.m.

*Times are approximate.

**Executive Session as needed.
Budget, Finance and Investment Committee
Executive Summary

February 3, 2017

Prepared By
Richard H. Cate, Vice President for Finance and Treasurer

ACTION ITEMS

Approving Previous Meeting Minutes
The minutes for the October 21, 2016 Committee meeting are included as Attachment 1.

Action: Motion to approve the minutes.

Resolution Revising the Debt Policy
The Committee will conduct the annual review of the University Debt Policy. University Controller Claire Burlingham will also update the Committee on the latest debt burden and viability ratio calculations, which are based on the FY 2016 financial statement (see attachment 3). The Committee will be asked to consider revisions to include reporting the Viability Ratio and Debt Burden Ratio showing the effect with and without the Governmental Accounting Standards for Other Post-Retirement Benefits.

Action: Resolution Revising Debt Policy. Attachment 2, Appendix A

Resolution Approving Revisions to the Cash Management and Liquidity Policy
The Committee will be asked to consider revisions to the Cash Management and Liquidity Policy related to the description of the intermediate-term portfolio allowable assets as recommended by the Investment Subcommittee.

Action: Resolution Approving Revisions to the Cash Management and Liquidity Policy. Attachment 2, Appendix B

Resolution Approving Revisions to the Statement of Investment Policies & Objectives
The Committee will be asked to consider revisions to the Statement of Investment Policies & Objectives related to the table reflecting market indices used in target benchmark, by asset class, as recommended by the Investment Subcommittee.

Action: Resolution approving revisions to the Statement of Investment Policies & Objectives. Attachment 2; Appendix C
Resolution Approving Setting Maximum Cost of Fees, FY 2018
In order for Residential Life to enter into contracts with students prior to the formal budget approval in May, the administration is requesting the Board set the maximum room and meal plan rates and other fees for Fiscal Year 2018. University Budget Director Alberto Citarella will present peer tuition and fees comparisons data. Attachment 5A and 5B

Action: Resolution setting Maximum Room and Meal Plan Rates and Cost of Fees, FY 2018. Attachment 2

Resolution Approving Deferred Maintenance Funding Plan
At the meeting, I will present more information regarding a proposal for funding deferred maintenance projects. This is in follow-up to the October 2016 BFI meeting, where I presented an overview.

Action: Resolution Approving Deferred Maintenance Funding Plan. Separate Distribution

Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for an On-Campus Multipurpose Center
This discussion will be a follow-up to the joint BFI/EPIR presentation regarding the Multipurpose Center with a focus on funding source options and the potential effects on the University’s overall financial condition. If the project is approved by EPIR, then the BFI will be asked to approve funding for design services up to an including schematic drawings for the project.

Action: Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for an On-Campus Multipurpose Center. Attachment 2

DISCUSSION ITEMS

Fundraising Update on Capital Projects
Vice President for Development and Campaign Director Mark Dorgan will update the Committee on the progress in fundraising for capital projects.

Net Assets Annual Review
University Controller Claire Burlingham will make the annual report on the status of net assets as of the end of FY 2016. Attachment 4; Appendix A

Strategic Financial Planning Input Examples
The Division of Finance leadership has been working with consultants from Kaufman Hall to develop a strategic financial plan model that will assist the administration and the trustees in analyzing the University’s financial condition and the impact of any proposals for future projects that require funding. I will lead a discussion, with support from the Kaufman Hall consultants, to
follow-up in more detail on the earlier discussion in the Committee of the Whole. The model that is being developed will be demonstrated at a later meeting once it has been completed and tested.

**FY 2018 Budget**
University Budget Director Alberto Citarella will provide a brief overview of the administration’s FY 2018 budget development process and review associated key assumptions.

**Attachment 5A and 5B**

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**ROUTINE REPORTS**

**Report of the Investment Sub-Committee (ISC)**
ISC Chair Robert Brennan will brief the Committee on the activities of the Subcommittee since the last full Board meeting. **Separate Enclosure**

**Vice President’s Report**
I will present the FY 2017 First Quarter Budget to Actuals report and give the Green Revolving Loan Fund Annual Update. **Handout and Attachment 4; Appendix B**
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 21, 2016 at 2:00 p.m. in the Sugar Maple Ballroom, room 400 at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair Donald McCree*, Vice Chair Robert Brennan, President Thomas Sullivan, David Aronoff**, David Brandt, Bernie Juskiewicz, Joan Lenes, Ed Pagano, Lisa Ventriss, and Jeff Wilson

OTHER TRUSTEES PRESENT: Board Chair David Daigle

REPRESENTATIVES PRESENT: Faculty Representatives Andrew Barnaby and Laura Gewissler, Foundation Representative Richard Ader* and Alumni Representative Myron Sopher, Staff Representative Sonya Stern, Student Representatives Jake Guarino and Andrew Dazzo, and Graduate Student Representatives Nikisha Patal and Weiwei Wang (on behalf of Roger DaGama)

PERSONS ALSO PARTICIPATING: Vice President for Finance and Treasurer Richard Cate, University Budget Director Alberto Citarella, Controller Claire Burlingham, CEO and President of the UVM Foundation Rich Bundy, and Director of Capital Planning and Management Robert Vaughan

ABSENT: Staff Representative Cheryl Herrick and Graduate Student Roger DaGama

*Participated via conference call
** Departed the meeting at 3:00 p.m. and joined by phone for the remainder of the meeting

Vice Chair Robert Brennan called the meeting to order at 2:03 p.m.

Approval of Minutes

A motion was made, seconded, voted to approve the minutes of the May 20, 2016 meeting.

Summer Session Tuition

Budget Director 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. He noted that this discount structure has been successful, as summer tuition revenue increased this past year, and both student credit hours and overall tuition are up since this structure was put in place.
In Summer Session 2016, this practice and the increased emphasis from the Colleges and Schools on summer enrollment increased summer revenue by roughly $1 million compared to Summer Session 2015.

The recommendation for Summer Session (summer 2017) is to set tuition at $440 per credit hour for in-state students and $1,113 per credit hour for out-of-state students.

**Total Cost of Attendance for Global Gateway and Pre-Master’s Programs (Summer/Fall 2017 and Spring 2018)**

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 2017 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 $6,900 per semester for Fall 2017 and Spring 2018.

When asked, Director Citarella noted the pricing policy for the Global Gateways Program has not been a barrier for international students. He added the program continues to see growth.

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 the Summer Session of $440 per credit hour for in-state students and $1,113 per credit hour for out-of-state students. The changes will become effective for the 2017 Summer Session.
Resolution Setting Total Cost of Attendance Fees for Global Gateway and Pre-Master’s Programs (Summer/Fall 2017 & Spring 2018)

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 2017 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.

FURTHER RESOLVED, 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 $6,900 per semester for Fall 2017 and Spring 2018.

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

Report of the Investment Subcommittee (ISC)

ISC Chair Robert Brennan started the discussion by reminding Committee members that the beginning of 2016 was a bad year for investing markets and few asset classes performed well. However, there has been remarkable recovery. He noted that the endowment, as of August 31, 2016, was at $451 million.

ISC Chair Brennan reviewed the supplemental materials provided by Cambridge Associates and distributed at the meeting comparing UVM’s year-to-date performance with its benchmark. As of August 31, 2016, the portfolio returned 5%, which is a turnaround from its previous downturn and slightly above the benchmark.

Board Chair David Daigle noted that Cambridge Associates has renegotiated the fee structure with certain hedge fund managers on behalf of their client base, which is benefiting UVM’s portfolio.

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 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 2017 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  

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

Socially Responsible Investing Advisory Council

Vice President Cate introduced a resolution which will restructure the oversight and broaden the role of the Socially Responsible Investing Advisory Council (SRIAC). This will include recommendations on the administration of the Clean Energy Fund and support the activities of the Association for the Advancement of Sustainability in Higher Education (AASHE) Stars Initiative.

This resolution transfers the reporting line of the SRIAC from the Investment Subcommittee to the Vice President for Finance and Treasurer and expands their recommendations beyond those regarding the endowment. Vice President Cate noted that the recommendation to restructure the SRIAC came from the council itself.

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

Resolution Authorizing Amendments to the Socially Responsible Investing Advisory Council

WHEREAS, the Board on November 8, 2012, established the Socially Responsible Investing Advisory Council (SRIAC), whose charge was to consider specific investment policy proposals based on moral, ethical or social criteria; review the impact of any such proposal on current and potential University investments; solicit input on policy proposals from the campus community at large; and forward its investment policy recommendations to the Investment Subcommittee, which in turn shall report its recommendations to the Budget, Finance and Investment Committee; and

WHEREAS, the Investment Subcommittee in January 2016, instructed the administration to restructure and broaden the role of SRIAC at the University to better serve the University in its commitment to be a responsible and proactive institution; and
WHEREAS, the Socially Responsible Investing Advisory Council made a formal recommendation in July 2016 to the Vice President for Finance and Treasurer, specifically, that the Socially Responsible Investing Advisory Council broaden its role to support the Vice President for Finance and Treasurer in fulfilling his/her responsibilities related to the administrative oversight of the Clean Energy Fund, and any other issues as determined by the Vice President for Finance and Treasurer; and

WHEREAS, the Budget, Finance and Investment Committee, following a favorable recommendation from the Investment Subcommittee, recommends that the Board accept the Advisory Council’s recommendations;

THEREFORE, BE IT RESOLVED, that the Board hereby accepts the recommendation of the Socially Responsible Investing Advisory Council and delegates responsibility for the Socially Responsible Investing Advisory Council to the Vice President for Finance and Treasurer.

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

Vice President’s Report

Vice President Cate started the conversation by congratulating the Controller’s Office team and Chair of the Audit Committee, as once again, the University has a clean audit this year. Grant Thornton completed their field work regarding the financial statement audit and issued their opinion on October 17, 2016. There were no material weaknesses or significant deficiencies. The A-133 federal audit should be issued early next week. After that, the annual financial report will be issued.

- President’s Strategic Initiatives Fund

Vice President Cate 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. Vice President Cate noted that there are two key commitments that are to be funded from this source and they are the Alumni House and the UVM Rescue Building, both of which have been approved by the Board and have moved forward in development.

When asked about strategies to replenish this fund, Vice President Cate explained that while there is carryover, money gets reinvested quickly.
The following represents the current balance and obligations for the President’s Strategic Initiatives Fund:

Balance as of July 1, 2015 $ 902,537

Commitments
- Rescue Building – ($300,000)
- Alumni House – ($400,000)

$ (700,000)

Unencumbered Balance June 30, 2016 $ 202,537

- Revenue Contracts Update

Vice President Cate explained that he took a number of previously approved revenue contracts, each of which had a value in excess of $1 million, to the Executive Committee for ratification in September. The Controller’s Office is working with the Office of General Counsel to look at and develop procedures regarding tracking, monitoring, and reviewing revenue contracts to ensure that they are appropriately routed in the future. Vice President Cate will be requesting a policy change from the Governance Committee, which would eliminate the need to bring to the Board revenue contracts that have values of less than $1 million.

- Budget to Actuals

Budget Director Citarella reported on the end-of-year results of the FY 2016 budget, noting that units spent $9.3 million less than budgeted and actual revenues were $8.2 million over budget. Of this balance, $15.1 million will be re-appropriated for future use by academic and administrative units against strategic priorities to be reviewed and authorized annually by the Provost.

When asked how a unit justifies a re-appropriation request, Director Citarella explained that these requests can only happen three times a year and require the Provost’s approval. These requests are for one-time investments like start-up packages or facilities upgrades and a unit must have a positive fund balance.

Director Citarella explained his team has a good sense of what the University’s numbers will be throughout the year and they had some indication that units were spending less this year.

Vice President Cate emphasized that this means that units are spending less money than what was approved by the Board. He added that units can accrue some money from one year to create such things as faculty startup packages.

Director Citarella then explained the University ended the year with revenues $8.2 million higher than budgeted and the primary driver behind this was undergraduate tuition net revenue, which came in above budget by $5.8 million. He added that Summer Session net tuition revenue was below budget by $744,000 for the fiscal year but that this was due primarily to a timing issue where a disproportionate share of 2016 Summer Session revenue was recorded in FY17 versus FY16.
When asked about out-of-state tuition, Vice President Cate explained that there is a continuing decline in graduating high school seniors in Vermont. The University continues to bring in more students, while also being more selective.

When asked if there is a limit to the undergraduate population, President Thomas Sullivan explained that as the student body grows, the administration must look at faculty, residence halls, and facilities year by year to ensure the University has the capacity as well as the competency to meet the needs of a growing student population. Currently, the University still has room to grow.

When the STEM Complex is complete, the University will grow in terms of enrollment and will also have more physical capacity to handle more classes and labs. President Sullivan noted that a large percentage of students will go through the STEM Complex because of chemistry, as 35% of students major in STEM careers and over 90% of students take STEM courses.

**Fundraising Update on Capital Projects**

UVM Foundation President and CEO Rich Bundy updated the Committee on fundraising progress on capital projects, including the STEM Complex and Alumni House.

President and CEO Bundy explained that the STEM Complex will be funded by a mix of private gifts and non-debt funding. As of October 18, 2016, the Foundation had already secured $9.3 million in non-debt funding. The remaining non-debt goal is $16.7 million. The donor pipeline remains robust, and the Foundation remains confident that a high percent of the non-debt goal will be achieved through donor funding.

In regards to the Alumni House, it is considered a completed project, as the building is now in use. Of the $11.2 million non-debt goal and total project cost, all of which is anticipated to be privately funded, as of October 18, 2016, $9.9 million has been raised in non-debt funding. The Foundation is continuing efforts to raise the remaining $1.25 million.

President and CEO Bundy indicated that the Alumni House had its first revenue-generating event five days before the building opened. Already, 144 events have been scheduled in the space. Many are events from units within the University, but they are starting to see community interest in using the space as well.

**Capital Projects**

Director of Capital Planning and Management Robert Vaughan was invited to present four capital project requests. He began by describing Phase 2 of the Converse Hall Residential Life Deferred Maintenance project. This project will require extensive exterior restoration of the stone exterior elements above the roof line on Converse Hall, as well as the complete replacement of the slate roof and all of the flashings. Phase 1 was approved for $2.0 million in October 2015. The estimated cost for Phase 2 is an additional $2.0 million, which will be supported by unrestricted plant funds that currently exist in Residential Life.
He next described the Larner Learning Commons project, stating that up to 7,000 square feet of existing space in the Larner Medical Education Center will be renovated. Renovations will include library space, quiet study space, offices, production and learning studios, conference and active learning space. The estimated budget is $2.1 million, which will be entirely supported by College of Medicine gift funds.

Director Vaughan described the Billings Library Renovation Project, which was originally planned as a two-phase project. It is now proposed to sequentially construct this project over a single timeframe due to the scheduled completion of the new dining hall associated with the new First Year Housing and Dining Project. The estimated cost of this project is $8.5 million. The UVM Foundation has garnered commitments of $8.5 million for this project but $4.3 million of that amount will not be available until some years after the proposed construction timeframe. Therefore, $4.3 million from the unencumbered proceeds from the recent sale of County Apartments will be used for this purpose. Once the gifts are received, the resources will be replenished and available for other such strategic initiatives. The current plan is to bid this project by the end of the calendar year and start construction of Phase 1 in February or March of 2017 and be completed by calendar year end of 2017.

Finally, Director Vaughan described the Kalkin Hall Expansion Project. An attachment detailing the project concept and financing that had been revised since meeting materials were distributed was handed out. Renovations include a new 3-story addition and a partial renovation to the first floor of Kalkin Hall, designed to house two 35-seat classrooms, 12 student breakout rooms, 14 faculty offices, graduate student spaces, a 60-seat case method classroom, a multi-purpose room, an expanded student services space, and an upgraded computer lab. The total project cost is $11.0 million. Funds for these expenditures will be drawn from gift funds and general reserves of the University. University funds will be reimbursed by future gift receipts. The breakdown of funding sources is: $1.25 million from gift receipts, $5.9 million from donor commitments, $2.75 million from future rents, and $1.1 million from the Capital Projects Pre-Funding Account. With the construction documents completed and previously bid, the regulatory process will proceed in order to begin construction in the Spring of 2017.

BFI Chair Don McCree explained that he has been working with President and CEO Bundy and Vice President Cate to review cash flow versus pledges and there is enough cash flow to engage in this project.

Vice President Cate added that he has a schedule which documents the money the University has lent itself, what is due back from the STEM, Kalkin and Billings projects, and when the University is expecting to receive that money. He noted he will update that schedule and send it to the Board.
Vice Chair Brennan presented the following resolutions for Committee approval and recommendation to the full Board:

**Resolution Approving Larner Learning Commons Project**

WHEREAS, the administration today reported on the estimated cost for the completion of the Larner Learning Commons Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $2,100,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $2,100,000 of funds for such expenditures be drawn from College of Medicine gift funds.

**Resolution Approving Residential Life FY 2017 Deferred Maintenance (Converse Hall, Phase II)**

WHEREAS, the administration today reported on the estimated cost for the completion of the Converse Hall (Phase II) Deferred Maintenance Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $2,000,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $2,000,000 of funds for such expenditures be drawn from the unrestricted plant funds from Residential Life.

**Resolution Authorizing Billings Library Renovation Project Expenditures**

WHEREAS, the administration today reported on the estimated cost for the completion of the Billings Library Renovation Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $8,500,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $8,500,000 of funds for such expenditures be drawn from the gift funds and general fund assets allocation.

**Resolution Authorizing Kalkin Hall Expansion Project Expenditures**

WHEREAS, the administration today reported on the estimated cost and a funding plan for the completion of the Kalkin Hall Expansion Project,
THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $11,000,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $11,000,000 of funds for such expenditures be drawn from gift funds and general reserves of the University, which will be reimbursed by future gift receipts.

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

Changes in Government Accounting Standards

Controller Claire Burlingham explained the University operates according to standards of the Government Accounting Standards Board (GASB), which has been very active in the last year and there are several new standards that the University has to implement over the next several years.

First, GASB 72, which relates to the fair value measurements and application of the University’s investments, has changed. Up until this point, the University has recorded investments at historical cost. Under the new standard, the University will be required to report investments at fair market value. In addition, the University has to disclose how the University arrived at the valuation for alternative investments. Due to the nature of those investments, the value is not easily determined in readily available market disclosures.

Other changes include GASB 74 and 75 which are related to accounting and financial reporting of post-retirement employment benefits other than pensions. GASB 74 is a defined benefit plan that is funded, which the University does not implement, so it does not apply, however GASB 75 does. The effective date for the latter is FY 2018.

Accounting for leases, which if adopted, will go into effect in FY 2020, will require the University to capitalize all leases with a term of one year or more, regardless of the dollar amount. The University is concerned about this because any lease that has a term of more than one year will be subject to the new standard. It is important to capture all of the activity now to ensure the University is in compliance with this new standard when it becomes effective.

Controller Burlingham then previewed the following impacts as a result of changes to the GASB Statements 74 and 75:

- Significant impact on the total liabilities and unrestricted net assets of the University for fiscal year 2018 and beyond
- Postemployment Benefits Other Than Pensions (OPEB) liability will increase by $100 million
- Unrestricted net assets will decline from $27 million to “negative” $209 million
- Viability ratio will decline from 0.57 to 0.16
- Debt burden ratio will decline from 4.50 to 3.28
Board Chair Daigle noted that the whole structure of the University’s debt policy will need to change because our ratios will be erratic and this will create more volatility over time.

Vice President Cate emphasized that the true financial condition of the University will remain unchanged. He explained that he and Controller Burlingham have had preliminary discussions with the University’s debt advisors as to how rating agencies will look at public universities once this standard is implemented.

Deferred Maintenance Funding Discussion

At the Board leadership’s request, Vice President Cate presented an option for addressing the current facilities and infrastructure deferred maintenance backlog, estimated at $350 million, as well as future repair and maintenance needs.

He explained that the University has contracted with Sightlines, a campus asset management firm, for more than a decade to track the state of facilities and the degrees to which the University cares for them in comparison to its peer group and national standards. Budget constraints have made the University unable to allocate enough funding for deferred maintenance to stem the growth in the backlog.

Approximately $1.4 million in capital funding the University receives from the State of Vermont, $3 million from Residential Life funding, and about $3 million from other General Fund sources to address deferred maintenance, a total of $7.4 million has been allocated for deferred maintenance. For FY 2017, $1.25 million was added to the deferred maintenance budget. A modest reduction in deferred maintenance of $8 million resulting from the demolition of the Chittenden-Buckham-Wills residential complex, and the demolition of Cook Commons will reduce it by another $20 million.

He noted that through the work with Sightlines, the University should be dedicating an amount closer to $20+ million per year to stem the growth in the backlog and make progress in reducing it.

Vice President Cate then outlined the principles the administration believes should guide the development of any funding option to address deferred maintenance.

Vice President Cate explained the option illustrated in a spreadsheet distributed at the meeting that calls for incrementally increasing funding for facilities and infrastructure improvements by $1.5 million per year for the first three years and by $2 million per year for the subsequent years. It also calls for some modest short-term borrowing in the first few years to make a consequential increase in our investment in facilities while the base budget increases are accruing. The debt service to fund the additional $20 million in debt would bring the University’s debt burden ratio to about 5.25% in FY 2020 (current cap is 5.75%).

If this option were to be implemented, at the end of five years the University would be providing base funding for facilities needs at a rate of $18 million per year, which brings the University much closer to the funding level recommended by Sightlines. This would not be adequate to
address every single need, but data from Sightlines indicate that this level of investment would significantly improve the situation and stem the growth in deferred maintenance backlog, even though it would not significantly reduce it.

Although it will be important to consider the impact of any additional debt on the University’s statement of net position, budget capacity will also be a major consideration. It will be important to find the balance between maintaining tuition at an affordable level and maintaining facilities and infrastructure. The administration will bring more information regarding deferred maintenance to the February Board meeting.

Adjournment

There being no further business, the meeting was adjourned at 4:13 p.m.

Respectfully submitted,

Robert Brennan, Vice Chair
Budget, Finance and Investment Committee

February 3, 2017

Resolution Revising Debt Policy

WHEREAS, in September 2004, the Board adopted a Debt Policy to guide the portfolio management of debt, to be reviewed annually; and

WHEREAS, since its creation in 2006, the Budget, Finance, and Investment Committee has been charged with the annual review of the Debt Policy, which it most recently reaffirmed in February 2016;

BE IT RESOLVED, that the Board hereby accepts revisions to the Policy, appearing as Appendix A to this document.

(As recommended by Investment Subcommittee, December 19, 2016)

Resolution Approving Revisions to the Cash Management and Liquidity Policy

WHEREAS, in September 1993, the Board adopted the Cash Management Policy to govern the investment of UVM pooled cash; and

WHEREAS, in February 2016, the Board revised and re-named the scope of the Cash Management Policy as the Cash Management and Liquidity Policy to establish a minimum liquidity target for the University comprised of liquid funds that are unrestricted, unencumbered general fund net assets; and

WHEREAS, the Investment Subcommittee is charged with an annual review of the Cash Management and Liquidity Policy; and

WHEREAS, the Investment Subcommittee reviewed revisions to the Cash Management and Liquidity Policy, as appended;

THEREFORE, BE IT RESOLVED, that the Investment Subcommittee hereby recommends that the Board adopt the amended Cash Management and Liquidity Policy, appearing as Appendix B to this document.

Resolution Approving Revisions to the Statement of Investment Policies and Objectives

WHEREAS, in February 2011, the Board adopted a Statement of Investment Policies and Objectives to govern the investment of UVM’s Long-Term Investment Pool, including the Endowment Fund; and

WHEREAS, the Investment Subcommittee is charged with an annual review of the Statement of Investment Policies and Objectives; and
WHEREAS, the Investment Subcommittee reviewed revisions to the Statement of Investment Policies and Objectives, as appended;

THEREFORE, BE IT RESOLVED, that the Investment Subcommittee hereby recommends that the Board adopt the amended Statement of Investment Policies and Objectives, appearing as Appendix C to this document.

Resolution Setting Maximum Cost of Fees

RESOLVED, that the Board of Trustees hereby sets the maximum room and meal plan rates and other fees for Fiscal Year 2018 as follows:

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>Room (Standard Double)</td>
<td>$7,900</td>
</tr>
<tr>
<td>Predominate Meal Plan</td>
<td>$4,122</td>
</tr>
<tr>
<td>UG Student Government Association (SGA) Fee</td>
<td>$204</td>
</tr>
<tr>
<td>UG Inter Residence Association (IRA) Fee</td>
<td>$30</td>
</tr>
<tr>
<td>Comprehensive Fee</td>
<td>$2,032</td>
</tr>
</tbody>
</table>

Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for an On-Campus Multipurpose Center

WHEREAS, the Educational Policy & Institutional Resources Committee has reviewed the preliminary study of the feasibility, programming and conceptual design of an on-campus multipurpose center project and affirmatively referred the project to this Committee for financial review; and

WHEREAS, the administration today asked this Committee to recommend initiation of the schematic design phase of an on-campus multipurpose center project and generation of an associated project cost estimate and funding plan; and

WHEREAS, the administration today reported that the estimated cost of completing the schematic design phase of the Project and generating a total Project cost estimate and funding plan is $750,000;

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the administration to proceed with the schematic design phase of the Project and generate an associated project cost estimate and funding plan at a cost not to exceed $750,000 and that the funds be drawn from the capital project pre-funding account.

PLACE HOLDER: Resolution Approving Deferred Maintenance Funding Plan
University of Vermont
Debt Policy
As Adopted by the Board of Trustees
September 2004, revised November 2005,
Revised, November 2006,
Revised, December 2007,
Reaffirmed, December 2008,
Revised, October 2009
Revised, October 2010
Reaffirmed, October 2011
Revised, May 2013
Revised, February 2014
Revised, February 2015
Reaffirmed, February 2016
Revised, February 2017

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Portfolio Management of Debt .........................7
The University of Vermont’s strategic planning is a long-term process that establishes University-wide priorities as well as University and divisional programmatic objectives. The University’s strategic plan identifies specific goals and initiatives, including capital plans that identify necessary and desired University facility investments. To fund its plan, the University will continue to utilize a mix of financing sources including State and Federal sources, philanthropy, internal reserves, and external University-supported debt.

This policy, in conjunction with the strategic and capital planning, will aid management in ensuring that an appropriate mix and types of funding sources are utilized and that the University’s debt capacity is allocated strategically. A UVM-specific debt policy is appropriate to ensure adequate financial strength to service existing and proposed debt, maintain leverage within an acceptable risk tolerance while investing in priority capital projects, maintain a strong financial profile to ensure a competitive position relative to its peers, and maintain the budgetary capacity to invest in other initiatives.

Management and the Board of Trustees, acting through the appropriate Board of Trustee committee, will assess this policy on an ongoing basis to ensure that it remains responsive to UVM’s evolving academic, research and strategic priorities and financial position.

The University believes that financial discipline is a critical component of long-term debt management and that the Board and management, operating through the appropriate Board of Trustee committee should establish a limited number of financial ratios and limits in order to manage debt within acceptable ranges consistent with UVM’s objectives. These measures will be monitored and reported on in light of UVM’s evolving strategic initiatives and capital needs.
INTRODUCTION AND OBJECTIVES

<table>
<thead>
<tr>
<th>Purpose</th>
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<tbody>
<tr>
<td>1. Articulate UVM’s philosophy regarding debt.</td>
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<tr>
<td>2. Establish objectives for debt policy.</td>
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<tr>
<td>3. Provide for regular review and potential update of policy to reflect evolving needs.</td>
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</table>

Just as investments represent an integral component of assets, debt is viewed to be a long-term component of liabilities that therefore should be managed on a long-term portfolio-basis consistent with the institution’s policy objectives, with an overarching objective of managing the balance sheet. The objectives of the policy are to:

(i) Maintain the University’s access to capital. Management will utilize and issue debt in order to provide timely access to capital to fund project priorities that have been approved by the Board;

(ii) Manage the University’s credit to meet its long-term strategic objectives while maintaining creditworthiness consistent with the most favorable relative cost of capital and borrowing terms.

(iii) Limit risk of the University’s debt portfolio. Debt will be managed on a portfolio, rather than a transactional or project-specific, basis. Management’s continuing objective of incurring the lowest achievable long-term risk-adjusted cost of capital will be balanced with the goal of appropriately limiting exposure to market shifts within acceptable budgetary parameters. Various types of debt structures and financial instruments will be considered, monitored, and managed within the framework established in this policy and according to internal management procedures; and

(iv) Permit the optimization of the investment of the University’s working capital and cash balances. Management will explore various options and alternatives to internal cash holdings regarding the optimal funding mechanism for short-term equipment needs, bridge financing and cash requirements. Management recognizes that working capital requirements, debt management, and the investment of cash/net assets should be viewed comprehensively in order to optimize overall funding and investment return strategies.

In addition to establishing a framework relating to the administration of debt, the policy provides for periodic updates pertaining to UVM’s debt capacity and financial management to both internal and external parties.
OVERSIGHT

Purpose

1. Provide mechanism for oversight and review on periodic basis.
2. Provide management flexibility to make ongoing financing decisions within the framework of the policy.

By adopting this policy and regularly reviewing it with the appropriate Board of Trustee committee, management will follow and report on guidelines and requirements regarding debt utilization. With appropriate authorizations consistent with the policy, management will have flexibility to implement specific financial transactions and utilize approved financing vehicles in accordance with stated procedures.

The Office of the Vice President for Finance and University Treasurer will manage all funding sources, including debt, for capital projects authorized by the Board. The structure of any individual transaction (e.g., maturity, interest rate mode, use of derivative products, other financing structures) will be based upon overall University needs to ensure that (i) long-term costs to the University and its operating units are minimized consistent within the context of other strategic objectives and (ii) overall risk does not exceed acceptable levels as defined in this policy.

Because this debt policy is a living document, the appropriate Board of Trustee committee will review this policy on an annual basis and report any recommended changes or revisions to the Board of Trustees. This review process is necessary to ensure that the policy remains consistent with the University’s objectives and responsive to evolving practices, competitive pressures in the external environment, and financial indicators.

POLICY RATIOS

Purpose

1. Identify core ratios.
2. Clearly communicate with key parties such as rating agencies the University’s philosophy regarding debt and management’s ongoing assessment of debt capacity and affordability.

This policy establishes limits to measure the total amount of outstanding debt compared to University balance-sheet resources and the annual operating budget. These ratios can be derived from the financial statements and other information and are subject to review periodically.

The policy identifies ratios that (i) are based on current GAAP requirements and (ii) are consistent with ratios utilized in the higher education industry to permit benchmarking.

In addition to the two policy ratios below, the University may consider tracking other ratios in addition to the policy ratios. Listed below are the policy ratios and limits that will be followed.

Ratio 1 – Debt Burden Ratio

This ratio measures the University’s ability to repay debt service associated with all outstanding debt and the impact on the overall budget and includes all activities of the University. The defined limit for this ratio is intended to maintain the University’s long-term operating flexibility to fund existing requirements and new initiatives, although the University may target a desired ratio below this limit.

\[
\frac{\text{Annual Debt Service}}{\text{Total Expenses}} \leq 5.75\%
\]

The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-time operating gifts, investment return, variability of State funding) and better reflect the operating base of the University. Management recognizes that a growing expense base would make this ratio appear more attractive.
The limit for this ratio is not to be greater than 5.75% until June 30, 2023 and will revert to 5% thereafter. This ratio will be adjusted to include the impact of non-amortizing or non-traditional debt structures that could result in significant single year fluctuations, as well as an assumption of an appropriate variable rate.

**Ratio 2 - Viability Ratio (also called Expendable Financial Assets to Debt)**

This ratio indicates one of the most basic determinants of financial health by measuring the availability of liquid and expendable net assets compared to aggregate debt. The ratio measures the medium to long-term health of the University’s balance sheet and debt capacity and is a critical component of universities with the highest credit quality.

Many factors influence the viability ratio, affecting both the assets (e.g., investment performance, philanthropy) and liabilities (e.g., timing of bond issues), and therefore the ratio is best examined in the context of changing market conditions so that it accurately reflects relative financial strength. For example, a viability ratio that is acceptable and entirely appropriate in one market condition may be relatively stronger or weaker in other market environments.

This policy establishes a debt policy limit (floor) for this ratio of 0.8 to ensure that sufficient balance sheet strength is maintained at all times.

\[
\frac{\text{UNRESTRICTED NET ASSETS + TEMPORARILY RESTRICTED NET ASSETS} - \text{EQUITY IN PLANT}}{\text{AGGREGATE DEBT}} > 0.8x
\]

This ratio will include any financings that impact the University credit, including guarantees of third-party debt.

The 0.8x limit is recognized as a limit, and not a long-term objective. Over time, to remain competitive and retain the flexibility to invest in future strategic initiatives, UVM will want to target and maintain a ratio above 0.8x.

Annually, based on the results of the audited financial statements, the Vice President for Finance will report to the appropriate Board of Trustee committee on the actual ratio results and any existing conditions that put the University out of compliance with this policy. The Vice President of Finance will also report the ratio results showing the effect with and without the Governmental Accounting Standards for Other Post Retirement Benefits. In the event that the University is out of compliance with the policy, the appropriate Board of Trustee committee will take up the matter for consideration and make recommendations it deems appropriate to the Board of Trustees.

**Ratios as a Credit Factor**

The University has established its ratios and associated ratio limits based on internally-established guidelines. The ratios and limits are not intended to provide a long-term target or track a specific rating, but rather will enable the maintenance of the University’s competitive financial profile and complement the capital planning process.

The debt policy will be shared with external credit analysts and other third parties in order to provide them with the context regarding UVM’s
The University recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources will be reviewed by management within the context of the debt policy and the overall portfolio to ensure that any financial product or structure is consistent with UVM’s objectives. Regardless of what financing structure(s) is(are) utilized, a full understanding of the transaction, including (i) quantification of potential risks and benefits, and (ii) analysis of the impact on University creditworthiness and debt capacity, will be required. Any financial transaction which, in management’s opinion utilizes the University’s credit, will be subject to the limits set forth in this policy regardless of source. Tax-Exempt Debt

The University recognizes that debt will remain a long-term component of the University’s capitalization over the foreseeable future due in part to its continued need for capital and the substantial economic benefits associated with tax-exempt debt. Therefore, financial transactions will be managed on a portfolio basis with a long-term perspective. (In all circumstances, however, individual projects must continue to be identified and tracked to ensure compliance with all tax and reimbursement requirements).

Debt will be structured to meet the University’s comprehensive long-term objectives, and each project being financed will be required to provide a sound business plan, including the source of repayment for the debt and appropriate and realistic repayment terms. Among other things, the repayment terms will require that the loan term is no greater than the expected componentized useful life of the asset financed. Additionally, the financed project will be required to budget and fund principal payments on a fully amortized basis.

Taxable Debt

While all of the University’s capital projects may not qualify for tax-exempt debt, taxable debt should only be used in appropriate cases as it generally represents a more expensive source of capital relative to tax-exempt issuance.

Commercial Paper

The CP program can provide substantial financial flexibility to the University including the ability to manage and optimize cash balances, and provide an alternative to lease transactions, and other purposes. CP can offer the University interim financing for capital projects in anticipation of the receipt of funding either in the form of future philanthropy or the issuance of long-term debt for permanent financing, as well as offer greater flexibility regarding the timing and structuring of individual bond transactions.

Derivative Products

Management recognizes that derivative products may enable more opportunistic and flexible management of the debt portfolio. Derivative products, including interest rate swaps, may be employed primarily to manage or hedge the University’s interest rate exposure for a specific period of time. The University will utilize a framework to evaluate potential assessment of self-determined debt capacity and affordability, which is subject to ongoing review.
derivative instruments through consideration of (i) its variable rate allocation, (ii) market and interest rate conditions, (iii) impact on future financing flexibility, and (iv) the compensation for assuming risks, or the costs for eliminating certain risks and exposure. In addition, the University will analyze and quantify the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Under no circumstances will a derivative transaction be utilized that is not understood fully by management or that imposes inappropriate risk on the University. Risks include but are not limited to tax risk, interest rate risk, liquidity risk, counterparty credit risk, basis risk, and any other potential risks either imposed or removed through the execution of any transaction. In addition, management will consider and disclose the potential impact of any derivative product on the University’s financial statements and the appropriate treatment in calculating the debt policy ratios. The University will regularly report on the status and performance of its derivative products, if any, to the appropriate Board of Trustee committee. Given the risks and complexity associated with derivative products, they will be considered more seriously only when: (i) conventional financing sources are relatively more expensive (e.g. exceed the portfolio blended interest rate, and (ii) can achieve desired financial objectives more efficiently or at a significantly lower risk-adjusted cost than traditional structures. Management is required to present any recommended derivative product to the appropriate Board of Trustee committee and must receive Board approval prior to execution.

Other Financing Sources
The University recognizes that a variety of transactions, not limited to debt insured directly by UVM, may impact the University’s credit while the University’s limited debt capacity and substantial capital needs require the consideration of various financing alternatives, including possible opportunities for alternative and non-traditional transaction structures. The University recognizes these types of transactions may also impact the University’s credit and also often can be more expensive than traditional University debt structures.

Therefore all non-traditional financing structures including guarantees and third party debt can only be considered once the economic benefit and the likely impact on the University’s debt capacity and credit has been determined. Specifically, for any third-party or developer based financing, management will ensure the full credit impact of the structure is evaluated and quantified to the extent possible prior to execution and the analysis must be presented to the appropriate Board of Trustee committees and must receive Board approval prior to execution.
## Portfolio Management of Debt

<table>
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<tr>
<th>Purpose</th>
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<tbody>
<tr>
<td>1. Permit decisions regarding debt issuance and structure to be made on a portfolio basis, rather than on a per-project basis.</td>
</tr>
<tr>
<td>2. Manage variable rate exposure of the debt portfolio.</td>
</tr>
<tr>
<td>a. Limit variable rate exposure.</td>
</tr>
<tr>
<td>b. Manage the overall liquidity requirements associated with outstanding debt.</td>
</tr>
<tr>
<td>c. Target overall variable rate debt exposure.</td>
</tr>
<tr>
<td>3. Evaluate exposure to other financing vehicles and third parties on a portfolio-wide basis.</td>
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</table>

The University considers its debt portfolio holistically; that is, it optimizes the portfolio of debt for the entire University rather than on a project-by-project basis, and takes into account the University’s cash and investments.

### Variable Rate Debt

It is recognized that a degree of exposure to variable interest rates within the University’s debt portfolio may be desirable in order to:

(i) take advantage of repayment/restructuring flexibility;

(ii) benefit from historically lower average interest costs; and

(iii) diversify the debt portfolio; and,

(iv) provide a hedge to short-term working capital balances

Management will monitor overall interest rate exposure, analyze and quantify potential risks, and coordinate appropriate fixed/variable allocation strategies. The portfolio allocation to variable rate debt may be managed or adjusted through (i) the issuance of debt (potentially new issues and refunding), (ii) and the use of interest rate swaps and other derivative products. While the utilization of commercial paper impacts the University’s variable rate exposure, outstanding CP will not be included in the ratio, given the expected interim financing purpose.

Recognizing the desire to manage interest rate risk, the amount of variable rate debt outstanding shall not exceed 35% of the University’s outstanding debt. This limit is based on the University’s desire to (i) limit annual variances in its debt portfolio, (ii) provide sufficient structuring flexibility to management, (iii) keep the University’s variable rate allocation within acceptable external parameters, (iv) utilize variable rate debt (and/or swaps) to optimize debt portfolio allocation and minimize costs, and (v) take into account liquidity needs and exposures for the portfolio, including consideration of the commercial paper program.

### Variable Rate and Liquidity Exposure

<table>
<thead>
<tr>
<th>VARIABLE RATE AND LIQUIDITY EXPOSURE</th>
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<tbody>
<tr>
<td>TOTAL LONG-TERM DEBT OUTSTANDING</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>&lt;35%</td>
</tr>
</tbody>
</table>

The University will exclude from this calculation project-related commercial paper used in advance of expected long-term financing since this commercial paper is used for interim purposes and should not be included in the University’s desired long-term variable rate allocation calculation. The numerator, Variable Rate and Liquidity Exposure, is defined as including all variable rate debt, not adjusted for any floating to fixed swaps, if any, and plus any fixed to floating swaps, if any. Thus, any variable rate debt that is affected by floating-to-fixed interest rate swaps will be considered variable rate debt for the purposes of this calculation since it impacts the University’s liquidity requirements and exposes the institution to counterparty credit exposure. Note that this ratio measures interest rate exposure and liquidity exposure/requirements directly.
GLOSSARY

Annual Debt Service – refers to the principal and interest due on long-term debt in a fiscal year.

Bridge Financing – refers to any type of financing used to “bridge” a period of time. For universities, it generally refers to financings that provide funding in advance of a long-term bond issue or the receipt of gift funding.

Capital Project – refers to physical facilities or equipment or software that may be capitalized.

Commercial Paper – an alternative to bank line for stronger rated borrowers, commercial paper is short-term promissory notes issued on the open market as an obligation of the borrower. The maturity of commercial paper is less than 270 days, and for most universities, the average maturity of all paper is between 30-50 days. Registration and disclosure for commercial paper is significantly less than traditional university bonds.

Derivative Products – generally referred to transactions which are an exchange of specified cash flows for a period of time. The most common types of derivatives are floating-rate-to-fixed-rate or fixed-rate-to-floating-rate swaps.

GAAP – refers to Generally Accepted Accounting Principles.

Leverage – long-term debt as a component of the total assets of the University. “High leverage” indicates an institution that has a considerable portion of its assets that are debt financed.
Appendix B

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

CASH MANAGEMENT AND LIQUIDITY POLICY

Introduction

This Cash Management and Liquidity Policy governs the investment of UVM pooled cash and sets the minimum liquidity target for the University. The pooled cash includes all funds of the University other than the funds that are held in the University endowment and certain plant, restricted and loan reserves, for which separate investment guidelines have been established. This statement will be subject to periodic review and possible modification by the Budget, Finance and Investment Committee as the Committee considers necessary to achieve cash management and investment and liquidity requirements.

I. Cash Management

Investment Objectives

University pooled cash for purposes of investment allocation shall be divided into three asset groups as follows:

Short-term pool: Cash that is expected to be needed for normal operating expenditures within a one-year period. The primary objective is preservation of principal and liquidity. Maximization of investment income without undue exposure to risk is a secondary objective.

Intermediate-term pool: Cash that is expected to be needed within a period of one year to six years. The primary objectives are preservation of principal and maximization of investment income without undue exposure to risk.

Long-term pool: Cash that is not expected to be needed for operational purposes for a period exceeding six years and/or that may be designated as a permanent core. The primary investment objective is to achieve consistent long-term growth of the pool with limited exposure to risk.

Allocation-Maturity Guidelines

Short-term pool: The average weighted maturity for a short-term portfolio shall be between one day and one year.
Intermediate-term pool: The average weighted maturity for intermediate-term portfolio shall be between one year and six years.

Long-term pool: Permanent core cash may be invested in any investment that is allowable under the University’s Statement of Objectives and Policies for the Endowment Fund and that meets the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Performance Objectives

Short-term pool: The benchmark for the short-term portfolio shall be total return that meets or exceeds the yield of three-month U. S Treasury securities.

Intermediate-term pool: The benchmark for intermediate-term portfolio shall be total return that meets or exceeds the Bloomberg Barclays Capital 3-5 Year U.S. Treasury Bond Index (3-5 Year).

Long-term pool: The benchmark for the investment of the long term pool shall correspond to the benchmarks for each asset class as specified in the University’s Statement of Objectives and Policies for the Long Term Investment Pool, including the Endowment Fund.

Allowable Investments for Asset Groups

For all of the asset groups described below, the Treasurer will develop in conjunction with the Board of Trustees Investment Subcommittee (ISC) a list of approved funds and fund managers from which the Treasurer may select managers as appropriate. This list will be reviewed and approved annually by the ISC.

Short-term and Intermediate-term Pool:

Investments in the short-term and intermediate-term portfolio are restricted to U. S. Treasury and government agency securities, money markets, high quality corporate securities, and commercial and bank paper, where as the intermediate-term pool may have maturities up to six years. Investments shall be in marketable securities of the following types and with the noted credit ratings:

1. Debt securities rated Aaa, Aa, A or Baa by Moody’s Investor’s Service, Inc. or AAA, AA, A or BBB by Standard & Poor’s Corporation.

2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.
3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated B or better. No more than 20% of the funds held in the cash pool shall be invested in debt obligations of the institutions within any single holding company.

4. Commercial paper rated A-1 or higher by Standard and Poor’s or Prime-1 (P1) by Moody’s Investor’s Service, Inc.

5. Bankers’ acceptances or negotiable certificates of deposit issued by banks rated B or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers’ acceptances or floating rate notes of the institutions within any single holding company.

6. Repurchase agreements of banks having Fitch ratings no lower than B secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.

7. Commingled funds may be used if they are in compliance with the above guidelines.

8. The Commonfund, a non-profit provider of investment products for colleges and universities.

Intermediate term pool: Investments in the intermediate term portfolio are shall be restricted to those allowable in the short term portfolio, as well as securities rated Aaa, Aa, A or Baa by Moody’s Investor’s Service, Inc. or AAA, AA, A or BBB by Standard & Poor’s Corporation. All investments in the intermediate term portfolio shall be restricted to those allowable in the short term pool but may have maturities of up to six years.

Long-term pool: Investment of the long term pool shall be restricted to those that are allowable under the University’s Statement of Objectives and Policies for the Endowment Fund and that meet the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Moral, Ethical and Social Considerations

Cash balances will be invested consistently with the moral, social and ethical criteria adopted by the Board of Trustees on recommendation of its Budget, Finance and Investment Committee as related to the Long Term Investment Pool, including the Endowment Fund. Criteria for socially responsible investing shall include, where advisable and consistent with investment quality, return, and safety guidelines, the use of community and State institutions for investment purposes. Where
returns are reasonably equal (within 10 basis points), preferences will be given to Vermont-based financial institutions.

**Investment Management Responsibility and Structure**

Cash management and investment responsibility resides with the Vice President for Finance and Treasurer through the Controller.

1. Investments may be made internally using allowable instruments and institutions; OR,

2. Investment managers may be engaged to invest University assets consistent with this Policy. Subject to this Policy and a written agreement between the University and the investment manager, the investment manager will be given discretion to select individual securities and to make adjustments to the structure of the portfolio.

**I. Liquidity**

This Cash Management and Liquidity Policy establishes a Minimum Liquidity Target for the University of $30 million, subject to future modification by the Budget, Finance, and Investment Committee. Liquid funds that are unrestricted, unencumbered General Fund Net Assets (as such capitalized term is used in the audited financial statements of the University) shall be used to satisfy the Minimum Liquidity Target. For the purposes of this Policy, General Fund Net Assets that are restricted in their use, or otherwise encumbered by Board or administrative action, shall not be available to satisfy the Minimum Liquidity Target. The objective of this policy is to ensure that the University operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs.

**II. Administration and Reporting**

A. The Treasurer will report to the Budget, Finance and Investment Committee annually, the following:

1. Cash balances in each asset group;

2. Investments in each asset group by manager and investment type or fund; and

3. Performance of each individual investment type within each asset group.

4. A schedule of unrestricted, unencumbered General Fund Net Assets compared to the Minimum Liquidity Target.

B. As delegated by the Board of Trustees through its resolutions, specified University officials, including the Treasurer, are authorized to open accounts with banks, investment firms, or commercial paper institutions, and/or to execute purchases and sales, in order to implement this Cash Management and Liquidity Policy.
C. This Cash Management and Liquidity Policy will be subject to annual review by the Investment Subcommittee and the elements of the policy related to liquidity will be subject to annual review by the Budget, Finance, and Investment Committee.

Adopted by the Board of Trustees, October 15, 1993
Revised by the Board of Trustees October 12, 2002
Revised by the Board of Trustees August 27, 2005
Revised by the Board of Trustees November 11, 2006
Revised by the Board of Trustees February 5, 2010
Revised by the Board of Trustees October 3, 2015
Revised by the Board of Trustees: February 6, 2016
Revised by the Board of Trustees:
UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

This statement is issued by the Investment Subcommittee (the “ISC”) of the Board of Trustees of the University of Vermont (the “Board”). The ISC was established by the Board and the Budget, Finance and Investment Committee in late 2006 and charged with oversight of investment strategy and investment managers for the Long-Term Investment Pool, including the Endowment Fund, collectively called the “Fund”, of the University. The policy statement will be reviewed annually and modified by the ISC as conditions warrant.

II. FIDUCIARY STANDARDS

The Board, the ISC, the Treasurer and investment staff, and any third-parties (e.g., investment managers) retained to advise the Board, the ISC, the Treasurer and/or investment staff as to investment strategy and management (any and all of whom may be referred to as “Responsible Parties”) shall exercise their responsibilities with respect to the Fund’s assets in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Vermont in 2009. In accordance with UPMIFA, key facets of the Responsible Parties’ roles include:

- Acting in good faith, with the care an ordinarily prudent person would exercise;
- Incurring only reasonable costs in investing and managing charitable funds;
- Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;
- Disposing of unsuitable assets; and
- In general, developing an investment strategy appropriate for the Fund and the University.

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

- Ensuring that current and future spending requirements are supported while also preserving the real purchasing power of the Fund;
- Achieving an optimum level of return within appropriate risk tolerances;
- Developing a sound and consistent investment policy including asset allocation, diversification and rebalancing guidelines;
- Selecting and maintaining qualified investment managers and consultants;
- Monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met; and
- Taking action under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations.
The ISC is authorized to delegate certain responsibilities to staff to assist in properly meeting the overall responsibilities as outlined above.

**IV. CONFLICT OF INTEREST POLICY**

In addition to the responsibilities set forth in the Board of Trustees’ Conflicts of Interest policy, it is the responsibility of the ISC members to disclose to the ISC Chair any situation in which there may be reasonably construed to be a perceived or actual conflict of interest. The ISC Chair will work with the members to determine an appropriate response.

The ISC will generally not consider investments in funds directly managed by a member of the ISC. In addition, a member of the ISC employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The ISC recognizes, however, that certain exceptions to this policy may be appropriate. Such exceptions will be made only upon a majority vote of the disinterested members of the ISC.

In the event that the ISC is considering an investment in an access-constrained investment opportunity, any ISC member wishing to invest for his/her own benefit in such an opportunity shall notify the ISC Chair in writing.

**V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY**

The University Statement of Investment Policies and Objectives requires the Board, the Investment Subcommittee (ISC) of the Board Budget, Finance and Investment Committee, the Treasurer, and third parties such as investment managers, to exercise their responsibilities with respect to the Long-Term Investment Pool, including Endowment Fund assets, in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

In accordance with UPMIFA, key facets of the Responsible Parties’ roles, as paraphrased below, include:

- Acting in good faith, with the care an ordinarily prudent person would exercise;
- Incurring only reasonable costs in investing and managing charitable funds;
- Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;
- Disposing of unsuitable assets.

Achieving the Financial and Investment Objectives of the Fund is essential to provide resources to fulfill the institutional mission of the University. The core responsibility of the ISC is to achieve the Financial and Investment Objectives of the fund in a manner consistent with the requirements of UPMIFA and prudent fiduciary practices.

The primary objective of achieving the Financial and Investment Objectives of the Fund does not preclude consideration of moral, ethical and social criteria in selecting investments or participating in shareholder resolutions that address moral, ethical or social issues. However, the core responsibility of the Board is to steward University assets in a manner consistent with prudent fiduciary practices.
VI. FINANCIAL & INVESTMENT OBJECTIVES

The overall financial objective of the Fund is to provide a stable and consistent level of ongoing support for the University’s programs through a reasoned spending policy consistent with preserving and enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

The primary long-term investment objective of the Fund is to attain a real total return\(^1\) (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 4.75%. This will be measured over the long term, capturing a full market cycle, as it is unlikely that the Fund’s return will meet or exceed the spending rate in each individual year. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark (defined herein), measured over a full market cycle; and to outperform the median return of a pool of endowment funds with broadly similar investment objectives and policies.

VII. ASSET ALLOCATION

The policy portfolio for the Fund is a target or “normal” set of investments, based on long-term return, risk and correlation assumptions that balance the organization’s need for liquidity, preservation of purchasing power, and risk tolerance. Certain investments are made for capital appreciation and return enhancement: global equities, long/short hedge funds, venture capital and private equity; some are made to protect against unanticipated inflation: real estate, energy, timber, commodities, TIPS; and some are made to protect against deflationary periods and to reduce volatility: primarily, high quality intermediate bonds for the former and absolute return hedge funds for the latter. The ISC, with input and assistance from staff and external consultants, shall periodically examine the policy portfolio targets and consider adjustments to the asset allocation as may be appropriate (for example, due to a material change in the capital market assumptions). Changes to the policy portfolio targets will be reviewed and approved by the ISC and presented to the Budget, Finance and Investment Committee and the Board, as necessary.

In addition to being diversified across asset classes, the Fund will be diversified within each asset class. This will provide reasonable assurance that the performance of any single security, issuer or class of securities, or active manager will not have a disproportionate impact on the total Fund performance.

The most current asset allocation / strategic policy portfolio for the Fund is attached as Appendix A.

VIII. REBALANCING

The Fund’s actual asset allocation will be monitored monthly and reviewed by the ISC at its regular meetings relative to established policy portfolio targets and allowable ranges. Adjustments may be constrained by practical limits with respect to liquidity and transaction costs, but rebalancing efforts will be made as practicable. Cash flow in or out of the Fund may create an opportunity to shift the allocation closer toward policy targets. The ISC may at times authorize investments in new or developing asset classes that are not part of the strategic policy portfolio at the time of their adoption, with the intention of revising the policy portfolio shortly thereafter.

\(^1\) Real total return is the sum of realized and unrealized capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Consumer Price Index.
IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS

The performance objectives for the total Fund, each asset class and each manager are outlined below, with the purpose of establishing specific parameters for regular and ongoing review. While performance is measured over both short- and long-term periods, the focus and emphasis of performance evaluation is on longer time periods as represented by a full market cycle.

Overall Fund

There are a number of different benchmarks for assessing performance at the overall Fund level:

Undiversified Benchmark – this simple market benchmark helps the ISC evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in U.S. index funds.

Target Benchmark – this custom benchmark compares the total return of the Fund to a blended benchmark based on applying the target policy weights of each underlying asset class to the performance of the asset class benchmarks. The individual asset class benchmarks are discussed in the next section.

Current Allocation Benchmark – this benchmark is composed of the current allocations for each of the underlying composite asset classes weighted against the corresponding returns of their respective benchmarks.

Cambridge Associates’ Universe of Endowment Pool Returns – a universe of over 300 institutions, a broad peer universe against which the ISC compares the Fund’s return. In addition to this broad comparison, the ISC may also compare the Fund’s results to various subsets of this broad universe, which include institutions with similar characteristics.

Asset Classes & Managers

Each manager will be expected to outperform (net of fees) a benchmark that is appropriate based on the asset class and style of the manager, over a full market cycle. Performance results will be reviewed with the ISC at its regular meetings and in an interim period when there is a major event (personnel change, for example) at the firm. The manager will be evaluated on long-term performance so that shorter-term failure to meet the benchmark target returns is not an automatic basis for manager termination.

Due to the broad nature of the asset classes and the unique style of managers, it is important to note that the specific benchmark of the individual manager may not necessarily be the same as the benchmark for the particular asset class composite as defined below. For example, the Total U.S. Equity benchmark is the S&P 500 but small cap managers, for example, will be compared to the appropriate small cap benchmarks.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Market Index Used in Target Benchmark</th>
<th>Underlying Investments</th>
</tr>
</thead>
</table>

2 Indices used in Target Benchmark are effective as of March 25, 2015 December 19, 2016.
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Index/Composite</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equities</td>
<td>S&amp;P 500, which represents a relatively broad</td>
<td>Portfolios are expected to focus on investments in the U.S. equity market.</td>
</tr>
<tr>
<td></td>
<td>investable universe of U.S. stocks</td>
<td></td>
</tr>
<tr>
<td>International Developed Equity</td>
<td>MSCI EAFE Index</td>
<td>Portfolios are expected to focus on the world’s developed markets, excluding the U.S.</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>MSCI Emerging Markets Index</td>
<td>Portfolios are expected to focus on the world’s developing equity markets.</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>Hedge Fund Research Inc. (HFRI) Fund of Funds</td>
<td>Investment mandates may include: multi-strategy arbitrage, event arbitrage, distressed securities, credit/capital structure arbitrage and long/short equity investments in global markets.</td>
</tr>
<tr>
<td></td>
<td>Composite Index</td>
<td></td>
</tr>
<tr>
<td>Private Investments (Private Equity and</td>
<td>2/3 C</td>
<td>A Private Equity FOF (Fund of Funds) / 1/3 C</td>
</tr>
<tr>
<td>Venture Capital)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate (private)</td>
<td>NCREIF Property Index</td>
<td>Investments will be predominately in private real estate funds invested in various segments of the real estate market, including: office, industrial, multi-family, and retail.</td>
</tr>
<tr>
<td>Natural Resources and Timber (private)</td>
<td>CPI-U + 5%/2/3 NCREIF Property Index and 1/3 C</td>
<td>A Private Natural Resources</td>
</tr>
<tr>
<td>Private Real Assets</td>
<td>Blended Benchmark of Public Real Asset Manager</td>
<td>Holdings consist of U.S.-issued TIPS, diversified commodities futures positions, and energy related equity securities</td>
</tr>
<tr>
<td></td>
<td>Specific Benchmarks, one-half each; DJ UBS-Bloomberg</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commodities Index; S&amp;P North American Natural</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resources Sector Index</td>
<td></td>
</tr>
<tr>
<td>Core-Fixed Income</td>
<td>Barclays Capital Aggregate Bond Index</td>
<td>Holdings consist of U.S. Treasury bonds, mortgages, and corporate credit investments.</td>
</tr>
<tr>
<td></td>
<td>Bloomberg Barclays Aggregate Bond Index</td>
<td></td>
</tr>
</tbody>
</table>

Individual manager accounts will be monitored for consistency of each manager’s investment philosophy and process, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. In the broadest sense, the monitoring process is intended to confirm that the reasons the manager was initially retained still hold true.
X. MANAGER GUIDELINES

Investment managers will be hired for a specific skill set, and the resulting investments will be made either through separately managed accounts or pooled vehicles. Each manager of a separate account will adhere to the firm’s stated philosophy and investment strategy. Where investments are in commingled funds, mutual funds, off-shore funds or limited partnerships, the permissible investments are governed by the appropriate fund prospectus or offering memorandum. Some of these products permit the use of derivatives for certain investment strategies and in instances where a manager has demonstrated skill in effectively utilizing these instruments. For example, they may be used in reducing risk or replacing positions to gain flexibility and efficiency.

XI. MANAGER REPORTING

Each investment manager of marketable assets will provide monthly portfolio valuations and total return net of all commissions and fees. On a quarterly basis, managers will report current holdings at cost and at market value, and purchases and sales for the quarter. Traditional marketable managers may be required to reconcile records of holdings, transactions, and dividend/interest income with the Fund’s custodian on a periodic basis. Specialty managers (who manage hedge funds and non-marketable partnerships) will report on portfolio details with as much transparency as possible. Each of these managers will provide annually their most recent audited financial statements, which include the basis of accounting and the auditor’s opinion. In addition, each specialty manager will disclose its respective valuation policies and procedures on an annual basis.

Regular communication from all managers concerning investment strategy and outlook is expected. The ISC will regularly review a Watch List that is maintained to highlight managers’ relative performance when it is outside the normal range or expected returns, new organizational issues, and/or any significant changes in strategy that raise concerns. Additionally, managers are required to inform the University of Vermont of any significant change in firm ownership, organizational structure, professional personnel, or fundamental investment philosophy. Managers will also send a copy of their form ADV to the University at least annually.

XII. PROXY VOTING GUIDELINES

University of Vermont’s Endowment Accountant votes the shareholder proxies.

XIII. GUIDELINES FOR TRANSACTIONS

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best realized price.

Adopted by the Board of Trustees on February 5, 2011, to replace the former “Statement of Investment Objectives and Policies,” as revised most recently on November 11, 2006.

Approved as revised by the Board of Trustees: February 9, 2013
Approved as revised by the Board of Trustees: February 8, 2014
Approved as revised by the Board of Trustees: February 6, 2016

Approved as revised by the Board of Trustees:
APPENDIX A
ASSET ALLOCATION POLICY TARGETS

Revised, as of February 2016

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target (%)</th>
<th>Allowable Range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>19.0</td>
<td>15-30</td>
</tr>
<tr>
<td>Global ex U.S. Equity</td>
<td>24.00</td>
<td>15-45</td>
</tr>
<tr>
<td>International Developed Equity</td>
<td>11.0</td>
<td>10-25</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>13.0</td>
<td>5-20</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>21.0</td>
<td>15-25</td>
</tr>
<tr>
<td>Real Assets (Inflation Hedging)</td>
<td>13.0</td>
<td>10-25</td>
</tr>
<tr>
<td>Private Equity / Venture Capital</td>
<td>13.0</td>
<td>5-20</td>
</tr>
<tr>
<td><strong>Subtotal Equity</strong></td>
<td>90.0</td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Income Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>10.0</td>
<td>5-25</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>0.0</td>
<td>0-5</td>
</tr>
<tr>
<td><strong>Subtotal Fixed Income/Cash</strong></td>
<td>10.0</td>
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</tr>
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</table>

Appendix A Targets revised by Investment Subcommittee: February 17, 2016
**DEBT RATIOS**

**FY16**

**UNIVERSITY OF VERMONT**

Reflects impact of GASB45 (post-retirement medical benefits) liability

<table>
<thead>
<tr>
<th>Financial Statement Item</th>
<th>Ratio Position</th>
<th>FY16</th>
<th>FY15 Restated</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
<th>FY11</th>
<th>FY10</th>
<th>FY09</th>
<th>FY08</th>
<th>FY07</th>
<th>FY06</th>
<th>FY05</th>
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</thead>
<tbody>
<tr>
<td>Unrestricted Net Position</td>
<td>Numerator</td>
<td>27,176</td>
<td>19,047</td>
<td>34,027</td>
<td>43,080</td>
<td>51,310</td>
<td>57,672</td>
<td>53,613</td>
<td>46,560</td>
<td>65,062</td>
<td>111,719</td>
<td>125,975</td>
<td>105,261</td>
</tr>
<tr>
<td>Expendable Restricted Net Position</td>
<td>Numerator</td>
<td>329,239</td>
<td>321,975</td>
<td>329,404</td>
<td>281,430</td>
<td>208,777</td>
<td>205,481</td>
<td>245,909</td>
<td>186,187</td>
<td>277,558</td>
<td>290,054</td>
<td>239,965</td>
<td>221,535</td>
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<table>
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<th>FY08</th>
<th>FY07</th>
<th>FY06</th>
<th>FY05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Liabilities - Current</td>
<td>Denominator</td>
<td>19,069</td>
<td>5,306</td>
<td>7,962</td>
<td>5,004</td>
<td>7,453</td>
<td>7,129</td>
<td>5,115</td>
<td>5,906</td>
<td>5,848</td>
<td>4,565</td>
<td>4,433</td>
<td>4,328</td>
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<tr>
<td>Long-Term Liabilities - Noncurrent</td>
<td>Denominator</td>
<td>304,126</td>
<td>444,014</td>
<td>458,743</td>
<td>450,720</td>
<td>465,291</td>
<td>472,925</td>
<td>479,492</td>
<td>479,397</td>
<td>419,977</td>
<td>264,981</td>
<td>349,214</td>
<td>187,094</td>
</tr>
<tr>
<td>Total Long-Term Debt</td>
<td></td>
<td>323,195</td>
<td>459,320</td>
<td>536,686</td>
<td>496,240</td>
<td>487,876</td>
<td>497,322</td>
<td>499,489</td>
<td>498,894</td>
<td>469,974</td>
<td>264,981</td>
<td>349,214</td>
<td>187,094</td>
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<tr>
<td>Viability Ratio</td>
<td></td>
<td>0.57</td>
<td>0.75</td>
<td>0.77</td>
<td>0.71</td>
<td>0.66</td>
<td>0.71</td>
<td>0.62</td>
<td>0.48</td>
<td>0.67</td>
<td>1.11</td>
<td>1.03</td>
<td>1.74</td>
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**DEBT BURDEN RATIO**

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<th>FY06</th>
<th>FY05</th>
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</thead>
<tbody>
<tr>
<td>Interest Due</td>
<td>Numerator</td>
<td>(20,681)</td>
<td>(21,424)</td>
<td>(21,659)</td>
<td>(22,362)</td>
<td>(32,502)</td>
<td>(22,809)</td>
<td>(22,351)</td>
<td>(18,847)</td>
<td>(16,970)</td>
<td>(15,472)</td>
<td>(12,033)</td>
<td>(8,416)</td>
</tr>
<tr>
<td>Interest Due</td>
<td>Denominator</td>
<td>(7,959)</td>
<td>(7,717)</td>
<td>(7,759)</td>
<td>(7,177)</td>
<td>(8,003)</td>
<td>(7,869)</td>
<td>(7,785)</td>
<td>(8,523)</td>
<td>(4,497)</td>
<td>(6,265)</td>
<td>(4,206)</td>
<td>(3,765)</td>
</tr>
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</table>

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<th>FY08</th>
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<th>FY06</th>
<th>FY05</th>
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<tbody>
<tr>
<td>Less Depreciation Expenses</td>
<td>Denominator</td>
<td>36,423</td>
<td>20,596</td>
<td>20,545</td>
<td>20,857</td>
<td>20,731</td>
<td>20,078</td>
<td>20,325</td>
<td>20,981</td>
<td>20,904</td>
<td>20,439</td>
<td>16,873</td>
<td>12,037</td>
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<tr>
<td>Interest Due</td>
<td>Numerator</td>
<td>(20,681)</td>
<td>(21,424)</td>
<td>(21,659)</td>
<td>(22,362)</td>
<td>(32,502)</td>
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<td>(4,497)</td>
<td>(6,265)</td>
<td>(4,206)</td>
<td>(3,765)</td>
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<tr>
<td>Principal Due</td>
<td>Denominator</td>
<td>(37,053)</td>
<td>(37,717)</td>
<td>(37,759)</td>
<td>(37,717)</td>
<td>(37,053)</td>
<td>(37,053)</td>
<td>(37,053)</td>
<td>(37,053)</td>
<td>(37,053)</td>
<td>(37,053)</td>
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<tr>
<td>Total Expenses</td>
<td></td>
<td>(561,519)</td>
<td>(659,942)</td>
<td>(658,891)</td>
<td>(658,843)</td>
<td>(658,771)</td>
<td>(658,244)</td>
<td>(658,174)</td>
<td>(655,537)</td>
<td>(656,473)</td>
<td>(482,044)</td>
<td>(443,822)</td>
<td>(414,904)</td>
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<tr>
<td>Debt Burden Ratio</td>
<td></td>
<td>4.56%</td>
<td>4.75%</td>
<td>4.84%</td>
<td>4.84%</td>
<td>4.84%</td>
<td>4.84%</td>
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</tr>
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### UNIVERSITY OF VERMONT DEBT RATIOS

**FY16**

Does not reflect impact of GASB45 (post-retirement medical benefits) liability

#### VIABILITY RATIO:

<table>
<thead>
<tr>
<th>Financial Statement Item</th>
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<th>FY16</th>
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<td>Unrestricted Net Assets</td>
<td>Numerator</td>
<td>27,178</td>
<td>19,047</td>
<td>34,527</td>
<td>43,630</td>
<td>51,316</td>
<td>57,672</td>
<td>63,013</td>
<td>46,560</td>
<td>85,262</td>
<td>111,716</td>
<td>125,575</td>
<td>105,061</td>
<td>95,871</td>
<td>95,161</td>
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<td></td>
<td>Unrestricted Net Assets</td>
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<tr>
<td>Expendable Restricted</td>
<td>Numerator</td>
<td>209,376</td>
<td>321,975</td>
<td>320,404</td>
<td>289,430</td>
<td>268,777</td>
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<td>248,000</td>
<td>188,187</td>
<td>377,558</td>
<td>289,054</td>
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<td>228,333</td>
<td>229,580</td>
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<tr>
<td>Plus Post Retirement</td>
<td>Numerator</td>
<td>202,350</td>
<td>189,056</td>
<td>149,018</td>
<td>127,550</td>
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<td>99,829</td>
<td>69,600</td>
<td>90,841</td>
<td>28,292</td>
<td>-</td>
<td>-</td>
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<td>Plus Post Retirement Benefit Adjustment</td>
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<td>Total Expendable Net</td>
<td>Numerator</td>
<td>524,528</td>
<td>510,720</td>
<td>503,949</td>
<td>467,919</td>
<td>421,286</td>
<td>432,082</td>
<td>437,121</td>
<td>282,888</td>
<td>388,322</td>
<td>450,773</td>
<td>365,541</td>
<td>333,586</td>
<td>325,451</td>
<td>292,068</td>
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<td>Total Expendable Net Assets</td>
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<tr>
<td>Long-Term Liabilities -</td>
<td>Denominator</td>
<td>19,990</td>
<td>8,906</td>
<td>7,063</td>
<td>8,054</td>
<td>7,403</td>
<td>7,129</td>
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<td>4,565</td>
<td>4,435</td>
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<td>5,797</td>
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<td>Long-Term Liabilities - Current</td>
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<tr>
<td>Long-Term Liabilities -</td>
<td>Denominator</td>
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<td>444,014</td>
<td>451,748</td>
<td>459,710</td>
<td>460,281</td>
<td>472,525</td>
<td>479,430</td>
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<td>417,977</td>
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<td>197,094</td>
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<td>Long-Term Liabilities - Noncurrent</td>
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<td>Total Long-Term Debt</td>
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<td>363,846</td>
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<td>180,355</td>
<td>182,011</td>
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<tr>
<td>Viability Ratio</td>
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<td>0.92</td>
<td>1.23</td>
<td>1.19</td>
<td>0.98</td>
<td>0.89</td>
<td>0.89</td>
<td>0.76</td>
<td>0.59</td>
<td>0.53</td>
<td>1.11</td>
<td>1.03</td>
<td>1.74</td>
<td>1.86</td>
<td>1.69</td>
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#### DEBT BURDEN RATIO:

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<th>Ratio Position</th>
<th>FY16</th>
<th>FY16 Restated</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
<th>FY11</th>
<th>FY10</th>
<th>FY09</th>
<th>FY08</th>
<th>FY07</th>
<th>FY06</th>
<th>FY05</th>
<th>FY04</th>
<th>FY03</th>
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<td>Interest Due</td>
<td>Numerator</td>
<td>(29,003)</td>
<td>(21,424)</td>
<td>(27,699)</td>
<td>(22,062)</td>
<td>(22,502)</td>
<td>(22,809)</td>
<td>(22,351)</td>
<td>(18,647)</td>
<td>(19,670)</td>
<td>(15,742)</td>
<td>(12,003)</td>
<td>(8,410)</td>
<td>(8,479)</td>
<td>(7,599)</td>
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</tr>
<tr>
<td>Principal Due</td>
<td>Numerator</td>
<td>(7,853)</td>
<td>(7,277)</td>
<td>(7,753)</td>
<td>(7,177)</td>
<td>(6,500)</td>
<td>(7,888)</td>
<td>(5,760)</td>
<td>(6,522)</td>
<td>(4,847)</td>
<td>(4,255)</td>
<td>(4,309)</td>
<td>(3,705)</td>
<td>(2,693)</td>
<td>(2,760)</td>
</tr>
<tr>
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<td>Principal Due</td>
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</tr>
<tr>
<td></td>
<td>Total Debt Service</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

#### Financial Statement Item

|                         | Operating Expenses | | | | | | | | | | | | | | |
| Less Post Retirement    | Denominator    | 22,859 | 20,040 | 21,469 | 16,372 | 18,369 | 21,324 | 16,786 | 24,549 | 29,292 | - | - | - | - | - |
|                          | Less Post Retirement Benefit Adjustment | | | | | | | | | | | | | | |
| Loss Depreciation       | Denominator    | 24,422 | 26,596 | 28,545 | 27,622 | 28,721 | 26,070 | 27,435 | 27,061 | 26,074 | 20,438 | 16,073 | 12,687 | 11,907 | 11,459 |
|                         | Loss Depreciation | | | | | | | | | | | | | | |
| Interest Due            | Denominator    | (28,489) | (21,434) | (21,659) | (22,282) | (22,750) | (22,351) | (16,847) | (16,810) | (15,472) | (12,003) | (8,410) | (8,479) | (7,269) |
|                          | Interest Due   | | | | | | | | | | | | | | |
|                         | Total Expenses | | | | | | | | | | | | | | |
| Debt Burden Ratio       |               | 4.17% | 4.91% | 5.01% | 5.18% | 5.22% | 5.41% | 5.14% | 4.59% | 4.17% | 4.03% | 3.70% | 2.84% | 2.83% | 2.64% |
Vice President’s Report  
February 3, 2017

Board of Trustees  
Budget, Finance and Investment Committee

Prepared By  
Richard H. Cate, Vice President for Finance and Treasurer

University Controller Claire Burlingham, University Budget Director Alberto Citarella, and I will report to the BFI Committee the following:

- Net Assets Annual Review (Appendix A)
- Green Revolving Loan Fund Annual Report (Appendix B)
- First Quarter General Fund Budget to Actuals (to be distributed at the meeting)
FY 2016 Year-End Net Assets Overview  
February 3, 2017  
Board of Trustees  
Budget, Finance & Investment Committee

Summary

Net Assets are defined to include all forms of net financial assets that are used for operations. Net Assets include cash, accounts receivable, and other liquid assets. Net Assets exclude balances of other major asset/liability categories reflected on the balance sheet such as plant and property, endowment principal, debt, and post-employment benefit obligations.

Unrestricted Net Assets are defined as Net Assets that do not have external conditions with respect to how they may be used. Unrestricted Net Assets originate from sources including tuition and fee revenue, the majority of the annual state appropriation, facilities and administrative cost recovery, and gifts and endowments designated as unrestricted.

Restricted Net Assets are defined as Net Assets that have a legal or regulatory obligation to be used for a particular purpose. Restricted Net Assets originate from sources including grants, contracts, and the majority of gifts and endowments.

Within the University’s financial records, Unrestricted and Restricted Net Assets are divided into accounts that represent similar business activities or have a designated purpose. Over time, the administration has proposed, and the Board has approved, the creation of specific Unrestricted Net Asset accounts to be used for designated purposes; these are described in further detail below. Spending of Unrestricted Net Assets is generally determined by the administration as part of the annual budget process. Under board authority guidelines, the administration is required to obtain board approval in order to use certain Unrestricted Net Assets.

Unrestricted Net Assets

General Fund Net Asset Accounts

Accumulated Unit Reappropriations represent accumulated operating net fund balances from prior fiscal years for academic units. The University’s operating procedure allows for accumulated operating net fund balances to be managed within academic or administrative departments for multi-year projects. The approval of multi-year projects supporting strategic objectives of an academic unit is vested in the Provost, who evaluates unit plans and authorizes required spending for program development, faculty recruitment, or specialized equipment. During the budget review process, unit heads present their strategic plans for use of these assets in the current and succeeding three years. Use of these funds will follow the established request and approval process with the Provost.
Other General Fund Net Assets represent all Unrestricted Net Assets that are not Accumulated Unit Reappropriations and are not designated Unrestricted Net Asset accounts. This category includes other University operating net surpluses from prior fiscal years, proceeds from unrestricted gifts, self-insured risk reserves, and working capital.

Other Unrestricted Net Asset Accounts

Treasury Operations Net Assets account. This account receives funds from internal budget debt commitments and pays the debt service and related expenses associated with external University debt. Internal budget debt commitments paid into this account are structured to generate a modest annual surplus over payments out of the account for external obligations.

Net Tuition Stabilization Fund account. This account was created in order to provide the administration with resources to manage modest shortfalls in annual net tuition targets without seeking Board approval. If net tuition is below the target, these funds may be used by the administration to offset any shortfall. As defined in the Board resolution approving the account, funds used must be replenished within two years. This account was created in 2014 pursuant to Board approval on May 17, 2014.

Capital Project Pre-Funding account. This account was created to enable the administration to fund the early phases of major Board-approved capital projects, before external project funding (private gifts or debt) has been raised. This account was initially funded with $10 million from the Treasury Operations account. This account was created in 2014 pursuant to Board approval on May 17, 2014.

Loan Net Assets account. This account represents the outstanding balance of student loan receivables associated with loans previously offered by the University; funds are unrestricted.

Continuing and Distance Education Loan Fund account. This account was originally established with funds from the Continuing Education Income/Expense fund. These funds are used to enable students to take courses in the summer when financial aid is not available to those who have accessed aid in the two previous semesters.

Green Revolving Loan Net Asset account. This account was established to allow the administration to fund internal energy efficiency projects with defined payback periods, and was originally funded with the transfer of $13.0 million from Other General Fund Net Assets. This account was created in 2012 pursuant to Board approval on February 4, 2012.

Income/Expense Activities Net Asset account. This account supports the activities of a vast array of Income/Expense activities across the UVM campus. The balance includes a central allocation of $1.0 million to serve as an internal reserve against extended poor performance within an individual income and expense activity. In a number of cases, income and expense accounting is subject to federal audit to assure that rates charged to grant activities include full cost accounting.
**Plant Net Asset account.** This account was authorized to fund costs associated with plant repair or improvement, and includes all reserves established in conjunction with capital building projects. The balance includes the facility renewal reserve from annual general fund transfers for the creation of long-term reserves to address major building systems repair and replacement. The balance also includes reserves for library capital improvements, equipment spending, and Residential Life balances set aside for future capital projects.

**Restricted Net Assets**

**Accumulated Gift Net Asset account.** This account includes more than 700 separate restricted gifts used for donor-defined and University-accepted purposes, pursuant to gift agreements. These gifts, either because of donor intent or size, are not affiliated with the University’s endowment. Balances are available for the defined purposes on an ongoing basis as long as funds are available.

**Accumulated Endowment Income Net Asset account.** This account consists of more than 800 separate restricted endowment-spending accounts to be used for donor-defined and University-accepted purposes, pursuant to endowment agreements. Funding for these accounts comes from the annual distributions from endowments. Balances are available for the defined purposes on an ongoing basis as long as funds are available.

**Net Assets Spending Authority**

Spending authority over the various categories of Net Assets is linked to the nature of the asset, the legal or policy requirements connected to the category and the business unit within the University vested with the authority. The President and the Vice President for Finance are responsible, in conjunction with the Board pursuant to Board policies, to assure that spending authority is exercised appropriately across the entire University. As a part of the annual budget process, all academic units submit their proposed multiyear spending requirements and how available net assets would support those priorities. The Provost reviews these proposals and will either approve or amend the proposals as a part of the budget approval process. Spending against plans then requires a subsequent, specific request and authorization.
# Net Asset Balances as of June 30, 2016 and Encumbered amounts as of June 30, 2016

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<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16 Encumbered amount</th>
<th>FY16 Unencumbered amount</th>
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<tr>
<td>Accumulated Reappropriations</td>
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<td>26,085,346</td>
<td>27,717,123</td>
<td>28,650,545</td>
<td>28,650,545</td>
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<tr>
<td>Other General Fund Net Assets</td>
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<td>15,873,404</td>
<td>19,099,860</td>
<td>1,356,423</td>
<td>17,743,437 Encumbered by administration (2)</td>
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<td>Presidents Strategic Imitative Fund</td>
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<td>0</td>
<td>4,577,537</td>
<td>4,577,537</td>
<td>4,577,537</td>
<td>0 Encumbered by BOT resolution (3)</td>
</tr>
<tr>
<td>General Fund Net Assets Total</td>
<td>60,802,698</td>
<td>54,400,286</td>
<td>43,225,943</td>
<td>48,168,064</td>
<td>52,327,942</td>
<td>34,584,505</td>
<td>34,584,505 17,743,437</td>
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<td>Treasury Operations Net Assets</td>
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<td>13,521,613</td>
<td>13,928,327</td>
<td>14,875,219</td>
<td>12,600,000</td>
<td>12,275,219</td>
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<td>Net Tuition Stabilization Fund</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>0</td>
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</tr>
<tr>
<td>Capital Project Pre-funding Account</td>
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<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
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<td>12,891,498</td>
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<td>12,644,310</td>
<td>6,705,385</td>
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<td>Income/Expense Activities Net Assets</td>
<td>16,316,571</td>
<td>17,468,831</td>
<td>16,607,169</td>
<td>20,266,413</td>
<td>22,632,779</td>
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<td>57,575,905</td>
<td>79,419,089</td>
<td>79,419,089</td>
<td>0 Encumbered by administration (11)</td>
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<tr>
<td><strong>Total Unrestricted Net Assets</strong></td>
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<td><strong>153,177,261</strong></td>
<td><strong>157,849,586</strong></td>
<td><strong>167,785,041</strong></td>
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<td><strong>159,863,243</strong></td>
<td><strong>36,731,054</strong></td>
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<td><strong>RESTRICTED</strong></td>
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<td>Accumulated Gift Net Assets</td>
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<td>16,630,889</td>
<td>12,889,212</td>
<td>10,214,239</td>
<td>10,214,239</td>
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<tr>
<td><strong>Total Restricted Net Assets</strong></td>
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<td><strong>30,040,049</strong></td>
<td><strong>31,158,069</strong></td>
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<td><strong>25,818,994</strong></td>
<td><strong>25,818,994</strong></td>
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<td><strong>COMBINED</strong></td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>175,502,413</strong></td>
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<td><strong>189,007,655</strong></td>
<td><strong>195,072,434</strong></td>
<td><strong>222,413,291</strong></td>
<td><strong>185,682,237</strong></td>
<td><strong>36,731,054</strong></td>
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</table>

**Notes**

1) Accumulated reappropriations are retained at the unit level pursuant to historical administration policy
2) Encumbered amount relates primarily to required operating/insurance reserves
3) Fund created by BOT resolution - President reports annually on its use: $3.7M STEM Project from Affiliation Agreement with UVM-Medical Center
4) Treasury operations encumbrance related to BOT resolutions creating the internal bank (for debt service payments) - $8.6 million for STEM and $2 million for Residence Hall in the future
5) NTSF created by BOT resolution May 2014, $4.5 million authorized
6) CPPFA created by BOT resolution May 2014, $10.0 million authorized - $7 million transferred to STEM via 2 BOT resolutions; $3 million for new Residence Hall
7) This is Income/Expense Funding set aside to provide limited financial assistance for summer students in unique programs.
8) EERLF created by BOT resolution Feb 2012, $13.0 million authorized
9) Encumbrances relate to over 200 internal income/expense programs
10) Encumbrances dictated by internal accounting policies
Attached, please find a summary of the approved projects to date from the $13 million Green Revolving Loan Fund. The list of projects represents those that have been initiated and are underway. Projections for future projects are currently being evaluated and should result in an increase in projects and funds being utilized. The University has committed $670,481, and received $214,564 in rebates from the utility companies, for a net cost of $455,917. The projects have an average payback period of 4.25 years, as compared to the established cap of seven years, and will result in interest paid to the fund of $13,145 and an annual savings to the general fund of $104,953. In addition to the projects already in progress, the report also reflects $3 million planned for the Chiller Plant expansion that was approved by the Board at its May 16, 2014 meeting.
## $13M Green Energy Revolving Fund Project Tracking

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Description</th>
<th>Type</th>
<th>Lifespan (Yrs)</th>
<th>Project Create Date</th>
<th>Project Completion</th>
<th>Project Start Year</th>
<th>First Payback Year</th>
<th>Total Project Cost</th>
<th>Rebate</th>
<th>Total From Loan Fund</th>
<th>Total Interest</th>
<th>Total Payback</th>
<th>Est. Cost Per Unit</th>
<th>No. Units (MCF for Gas, kWh for Electric)</th>
<th>Annual Savings Estimate</th>
<th>No. Years for Payback</th>
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<tbody>
<tr>
<td>026909</td>
<td>LUMEC Ext Lighting Phase I</td>
<td>Electric</td>
<td>15.00</td>
<td>3/9/2012</td>
<td>9/30/2012</td>
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<td>2014</td>
<td>31,237.78</td>
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<td>-</td>
<td>9,712.78</td>
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<td>2014</td>
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<tr>
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<td>3/28/2012</td>
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<td>2013</td>
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<td>4/26/2012</td>
<td>9/30/2012</td>
<td>2012</td>
<td>2014</td>
<td>24,668.00</td>
<td>17,080.00</td>
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<td>-</td>
<td>7,588.00</td>
<td>0.148</td>
<td>34,932</td>
<td>649,330.27</td>
<td>5.15</td>
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<tr>
<td>027262</td>
<td>UH North-Thermal Blankets</td>
<td>Gas</td>
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<td>5/25/2012</td>
<td>6/30/2012</td>
<td>2012</td>
<td>2013</td>
<td>18,315.92</td>
<td>4,560.00</td>
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<td>Christie Blankets Phase I</td>
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<td>7/30/2012</td>
<td>9/30/2012</td>
<td>2012</td>
<td>2013</td>
<td>8,088.80</td>
<td>3,325.00</td>
<td>4,763.80</td>
<td>-</td>
<td>4,763.80</td>
<td>0.148</td>
<td>4,322</td>
<td>3,579.25</td>
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<tr>
<td>027482</td>
<td>Christie-Bankets Phase II</td>
<td>Gas</td>
<td>20.00</td>
<td>7/30/2012</td>
<td>9/30/2012</td>
<td>2013</td>
<td>2014</td>
<td>8,088.80</td>
<td>3,325.00</td>
<td>4,763.80</td>
<td>-</td>
<td>4,763.80</td>
<td>0.148</td>
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<tr>
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<td>8/30/2012</td>
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<td>2017</td>
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<td>119,681.00</td>
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<td>347,415.00</td>
<td>-</td>
<td>See notes</td>
<td>55,623.00</td>
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</tbody>
</table>

### Subtotal Active Projects

|                | 670,480.85 | 214,564.00 | 455,916.85 | - | 108,501.85 | 49,330.27 |

### Planned Projects

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Description</th>
<th>Type</th>
<th>Lifespan (Yrs)</th>
<th>Project Create Date</th>
<th>Project Completion</th>
<th>Project Start Year</th>
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<th>Total Project Cost</th>
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<th>Total Payback</th>
<th>Est. Cost Per Unit</th>
<th>No. Units (MCF for Gas, kWh for Electric)</th>
<th>Annual Savings Estimate</th>
<th>No. Years for Payback</th>
</tr>
</thead>
<tbody>
<tr>
<td>029781</td>
<td>Chiller Plant Expansion</td>
<td>Gas/Electric</td>
<td>25.00</td>
<td>6/11/2014</td>
<td>6/30/2016</td>
<td>2016</td>
<td>2018</td>
<td>3,000,000.00</td>
<td>-</td>
<td>3,000,000.00</td>
<td>-</td>
<td>3,000,000.00</td>
<td>0.000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Subtotal Planned Projects

|                | 3,000,000.00 | - | 3,000,000.00 | - | 3,000,000.00 | - | - |

### Total - Active & Planned Projects

|                | 3,670,480.85 | 214,564.00 | 3,455,916.85 | 13,144.87 | 3,121,646.72 | - | 649,330.27 |

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*Subtotal Active Projects of $13M Green Energy Revolving Fund Project Tracking*

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**Note:** Project data includes various types of energy improvements, spanning different locations and phases, with varying lifespans and expected payback periods. The table provides a comprehensive overview of the projects, their costs, benefits, and anticipated returns, reflecting a strategic approach to energy efficiency and sustainability.
Comparator Tuition & Fees
2016-2017 Academic Year

Source: IPEDS
Annualized Percentage Increase in Tuition & Fees
Out-of-State
2006-2007 to 2016-2017 Academic Year

Source: IPEDS
Annualized Percentage Increase in Tuition & Fees
In-State
2006-2007 to 2016-2017 Academic Year

Source: IPEDS
Comparator On-Campus Room & Board
2016-2017 Academic Year

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syracuse University</td>
<td>$15.2</td>
<td>$13.6</td>
</tr>
<tr>
<td>Boston University</td>
<td>$14.9</td>
<td>$13.6</td>
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<tr>
<td>Boston College</td>
<td>$13.8</td>
<td>$13.6</td>
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<tr>
<td>Binghamton University</td>
<td>$13.6</td>
<td>$12.9</td>
</tr>
<tr>
<td>University of Colorado Boulder</td>
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<td>$12.5</td>
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<tr>
<td>Stony Brook University</td>
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<td>$12.4</td>
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<tr>
<td>George Washington University</td>
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<td>$12.4</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>$12.4</td>
<td>$11.6</td>
</tr>
<tr>
<td>University of Massachusetts Amherst</td>
<td>$12.4</td>
<td>$11.4</td>
</tr>
<tr>
<td>University of Vermont</td>
<td><strong>$11.6</strong></td>
<td>$11.6</td>
</tr>
<tr>
<td>College of William and Mary</td>
<td>$11.4</td>
<td>$11.4</td>
</tr>
</tbody>
</table>

Source: IPEDS
Gross Tuition, Fees, Room & Board
2016-2017 Academic Year

Source: IPEDS
Note: Data above does not include the impact of Financial Aid.
Maximum Room, Meal, and Student Fee Rates

In order to market the residence halls and dining facilities to returning students, the Department of Residential Life must offer a student contract containing maximum room, meal plan, and fee rates in March and April to returning students. Final rates are reviewed and approved at the May Board meeting because prior to that time, planning parameters such as energy costs, utility costs, and compensation costs have not been established.

Room and Board Rates
As was the case last year, to accommodate the construction of the new residence halls, the combined room and board rate is proposed to increase 3.8%. This represents a 4.5% increase to the predominate choice meal plan and a 3.5% increase to the traditional double room rate. These increases are consistent with those presented to the Board in the pro forma for the new residence hall and dining facility and the Board-approved dining contract two years ago. As noted in the comparator data charts, UVM’s rooms and meals rates continue to be lower than those of the vast majority of our peers. This proposed increase will allow for UVM Dining Services to continue to meet the diverse dining needs of our current students.

Student Fees
In addition to tuition and room/board, student fees are a common source of funding for specific initiatives that provide an internally restricted source of funding compared to tuition. Currently, the University charges all students a Comprehensive Fee. This fee provides funding for the Student Government Association (SGA) and the Inter Residence Association (IRA), as well as the following units that serve University students: The Center for Health and Wellbeing (CHWB), Career Center, Athletics and Recreation, Library, Davis Student Center, Campus Transportation System, Student Technology Services, Academic Support Programs and the Clean Energy Fund. In addition, starting this year, the Comprehensive Fee will support the ongoing operations of the new UVM Career Center.

This year, the SGA is proposing an increase of $4.00, an increase of 2.0% to accommodate salary and benefits, as well as an increase in the minimum wage from $9.60 to $10.00.

The proposed maximum increase for the Comprehensive Fee, excluding the SGA and IRA fee is 2.9%. There are several activities within the Comprehensive Fee proposing no increases. For all that are proposing increases, those increases are intended to pay for regular inflationary increases. The only exception is the CHWB, the fee for which is proposed to increase 5.3%. This increase will pay for the addition of counseling services, demand for which has been increasing at the University over the last several years, a trend that has been seen across universities nationwide.
### Fees, Room, and Meal Plan (does not include financial aid)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Room (Standard Double)</strong></td>
<td>3.5%</td>
<td>2.9%</td>
<td>4.0%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>7,634</td>
<td>7,900</td>
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<td><strong>Predominate Meal Plan</strong></td>
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<td>4.2%</td>
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<td>3.0%</td>
<td>4.5%</td>
<td>3,944</td>
<td>4,122</td>
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<td>4.5%</td>
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<tr>
<td><strong>Total Room and Board</strong></td>
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<td>3.6%</td>
<td>3.4%</td>
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<td>11,578</td>
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<td>0.0%</td>
<td>14.9%</td>
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<td>30</td>
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<tr>
<td><strong>Total Other Fees</strong></td>
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<tr>
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<td>-</td>
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<td>3.9%</td>
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