The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday, November 10, 2006 at 8:00 a.m. in Memorial Lounge, room 338 Waterman Building.

MEMBERS PRESENT: Chair Carl Lisman, Vice Chair Martha Heath, Secretary Thomas Little, Edwin Amidon, Jr., Claire Ayer, James Betts, Bill Botzow, Ian Boyce, Frank Cioffi, Robert Cioffi, Johannah Donovan, Daniel Fogel, John Hilton, Jr., Richard Hube, Jr., Susan Hudson-Wilson, Deborah McAneny, Kami Patrizio, Raymond C. Pecor, Jr., John Snow, Stirling Winder, and Mark Young

MEMBERS ABSENT: James Douglas, Kathleen Hoyt, James Leddy, and Robert Young

Chair Carl Lisman called the meeting to order at 8:00 a.m.

ALSO PARTICIPATING: Provost John M. Hughes, Vice President for Finance and Administration Michael Gower and Associate Vice President for Budget and Resource Management Ted Winfield

Approval of Minutes

A motion was made and seconded, and it was voted, to approve the minutes of the September 8, 2006 meeting as presented.

Chair’s Report

Chair Lisman began his report with comments on the tragedy of the death of Michelle Gardner-Quinn. He observed the remarkable coming together of the UVM community at the campus memorial service held on October 15th. He acknowledged the most moving words at the service were her own, read by a faculty member who taught her. Chair Lisman expressed his pride in how the University dealt with the tragedy from the search, to the candlelight vigil, and the uplifting service. Since the tragedy, Chair Lisman said, he has had conversations with the President and members of the administration, faculty, staff, and students about how to ensure something like this never happens again.

Chair Lisman next turned his remarks to the Board meeting schedule, noting that this is the first meeting under the new committee structure. The Audit Committee and Sudan Divestment workgroup met yesterday. The Board Governance Committee was unable to meet yesterday due to a lack of quorum.

The Chair indicated that the morning’s meeting would be devoted to the annual review of the Strategic Financial Plan. Following this meeting, the Committees on Budget, Finance and Investment (BFI) and Educational Policy and Institutional Resources (EPIR) will
meet for two hours, recessing at noon. The Committee of the Whole will reconvene over lunch to discuss “Signatures of Excellence: UVM in the 21st Century”. Following the lunch meeting, the BFI and EPIR Committees will reconvene and conclude their business by 3:30PM, allowing the Committee of the Whole to reconvene at 3:45PM to receive summary reports of issues, discussions, and actions from the two Committee Chairs. The objective of the late afternoon meeting is to ensure that all Trustees gain an understanding of the work of these Committees and to facilitate initial consideration of issues prior to the Saturday meeting of the full Board.

Chair Lisman noted that all legislative Trustees who chose to run were re-elected, and offered congratulations, including to the Governor who serves as an *ex officio* member of the Board.

He further noted that UVM continues to be a ‘hot’ school, receiving good reviews both locally and nationally. He concluded by stating that UVM continues to remain on course.

**President’s Report** (see full report at end of minutes)

**Approval of Board Meeting Dates**

Chair Lisman presented the following spring 2008 meeting dates for approval:

February 7-9, 2008
May 15-17, 2008 (Commencement 5/18)

A motion was made, seconded and it was voted to approve the dates as presented.

**Annual Review of Strategic Financial Plan** (see presentation appended to minutes)

The Board conducted its annual review of the Strategic Financial Plan. Associate Vice President Ted Winfield began the discussion by reviewing the creation of Version 5.0, debt ratios, the range of options and implications, and next steps.

The Committee discussed the assumptions updated in Version 5.0, including revised strong undergraduate enrollment (built from fall 2006 results); tuition increase of 6% for FY 2008 – FY 2010; sponsored activity moderated for lower current growth; continued addition of faculty, with 47 more positions beyond the 38 already added (total up from 81 to 85) and 46 research positions; $495M in additional debt through FY 2016; long-term debt forecast of 5.0% (internal repayment at 5.5%); average return on endowment of 8.0% and continuation of general revenue and expense assumptions with general inflation increased from 2.0% to 3.5%.

Associate Vice President Winfield noted that the major changes in Version 5.0 were the 6% projected tuition increase for FY 2008 – 2010 and the addition of two actual years of collective bargaining, the latter of which reflect actual results. He further noted that fundraising assumptions are essentially the same and that the enrollment trajectory is much the same.
Concern was expressed by several Trustees over the impact of projected tuition rate increases. Trustee Hudson-Wilson expressed concerns over the level of student debt at graduation. A recent release of *Kiplinger’s Personal Finances* was distributed, and President Fogel pointed out that although UVM’s “sticker price” is ranked higher than most public institutions, the University’s ranking among public institutions for “in-state costs after aid” placed the University at 49th out of the 100 public institutions listed.

The Committee next discussed the ‘guideposts – range of options’ for scenario 5.1, a baseline scenario that includes the same growth, income, and expense operating assumptions; incorporates current debt and approved but not yet financed projects; assumes no additional debt; and recalculates the growth of assets and net expendable assets and debt ratios.

Provost Hughes noted that the administration must identify over the coming months the appropriate tuition levels, enrollment targets, and scale and timing of projects. The Board will assist in that process by conducting a critical assessment of the strategic capital plan (through the Educational Policy and Institutional Policy Committee) and by conducting an assessment of financing options and implications (through the Budget, Finance and Investment Committee). He further noted that the administration anticipates bringing the first of the capital requests for discussion and approval at the February Board meeting.

Associate Vice President Winfield publicly thanked members of his staff for their good work and long hours spent preparing Version 5.0 of the Strategic Financial Plan.

At 9:50 a.m. the Chair recessed the meeting.

At 12:30 p.m. the Chair reconvened the meeting in room 338 Waterman Building.

**Signatures of Excellence: UVM in the 21st Century**

Chair Lisman offered an opportunity for comments and discussion on the “Signatures of Excellence: UVM in the 21st Century”.

President Fogel offered opening comments, reminding Trustees that this document is a collaborative effort created by intensive dialogue among the institution’s trustees, vice presidents, deans and directors, and faculty, staff, and student leaders, and that the concepts and proposals the essay presents will benefit from continuing discussions by all stakeholders. Implementation of any of the elements in the essay, from changes to the institutional vision and mission statements to creation of new curricula and degree requirements, will require extensive process before proposals that emerge are brought to the Board for approval.

A brief discussion followed regarding who the targeted audience is and where the plan goes from here.

President Fogel reported that the essay was distributed last week to all faculty, staff, and students and that a version of the essay will be included in the *Vermont Quarterly* to reach alumni.
He further noted that, in the coming year, the University will engage in extensive work to promote deep and widespread understanding of how these plans and processes, along with unit plans, budget processes, and assessment processes, must all be tightly aligned with each other as everyone works towards the common goal of a shared vision for UVM with a commitment to making it real.

Committee members suggested that, in addition to life-long learning for current students, a dimension should be included for distance-learning and non-traditional students.

Chair Lisman concluded the discussion by summarizing that the essay makes the statement that UVM is a leader and not a follower, and offered as an example the change in the College of Medicine curriculum, which he noted was revolutionary and not evolutionary.

At 12:50 p.m. the Chair recessed the meeting.

At 3:50 p.m. the Chair reconvened the meeting in room 338 Waterman Building for the purpose of receiving summary reports of issues, discussions and actions from the Chairs of the BFI and EPIR Committees and to facilitate initial consideration of issues prior to our Saturday meeting of the full Board.

**Budget, Finance and Investment Committee Chair’s Report**

Chair McAneny reported that the Committee continued the discussion commenced at the meeting of the Committee of the Whole of the impact of projected tuition rate increases from a financial and competitive standpoint and on the level of student debt at graduation. The Committee discussed the impact of tuition increases on in-state and out-of-state students in relation to levels of enrollment and increased financial aid needs.

The Committee also discussed the need to grow net investment assets and identified the following available levers: spend less; slow down spending; tuition increases; financial aid; enrollment levels; and maximizing fundraising. The Committee also considered whether there were assets available to sell.

The Committee requested a set of analyses for further review. Those included peer group tuition analyses of the relationship of in-state versus out-of-state tuition, gross and net tuition, the level of student debt at graduation, and how tuition increases are handled. The administration was also asked to create a matrix reflecting a 1.0% increase in the University’s tuition, both in total and by in-state and out-of-state, to establish a baseline. The Committee suggested a meeting be scheduled prior to the next regularly scheduled Board meeting to review these analyses.

Next, the Committee discussed the current fundraising growth assumptions built into Version 5.0 and debated whether the current assumptions were too conservative. The Committee requested that a matrix be formed comparing fundraising growth as projected against a more aggressive growth projection, recognizing stretch goals.
Educational Policy and Institutional Resources Committee Chair’s Report

Chair Martha Heath reported that the major strategic conversation was about the Strategic Capital Plan and called upon Trustee John Snow to provide a summary of the Committee’s discussion.

Trustee Snow reported that the space analysis conducted by Dr. Jane Knodell, Special Assistant to the Provost, summarized the quantity and quality of academic space at UVM; space deficits; deficiencies in space quality; what has been accomplished to date; and academic priorities.

The Committee reviewed the recommended sequencing of new construction and building renovations outlined in the Strategic Capital Plan. Its members discussed the challenge of considering projects to determine their priority and based on assignable square feet needs defined by UVM’s relative position to peer and aspirant institutions.

It was reiterated that the Strategic Capital Plan is provided to offer the Board a long-term summary of forthcoming requests for building projects. It was further noted that reports of this kind will provide a long-term capital plan that will inform Trustees of the current best estimates of projects requiring discussion over the period of several years and a short-term capital plan that will bring projects to the attention of Trustees that are more immediately on the horizon. While no projects are being presented for approval at this meeting, the administration is preparing proposals to bring to the Board for consideration in February.

President Fogel thanked everyone for their comments and noted that today’s committee discussions have been some of the best he has been engaged in. He also expressed confidence that the University will be able to do all priority projects within the projected 10-year plan.

Adjournment

There being no further business the meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Thomas A. Little, Secretary
President’s Report
Board of Trustees, November 10, 2006

Chairman Lisman, Vice-Chair Heath, trustees of the University, faculty, staff, students, alumni, and friends, welcome.

Last month, a brutal and appalling crime shocked our community: the murder of UVM student Michelle Gardner-Quinn. We found some small measure of consolation in the moving testimonials to Michelle at the campus memorial service at Ira Allen Chapel; no one listening to the faculty who taught her and to the friends she made in her less than two months at this University could have any doubt that she had every good quality we would hope to find in a UVM student. Her obvious vitality and warmth, combined with passionate commitment to the struggle to restore ecological balance to the earth, led us all to recognize that she would have applied her considerable talents to the mission she had assigned herself to very good effect. The criminal act that ended her days foreclosed so much that would have come from this promising young life; it will not, and cannot, obliterate her memory and the inspiration of her example. I ask, please, that we observe a moment of silence for Michelle.

This tragedy has prompted us to examine the social fabric of our community with renewed intensity. While we continue to feel that Burlington and the UVM campus are comparatively safe places, we feel with new poignancy that we are not immune from atrocities like the one that took Michelle. We are committed to examining all the ways in which we might make this center of learning, discovery, and service an increasingly safe and secure environment. To achieve this end, we have been in close dialogue with the City of Burlington, both with its political leadership and its public safety officials—to whom our gratitude for exemplary service in this crisis cannot be overstated. During this dark hour, we experienced an extraordinary expression of community engagement and commitment to common goals. We will continue in that spirit.

Also in response to the tragedy, we have received a resolution from the Student Government Association calling for creation of a task force to address the security of the campus community. We intend to appoint such a task force. I have directed Vice President Gustafson to work with Gary Derr to identify sources of expertise for an assessment of campus and community issues that will inform the work of the task force. Gus will shortly convene key campus constituents to discuss the process for creating and charging the body, on which we hope to engage not only students, faculty, and staff but also community participants, including representation from the City of Burlington and Champlain College. We will report to this Board on the recommendations of the task force, and on whatever actions we will take in response to its findings and recommendations.

A major emphasis of the “Signature of Excellence” essay we distributed last week was on personal responsibility and accountability. All of us, and especially those of us who are male, must accept responsibility for working to combat the epidemic of violence by men against women, of which Michelle’s murder was a horrifying manifestation. I cannot put this issue better than Burlington’s Chief of Police Thomas Tremblay in one of his press conferences, when he said,
We must . . . renew our commitment to ending violence against women, violence perpetrated by men in the form of domestic and sexual violence. As a community we must move beyond ‘victim blaming’ and direct more efforts at those who are responsible for the violence. As a society we must do more to educate boys and men to stop acts of violence against women. We should talk with our friends, our families, our children, certainly our daughters, but most importantly our sons about the fact that violence against women must end, and that violence against women will not be tolerated in our community.

This past June, I signed two documents developed in the course of the last academic year in dialogue with the President’s Commission on the Status of Women and the UVM Women’s Center. The first was a policy statement, dated June 23, 2006, titled “Domestic Abuse and Violence Prevention and Response.” The second was a proclamation titled “President’s Anti-Violence Initiative,” a broad statement of our commitment “to provide and maintain a safe campus for all members of its community, free from violence and threats of violence,” with cross-references to all pertinent campus policies, procedures, and resources. Although the new policy on domestic abuse and violence quickly took its place on the UVM Policy Web Site with policies on, among other related topics, sexual assault, personal safety and security, hazing, bias incidents, and firearms, it had been my intention to hold the President’s Anti-Violence Statement for a well-publicized release at the beginning of the fall semester. My medical leave interrupted that planning process, but today, with the intensified urgency brought about by Michelle’s death, I am releasing the President’s Anti-Violence Initiative Statement. With it, you have my pledge that my colleagues and I will work diligently to achieve to the greatest extent possible a campus and a community that is a safe place for all.

When I returned to campus, I shared with you and with the campus my conviction that the great work at UVM—the most exciting, the most rewarding, and, yes, the most difficult—lies ahead. Last week, you received “Signatures of Excellence: UVM in the 21st-Century”—an essay designed to sharpen and deepen the vision for UVM. It is the product of intensive dialogue involving members of the Board as well as students, staff, deans and, above all, the faculty of the University. We have set aside time for discussion of “Signatures” during our noon session, so I simply want to make two quick points at this time.

First, the challenges posed in the document are far greater, and more mission-critical, than the challenges posed by the Strategic Financial Plan to which we will turn shortly. Second, as we clearly stated when we distributed “Signatures of Excellence,” it aims to stimulate dialogue, primarily among the faculty who must be the central decision-makers on curricular matters. The outcome of that dialogue may or may not bear resemblance to the examples offered in the narrative. It is nonetheless my expectation that UVM will advance along the lines of aspiration and value that we have articulated together in the University Strategic Plan and in our new effort to draw out further definition and distinction in the vision for UVM.

In this regard, it is not enough to know, as we do, that we lead the nation in federal R&D expenditures among Carnegie research institutions with 14,000 or fewer students. To advance and realize our vision of being the nation’s premier small public research university, we must find ways to promote collaborative interdisciplinary
research and graduate programs to a degree that is rarely if ever achieved in our siloed institutions of higher education. We must also find ways to provide keenly rewarding and challenging academic experiences for our students, designed to produce the accountable leaders envisioned in our proposed new mission statement—graduates with dedication to the global community, an authentic grasp of complexity, and a commitment to lifelong learning and ethical conduct.

My report this morning is also a bridge to our next agenda item: the Strategic Financial Plan. Before I take that up, please join me in noting some key dashboard indicators and challenges that provide some of the context for this meeting of the Board:

- As of last week, we have booked $243.7 million to our $250 million Campaign for the University of Vermont. With that success comes a challenge: We must maintain a sense of urgency over the course of the last seven and a half months of the Campaign to meet and exceed the goal.
- Applications for undergraduate admission as of this Wednesday are running 33% ahead of last year’s record pace. Here our challenge is that, with the prospect of a pool of well over 20,000 applicants for the first time in UVM’s history, we must exert extraordinary effort to bring in an entering class that optimizes access and affordability, enhances diversity, and meets our carefully calibrated enrollment targets with an appropriate mix of in-state and out-of-state students.
- Grant and contract awards through the Office of Sponsored Programs for the first quarter of FY 2007 were some $10 million below those for the first quarter of FY 2006. If this comparative shortfall does not decrease significantly or if it grows as the fiscal year unfolds, we have a new set of challenges: first, to re-assess proposed major investments in the expansion of research capacity; second, to take the stagnation of growth in NIH funding that seems to be the decisive factor in current research funding trends nationwide as a call to increase our emphasis on building a diversified research portfolio; and third, to school ourselves as faculty, department chairs, and deans to think and act with disciplined, strategic focus as we develop hiring plans in pursuit of the goal.
- The last dashboard indicator is more subjective. Our unscientific but exquisitely sensitive pain tachometer screams over the redline that the conversion to PeopleSoft has been, and remains, a difficult adjustment for faculty and staff across the campus, far more so than we had anticipated, even though we knew that the conversion to new management information systems would inevitably have bugs, bumps, and frustrations. It is our challenge to be cognizant of, and responsive to, the disruption that rapid adjustments to software bring about in the short term, yet to remain mindful of the business process efficiency and cost-savings that have been leading goals of this essential migration to new systems.

It is my judgment that the fiscal strength of our University is strong. The Strategic Financial Plan, as you know, is a modeling tool that supports our work on the University Strategic Plan. It is full of dashboard indicators. We must keep in mind, however, that those indicators are actual only for fiscal years that are behind us. All of the other values in the model are potentials, subject to scenario modeling according to variable
assumptions. And, as I said in the cover memo that came to you with the latest version of the model, SFP 5.0, for every one of the three complete fiscal years projected to date the actual results turned out to be far more positive than what the model had said they would be. The better-than-projected results have been the product of very good performance measured against the yardstick of very conservatively hedged projections.

Now, in SFP 5.0, we have developed what we have called a worst-case scenario by putting into the model all of the capital projects that we believe are critical for the continuing advance of the University. To heighten the challenge, the 5.0 scenario has a very aggressive timetable under which every one of those projects is assumed to be initiated within the next sixty months. Consequently, in the scenario modeled in SFP 5.0, our debt burden and viability ratios move outside our policy limits very quickly, and that of course is unacceptable.

Why, then, have we given the Board a worst-case scenario if our gauge of the fiscal strength of the University is so rosy? The answer is that we would be laying the snares of future surprises if we did not show in the model all of the projects that must be tackled in due course. But that does not mean that we can or should so aggressively challenge the truth of Woody Allen’s adage that time is nature’s way of keeping everything from happening all at once. We cannot begin all of the capital projects virtually all at once, within the next few years. We all know that the next step in the development of the model will include, among other possible measures, setting priorities for phasing of the projects over a longer period of time. And we need time for further modeling and for important consultation with the faculty and deans and with this Board as we carefully weigh the timing factors and all of the other complexly interactive variables that will produce the scenario to which the University will ultimately be committed.

In order to sustain our momentum, however, I believe it is a strategic imperative for us to move forward with some sense of urgency that we have to continue the invest-and-grow strategy that has paid such high dividends for UVM. The good news our model brings us is that, if we do nothing else except stretch out the time-frame of the Strategic Capital Plan, we have very significant capacity for ongoing investment. You can see that capacity when you look at an alternative scenario that Mike Gower and Ted Winfield will shortly discuss in more detail—a baseline scenario in which no capital projects are undertaken except those already under way or authorized by the Board. As you can see, under the SFP 5.0 worst-case scenario the blue line of the debt ratio will violate the 5% limit in 2009, whereas under the green baseline scenario, debt ratios stay increasingly far below the limit, a graphic representation of significant debt capacity. The same thing is true of the viability ratio: under SFP 5.0 the blue line of the ratio quickly falls below the required level of one dollar in net expendable assets for every dollar of debt, whereas under the baseline scenario the green line rises to a ratio of net expandable assets to debt of nearly 2 to 1. The rock-solid fiscal foundation of the status quo baseline position tells us that, far from being over-extended with our current commitments, we have significant capacity for continuing investment in thoughtfully defined strategic priorities. We can also be confident that the course we will want to chart will lie someplace in the middle, between the comparatively risky bookends of status quo stagnation at one extreme and of the most aggressive investment scenario at the other. As we find the right scale and pace...
for steering that middle course, I am confident that we will stay on track in pursuit of our vision of becoming the nation’s premier small public research university.

Finally, I feel incredibly lucky and blessed to be with you today, and I know that Rachel joins me in gratitude to the Board and to the broad community for the heartwarming support and encouragement we have received this year. The road ahead now for UVM beckons with the promise of truly exceptional achievement. As we look forward to Thanksgiving, I ask you to join me in giving thanks for the extraordinary successes that have resulted from the efforts of our dedicated faculty, students, staff, administration, and this Board. We face an increasingly bright future through the combined efforts of the members of this distinctive, distinguished, and wonderful community. Thank you.