The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday, February 9, 2007 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, Johanna Donovan, Daniel Fogel, Susan Hudson-Wilson, James Leddy, Deborah McAneny, Kami Patrizio, Raymond C. Pecor, Jr., John Snow, Stirling Winder, Mark Young and Robert Young

MEMBERS ABSENT: James Douglas, John Hilton, Jr., Richard Hube, Jr. and Kathleen Hoyt

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

At 8:00 a.m., a student representing the Student Labor Action Project (SLAP) read a statement to Trustees. Chair Lisman directed the student to utilize the public comment protocol in place to address the Board in the future.

Chair Carl Lisman called the meeting to order at 8:05 a.m.

Approval of Minutes

A motion was made and seconded, and it was voted to approve the minutes of the November 10, 2006 meeting as presented.

Chair’s Report

Chair Lisman began his report by acknowledging the productive meeting of the Budget, Finance & Investment Committee held on January 19th at which the primary area of focus was to understand the implications of tuition increases. The Board will continue to discuss those implications throughout the meetings today and tomorrow. Also at this meeting, the Board will continue to review parameters of the Strategic Financial Plan. Chair Lisman recognized the leadership of Vice President Gower and Associate Vice President Winfield and the professional staff in the Office of Financial Analysis and Budgeting for their expertise and ongoing development of the plan.

Chair Lisman reminded Trustees that UVM is the University of Vermont and for Vermont. He noted that in the past few weeks there have been suggestions that UVM is not the institution where Vermonters get their education, but rather that the Vermont
State Colleges were. He further noted that those suggestions are factually wrong, do a disservice to the University, and should not be repeated.

Chair Lisman next shared statistics about enrollment noting that applications are up from last year reaching nearly 19,000. He noted that roughly half of Vermont high school graduates apply to college and that two-thirds of them apply to UVM and about 40% end up attending the University.

Chair Lisman concluded his report by recognizing that this is the last meeting for Trustees Kathleen Hoyt, Richard Hube, Thomas Little, Kami Patrizio and Mark Young who will each complete their term of service at the end of the month. He took a moment to thank all Trustees for their commitment to the University and time devoted to service.

**President’s Report** (see full report appended to minutes)

**Report from January 19th Budget, Finance and Investment Committee Meeting**

Committee Chair Deborah McAneny reported an extensive assessment and review of peer data and of sensitivity in the Strategic Financial Plan for tuition, financial aid, and fundraising was conducted by the Committee at a special meeting held on January 19th.

Chair McAneny noted that the updated Strategic Financial Plan modeling that was distributed in advance of this meeting is a result of the deliberations and recommendations from the January meeting and subsequent discussions. In order to present a forecast that comes close to meeting the current debt ratio targets, the following elements were adjusted:

- The Strategic Financial Plan (SFP) was recast with a 6% tuition increase per year for the ten-year period. Financial aid growth is maintained at SFP 5.0 levels and there is no change in the level of support from private fund-raising within the plan.
- The Strategic Capital Plan (SCP) was reduced from a total of $525M to a total of $433M, with spending spread more evenly over the period from FY 2008 to 2012.
- The overall model was then rerun (SFP 5.0-A). Net expendable assets increased in version 5.0-A by a total of nearly $236M over the forecast period, compared to a total increase of $159M in Version 5.0.
- With no other changes, this revised forecast still projects debt ratios out of compliance with current debt policy.
- In order to hew much more closely to the debt ratio policy levels, borrowing for capital growth was reduced to roughly $236M to match the projected growth in net expendable assets. This level of debt is about 61% of the total debt projected in the revised Strategic Capital Plan to fully fund the capital spending of $433M.
- By revising the debt level downward to this 61% point, and rerunning the model (SFP 5.0-B), the debt ratios come close to the existing debt policy levels throughout the period.
Chair McAneny shared a few slides highlighting the data assessment showing where the University stands relative to peers on tuition, financial aid, and student indebtedness. It was suggested that the Board could benefit from a broad discussion regarding the capital campaign at a future meeting.

Discussion followed regarding the 6% tuition increase. Provost Hughes reported that 6% was below average for the peers and explained that about 30% of tuition is returned as financial aid which would make the net increase 4.2%. Trustees next discussed the challenge and importance of communicating this information to a host of constituencies.

Chair McAneny concluded her report by reminding Trustees that the SFP is a planning tool and that the administration must seek the Board’s approval before making decisions.

Enrollment Management Presentation

Provost Hughes offered a brief informational session on enrollment management including the quantity, quality and demographics of applicants. He introduced Susan Wertheimer, Interim Dean for Enrollment Planning and Admissions, and commended her and her staff in Admissions. He also recognized Fred Curran, Director of Institutional Studies, for his masterful work tracking statistics for the University.

Provost Hughes reported that, in addition to achieving a record high level of applicants, SAT scores have increased as well. He further reported that, while the University is faced with trying to attract students from a smaller pool due to the declining demographics, the University is attracting more Vermonters to stay in the state.

The Board spent some time discussing “win-loss” data as they relates to admissions, enrollment, and peer aspirants. Using the University of New Hampshire as an example, Provost Hughes reviewed the number of cross-applications with the number of cross-admits and the number of cross-admits going to each school. In the case of UNH, more students chose to come to UVM.

Discussion of Peer and Aspirant Institutions

Provost Hughes briefly reviewed the list of peer and aspirant institutions and how it is used in a variety of ways by the administration for benchmarking purposes such as institutional performance, tuition/fees, and debt management. Trustees inquired about how aspirant institutions are identified and if the University tracks its progress in comparison to peer institutions. President Fogel responded that aspirants are chosen through perception of quality such as high graduation rates and Nobel Peace prize winner on their faculty. Provost Hughes added that the University Planning Council will be working to measure progress towards what the University aspires to be.
Approval of Board Meeting Dates

Chair Lisman presented the following rescheduled meeting dates for approval:

November 29-December 1, 2007
February 21-23, 2008

He explained that these dates are being recommended by the Committee on Board Governance in an effort to ease the difficulty in planning and executing the September and November meetings due to the proximity in time of one another and so that the incoming class of Trustees are able to attend and observe a meeting prior to their first official meeting in May.

Chair Lisman reminded the Board that the fall dates were not approved at the last meeting as the meeting schedule was under consideration by the Committee on Board Governance. Following the recommendation above, the following meeting dates for fall 2008 were presented for approval. It was noted that the annual meeting date remains May 15-17, in conjunction with Commencement weekend.

September 4-6, 2008
December 4-6, 2008

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

Chair Lisman concluded the morning portion of the meeting by introducing incoming student Trustee Beth Rice. Ms. Rice is currently enrolled in the Ph.D. Animal Nutrition and Food Sciences Program in the College of Agriculture and Life Sciences. She will join the Board on March 1st.

At 9:30 a.m. the Chair recessed the meeting.

At 3:15 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 Budget, Finance and Investment and Educational Policy and Institutional Resources 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 she would be offering a brief summary of the discussion that occurred regarding the Strategic Financial Plan and would be inviting committee members to offer highlights of the agenda topics.

Chair McAneny began by expressing her appreciation for the work accomplished in preparation for the November and January meetings. The Committee reviewed SFP versions 5.0-A and 5.0-B, which it believed framed the discussion very well, in particular
version 5.0-B. The Committee had a productive conversation which resulted in good feedback, some follow-up questions, and next steps. The Committee agreed that the Board needs to have a better understanding of the capital projects, rated in terms of importance, in order to make better decisions on capital spending. It was suggested that the Board be reacquainted with the $433M list of capital projects at the next meeting. The Committee also discussed introducing flexibility to the debt ratio policy with regard to the ability to ration out favorable surprises in development and/or investment in the period they occur and identified the need to prioritize projects using debt ratios.

Committee member Robert Cioffi summarized the work of the Investment Subcommittee over the last few months. He reported that the group met with five managers in New York last month and will schedule another meeting in the fall in Boston. The Subcommittee is scheduled to meet on a monthly basis and will look at long-term strategy in terms of market availability and access to products, size of endowment, timing of decisions, and professionally managed endowment. Trustee John Snow updated the Subcommittee that he is researching a new Tobacco/Sudan free index fund manager potentially to replace the S&P 500 Tobacco-Free Index Fund. Vice President Gower highlighted key items from his written report, including the current performance of the University’s Treasury Operations Limited Term Assets, budget performance for FY 07 through December 2006, and the status of the PeopleSoft ERP implementation.

Committee member Robert Young reported on the Committee’s discussion regarding debt refunding and its decision to appoint a Subcommittee to assist in the creation of an action plan that will enable the University to enter into an interest rate swap that will hedge against future interest rates. If the documentation can be organized by the March Executive Committee meeting, the Subcommittee will make a recommendation at that time. The Committee discussed budget planning currently underway for FY 08. Projected revenue exceeds projected expense by $2.7 million. The administration will continue to review its revenue and expenditure projections with the goal of bringing a balanced budget to the Committee at its March meeting. The Committee reviewed maximum room and meal plan rates in order for the Department of Residential Life to market the residence hall system to returning students beginning in March. The Committee will approve the final rates in May. Financing for five capital projects, including deferred maintenance and facility enhancements critical to the quality of student life were endorsed and will be recommended for Board approval tomorrow. The total for all five projects total $13.725 million.

In concluding the Committee report, Trustee Young shared that the Committee discussed Board fiduciary responsibility concerning capital projects, and requested the administration make more transparent to the Board the criteria used to rank the projects so that there may be better understand as to how the priority list is created.
Educational Policy and Institutional Resources Committee Chair’s Report

Chair Martha Heath invited Committee members to offer highlights of their assigned agenda topics.

Co-Vice Chair Thomas Little reported that the Committee received a report on recruitment and retention of faculty of color. The University will be hiring 81 new faculty by 2013. It was noted that recruitment and retention efforts are one of the most difficult challenges facing American higher education today and there are may myths and misconceptions that dominate conversation around this topic. The University is committed to strategies for success including establishing a strategic diversity plan, utilizing faculty network systems, and earmarking college resources. The Committee received a brief update on the implementation of the Six-Credit Graduation Requirement.

Committee member Kami Patrizio briefed the Board on the seven goals of the strategic planning process outlined to the Committee. The goals include creating a diverse community; creating an outstanding student experience that promotes personal and intellectual development; focusing the human, fiscal, environmental, technological, and physical resources of the University on institutional values and priorities; recruiting and retaining excellent faculty and staff; strengthening financial resources; and strengthening research, scholarship and the creative arts. All seven goals will be discussed by the recently reconvened University Planning Council (UPC), whose purpose is to maintain momentum in the University’s strategic direction. The UPC will be working on developing outcome measures to see how UVM is meeting it strategic goals.

Co-Vice Chair Frank Cioffi reported that the Committee previewed two capital projects:

- **Plant Science Building** - will house programs in the departments of Plant Biology and Plant and Soil Sciences. The project will be a U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) project. The estimated project cost is $47M and timeframe for completion is late 2007/early 2008.
- **Colchester Research Facility** – renovation of the new available space in this facility will provide an opportunity to address some overall strategic objective of the College of Medicine, and maximize the use of space through the possible reorganization of its function. The estimated project cost is $4.6M. Targeted start date for this project is April.

Committee member John Snow reported that the Committee revisited the 6% tuition rates topic and student indebtedness. Two important observations were made:

1) UVM is a good school for a good price, but many Vermonters do not have a good understanding of that. The Committee felt strongly that there needs to be better communication around the state regarding the tuition/aid equation at UVM.
2) UVM uses the Higher Education Price Index (HEPI) rather than the Consumer Price Index (CPI).
Mr. Snow concluded by noting that it was the sense of the Committee that the tuition fee approach is a modest one and compares favorably with our peers.

An opportunity for discussion was offered. Trustees thanked the administration for all the work they have done on this topic and expressed their appreciation to the admissions staff for helping them better understand the quantity, quality, and demographics of applicants.

**Adjournment**

There being no further business the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

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

Last week marked the fifth anniversary of this Board’s offering me the presidency of The University of Vermont. This month also marks our farewell Board meeting for five dedicated and astute trustees to whom we owe great debts of gratitude for their service, including Kami Patrizio, who has crowned two-years of student trusteeship and her doctoral studies at UVM with multiple offers of tenure-track assistant professorships—congratulations, Kami!—and four trustees—Kathy Hoyt, Rick Hube, Tom Little, and Mark Young—who have served full six-year terms. Each of them has made many substantive and valuable contributions to the work of the Board during years that have been as momentous as any in UVM’s history. To our retiring trustees, I want to offer heartfelt thanks for all you have done.

Though the chronicles of the past several years will be rich with positive change in advancing the University in every dimension—academic programs, research and scholarship, stewardship and development of the physical campus, fund-raising (thanks to the generous alumni, parents, and friends who have already put us over our Campaign goal), athletic success, and more—the development of this Board as a cohesive, focused, problem-solving team intent on maximizing the value of the University for its students and alumni, for its faculty and staff, and for the State of Vermont is a very important part of the story—I would say it has been essential to our success to date, and I see it as key to the good odds we have of fulfilling the high expectations that UVM has now created.

They are good odds, but they are just that, and I’m convinced we must redouble our efforts to turn potential and promise into reward and fulfillment. The work in which we have been engaged together for the last few years has only just begun. We must be committed together to fulfilling the high expectations UVM has created. The Board’s invest-and-grow strategy has significantly increased the University’s value in support of the work of the faculty and staff in building programmatic richness on all levels—witness, for example, the Honors College, our new interdisciplinary graduate programs, the Vermont Integrated Curriculum in Medicine, our expanding residential learning communities, the new six-credit diversity requirement, and the solid foundations being laid for strengthening effective writing as a distinctive attribute of UVM graduates. We have forged a cohesive, shared understanding of institutional vision, mission, and distinctiveness. We have created institutional resources to support our programs of teaching, research and service in all arenas, from student life (think of the Davis Center and our significant investments in new and renovated student housing) to research (think of the National Transportation Center and the Vermont Advanced Computing Center) to new academic units (think of the Gund Institute and The School of Engineering) to expansion of the faculty (think more than 80 new tenure-track faculty lines) to outreach and economic development (think of the UVM Institute for Artisan Cheese and the
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mont Center for Emerging Technologies). As a result of these and many other initiatives, we are drawing record numbers of applicants, we are attracting outstanding faculty and staff, and, as we noted last fall, we lead small public research universities in the most recent NSF data on federal research and development expenditures.

We need shared commitment and resolve because in truth there are big challenges ahead. One challenge lies above all before the faculty and staff, though administration and trustees have supporting roles here—to ensure that our programs and initiatives develop with genuine distinction and distinctiveness aligned with the University’s vision and mission. Another challenge lies primarily before me, John Hughes, and leadership on the campus, including the deans and department chairs—to manage internal expectations, especially the sometimes painful paradox that while UVM will continue to see healthy growth in its resource base, those growing resources are already heavily encumbered in faculty and staff salary growth, in the new tenure-track lines, and in projected growth in financial aid expenditures, all of which are incorporated in the updated Strategic Financial Plan we will be discussing today and tomorrow. With salaries advancing well above national averages, with an expansion of the professoriate by numbers that would be significant even in a much larger university—and that on UVM’s scale are huge—and with student aid as a percentage of gross assessable tuition projected to rise from 32% to 38%, the glass is more than half full, and it will be our challenge to promote and balance that sunny recognition against the frustration that many in our community may feel at times because our incremental resources are largely already committed, with little or none left over for other purposes not recognized in the plan. And, as I said in the cover letter we sent you with the updated Strategic Financial Plan, the great challenge that lies before this Board remains the squaring of the circle on that plan, finding ways to sustain the invest-and-grow strategy within the fiduciary responsibilities of the Board in order to keep building value. These challenges, for the faculty and staff, for campus leadership, and for the Board, are substantive, compelling, and, to my mind, invigorating and inspiring, and they will require us to maintain focus, discipline, and morale and to work harder than ever to build both public and private support without which the odds of succeeding in our high aspirations for UVM and for Vermont grow very long.

You received in your Board mailing a new publication on UVM’s service to the State of Vermont, “Reaching Out to Vermonters” (there are additional copies here today for meeting attendees who would like to have one). That document reflects some of the ways in which what I told you as a candidate five and a half years ago remains more than ever true today: UVM cannot succeed without Vermont, Vermont cannot succeed without UVM. The invest-and-grow strategy that has built nationally recognized quality at UVM has created a window of opportunity for strengthening Vermont through innovation and sustainable economic development. We cannot simply be the greatest single engine for developing the human resources of Vermont, producing the vast majority of all advanced degrees in the state, well over half the bachelor’s degrees awarded annually to Vermont residents by public institutions, and well over a third of all the bachelor’s degrees awarded by our robust higher education sector through the work of more than twenty public and private colleges and universities. Because Vermont is facing such a sharp demographic challenge, and because it is by now well documented that the success of
regional economies correlates directly with the strength of their research institutions, the flowering of UVM over the course of the past two decades as a nationally competitive research institution represents an indispensable asset for the long-term economic success of our entire state. Building on the University’s emergent capacity in support of state economic development is essential if Vermont is to succeed and thrive in the new economy. The rapid rise of competitiveness in research and innovation at UVM creates the window of opportunity, and the time is now for the University and the State to continue to invest in building capacity to support economic competitiveness. Some of that investment must come in the form of sustained and enhanced public investment in higher education to support both University capital infrastructure and programmatic activities important to the economic success of Vermont. The State can count on us to bring all of our resources to bear on meeting the Vermont challenge, but Vermont must count us in on focused public investment in the future of our State.

My message today is, I hope, bracing. Laurels we may have aplenty, but we cannot rest on them. The challenges ahead are very significant, for both our University and our State, and we must remain focused and build on our momentum if we are to sustain progress. We know that the success of the University has been the result of the disciplined pursuit of this Board’s invest-and-grow strategy. We must stay on track. There is an imperative to continue the work we have been engaged in over the course of the past year and a half embodied in “Signatures of Excellence”—to make our values and value real and effective in every dimension and facet of the University. If we can succeed in doing that, then The University of Vermont, through the countless contributions of its faculty, staff, students, alumni, and friends, will succeed fully under the guidance of this Board in meeting the high expectations UVM has now created. So I end this perhaps shortest of all of my Board reports with an imperative: let’s get on with it. Thank you, Mr. Lisman. As always, if there are questions, I would be happy to try to answer them.