The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday, September 7, 2007 at 8:00 a.m. in the Silver Maple Ballroom, Room 401, Dudley H. Davis Center.

MEMBERS PRESENT: Chair Carl Lisman, Vice Chair Frank Cioffi, Secretary Bill Botzow, Claire Ayer, James Betts, Ian Boyce, Harry Chen, Robert Cioffi, Jeffrey Davis, Johannah Donovan, Daniel Fogel, Martha Heath, John Hilton, Jr., Susan Hudson-Wilson, James Leddy, Deborah McAneny, Beth Rice, John Snow, Donna Sweaney, Jeanette White and Stirling Winder

MEMBERS ABSENT: Edwin Amidon, James Douglas, Raymond Pecor and Robert Young

ALSO PARTICIPATING: Senior Vice President and Provost John M. Hughes and Vice President for Finance and Administration Michael Gower

Chair Carl Lisman called the meeting to order at 8:10 a.m.

Approval of Minutes

A motion was made and seconded, and voted to approve the minutes of the May 18, 2007 meeting as presented.

Chair’s Report (see full report appended to minutes)

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

Resolution in Memoriam for Professor Emeritus Raul Hilberg

Chair Lisman presented the following resolution:

WHEREAS, Dr. Raul Hilberg served the University with distinction and dedication beginning in 1956 and retiring in 1991 as Professor Emeritus of Political Science; and

WHEREAS, Dr. Hilberg had a substantial, visible, and positive impact upon generations of students, faculty and staff to whom his profound and abiding commitment was felt and known; and

WHEREAS, Dr. Hilberg was recognized by the University of Vermont in 1992 by the establishment of the Center for Holocaust Studies in his honor; and
WHEREAS, Dr. Hilberg was one of the foremost Holocaust scholars and researchers recognized world-wide for his accomplishments and contributions to the field of studies; and

WHEREAS, Dr. Hilberg was a deeply valued, beloved, and compassionate colleague and friend to so many members of the University community and beyond;

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont approves the establishment of the Raul Hilberg Distinguished Professorship in the College of Arts and Sciences, on the terms and conditions reported by the administration to the Board; and

BE IT FINALLY RESOLVED that the Board of Trustees of the University of Vermont expresses its deep appreciation for Dr. Hilberg’s teaching, research and service, and sends heartfelt condolences and this remembrance to the family of Dr. Raul Hilberg.

A motion was made, seconded and it was unanimously voted to approve the resolution.

Strategic Capital Priorities

Vice President Gower presented the Strategic Capital Plan v.3.0 Prioritization Model developed in response to the Board’s request for a methodology for ranking and phasing of capital projects.

Vice President Gower began by reminding the Board that the Strategic Capital Plan (SCP) v 1.0, the first comprehensive 10-year view of capital needs was created in November 2006 as a companion document to the Strategic Financial Plan (SFP); a revised SCP v 2.0 was presented to the Board in February 2007 showing impact on the Strategic Financial Plan ratios; and SCP v 3.0 had a preliminarily review by the Board in May 2007. He expressed gratitude to faculty Advisor Dr. Susan Hughes and the MBA students from the Business School who worked with the administration in developing this tool.

Vice President Gower next reviewed the key elements of the prioritization criteria which include: project drivers (sequencing, financial, operations, health and safety and immediate need); aspiration (University vision and image); mission (research, instruction, service and outreach); and critical players (student, faculty and administration impact). The criteria were developed using information gathered through interviews and independent research, and takes into consideration the goal of a transparent system. For each criterion, there are a number of questions to aid the review team in judging impact. After developing the criteria, the following deliverables for review and consideration were created: weighted criteria model in excel; capital project scoring form for project champion (Dean, Director or Vice President); capital project scoring form for executive team; and UVM capital project criteria ranking sheet.
Members of the Senior management would determine the respective scoring for each of the criterion. After the weights have been established, senior management will then rank all of the existing projects in the model. Scoring for each criterion is as follows: 0 = no impact; 1 = low impact; 2 = medium impact; and 3 = high impact. After ranking projects are sorted as “independent” or “dependent” (whether one project must/should be completed before another), creating an overall recommended order by which the projects would be addressed.

An opportunity for discussion and questions was then offered.

Trustee McAneny asked Vice President Gower to review the sequencing process. Vice President Gower referred to Appendix C-1 included in the Strategic Capital Plan 3.0 document distributed with the meeting materials. He explained that the chart assumes that the annual initiatives for deferred maintenance, classrooms, energy improvements, and research equipment are “taken off the top” each year. He further explained that the chart is color coded to identify primary academic projects; primary student life ones; and projects related to infrastructure or administrative/support functions.

Trustee Hudson-Wilson asked when a project makes it to the list, citing the proposed project under consideration by the Campus Life Task Force II to address campus needs relative to major events, health, fitness and recreation and intercollegiate athletics. Vice President Gower explained that projects under consideration appear as a placeholder on the list and that if/when they are recommended, they will be reviewed. If a project fits into the overall priority list, it will be added and the list would be reset.

Trustee Botzow inquired about how the tool will be applied moving forward.

President Fogel responded that the process lends itself to considering newly-proposed, modified, or unexpected projects. A project champion would complete a project description and provide an initial impact assessment; the review group would consider this information and prepare its own “score” for the proposal. The model would show how that proposal would fit into the overall priority list. At least annually, the review group will meet with the President to consider project scores. This exercise will form the annual update of the SCP for presentation to the Board; it will allow for assessing options within the University’s financial capacity and debt ratios as set by the Board.

Trustee McAneny expressed the importance of consistency in the membership of the review team.

A brief discussion followed regarding the objectiveness of the ranking system and whether the Board should be advised each time a score or ranking changes in the system.

Trustee support was expressed for the Board to approve the criteria but not otherwise to interject itself into the process before projects are presented for its consideration.
President Fogel reminded the Board that any revisions to individual criteria or the weighting of criteria would occur only as a result of consultation with the Board.

Trustee Hudson-Wilson expressed her enthusiasm for the tool which renders the process transparent and newly allows for an understanding of the capital project priorities of the administration.

President Fogel concluded the discussion by thanking the Board for its guidance and assistance in developing a tool to strengthen and build quality for students and the State of Vermont.

Chair Lisman presented the following resolution endorsing the Strategic Capital Plan criteria and ranking:

WHEREAS, at the request of the Board, the administration has developed a strategic capital plan projects ranking model (“the model”); and

WHEREAS, the model contains thirteen criteria by means of which projects are assessed;

NOW THEREFORE, BE IT RESOLVED, that the Board endorses the model, including its criteria; and

BE IT FURTHER RESOLVED, that the Board directs the administration to institute the model and report to the Board and its Committees annually and in due course on its application and progress, including any changes in the rankings, in conjunction with reports on the strategic financial plan; and

BE IT FINALLY RESOLVED, that the administration shall present any proposed substantive changes to the model, including its criteria, to the Board for its review and approval.

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

**Issue Overview – Accountability in Higher Education**

President Fogel offered a presentation on accountability in higher education that resulted from the Spelling Commission Report. He outlined plans being developed by the American Association of State Colleges and Universities (AASCU) and the National Association of State Universities and Land-Grant Colleges (NASULGC) for a system under which participating institutions would post key, standardized data on their websites and undertake testing programs designed to gauge student learning and other performance indicators. The goal is to enable universities to make themselves accountable and thus avert a federal attempt to establish a uniform standard.
The President expressed his deep concern about the issues of cost, quality and affordability of education for the past twenty years and indicated that he is leading the AASCU/NASULGC panel that is considering how the accountability system should approach core educational outcomes.

Chair Lisman acknowledged that this is a critical issue that will appear on the Board’s agenda in the foreseeable future.

Approval of Proposed Amendments to Board Bylaws

Chair Lisman presented the following resolution approving housekeeping amendments to the Board Bylaws to confirm to the Vermont Non-Profit Corporation Act and other applicable law:

RESOLVED, that the Committee of the Whole hereby approves the proposed amendments to the University Bylaws shown as Attachment 1 hereto.

(see consent agenda for attachment 1)

Other Business

At 10:00 a.m. a motion was made, seconded and it was voted to enter into executive session for the purpose of discussing contract negotiations.

The meeting was re-opened to the public at 10:25 a.m. and Chair Lisman presented the following resolution for approval:

Resolution Authorizing UVM-City of Burlington Agreement

BE IT RESOLVED, that this Committee recommends that the Board authorize the President, or members of the administration to whom he delegates such responsibility, to conclude negotiations with the City of Burlington regarding a UVM-City Agreement (“Agreement”), such Agreement to contain material terms and conditions substantially consistent with the report and recommendations of the administration on this date; and

BE IT FURTHER RESOLVED that the Committee recommends that the Board authorize the President to execute a final Agreement consistent with those material terms and conditions.

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

President Fogel requested from the Board authorization to serve as the president of the New England Association of Schools and Colleges (NEASC) in calendar year 2009.
A motion was made, seconded and it was unanimously voted to approve the President’s request to serve as President of NEASC in 2009.

At 10:30 a.m. the meeting was recessed.

At 4:10 p.m. the meeting was reconvened.

**Educational Policy and Institutional Resources Chair’s Report**

Chair Martha Heath reported that the highlight of the meeting was the introduction of and reports by Vice President for Development and Alumni Relations Marc Diamond, Vice President for Enrollment Management Chris Lucier and Dean of the College of Medicine Rick Morin. The Committee also received an informative report on faculty hiring from Provost Hughes and endorsed phase I approval of five projects that will appear on the consent agenda for Board approval tomorrow. The projects include Given Courtyard, Aiken Hall, Terrill Hall, the annual deferred maintenance request and Harris/Millis deferred maintenance.

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

Chair McAneny reported that the Committee received a report from the Investment Subcommittee regarding its work over the past quarter and endorsed recommendations to revise the asset allocation, approve the endowment management fee and reaffirm the consolidated endowment budget policy.

The Committee continued discussion of the Strategic Capital Plan prioritization tool and addressed follow-up questions.

Chair McAneny indicated that the majority of the meeting was spent reviewing the Plant Science project and discussing the necessity to change the debt ratio. The Board and administration will need to assess the risk in continuing with the current invest and grow strategy and the consequences of no changes to the debt policy, as well as considering maintaining current debt ratios, amending ratios, or maintaining debt ratios but allowing non-compliance for a specified period of time. The administration and the Board will continue to discuss these considerations with the expectation that a recommendation be brought to the Board for consideration at the November meeting.

**Other Business**

At 4:10 p.m. a motion was made, seconded and it was voted to enter into executive session to discuss the evaluation of a public officer or employee.

The meeting was reopened to the public at 5:40 p.m. and Chair Lisman presented the following resolution for approval:
Resolution regarding Presidential Compensation and Contract

WHEREAS, the Executive Committee subcommittee on presidential evaluation and compensation ("the subcommittee") during the past year engaged in work consistent with its charge; and

WHEREAS, on this date, at the request and with the authorization of the Executive Committee the subcommittee has reported its findings and deliberations to this Board; and

WHEREAS, the Board has now received such report and itself deliberated;

BE IT RESOLVED, that the Board hereby authorizes the Board Chair to finalize a presidential salary award for FY08 and otherwise to effect presidential contract adjustments in a manner consistent with the deliberations of the Board.

A motion was made, seconded and it was unanimously voted to approve the resolution.

Adjournment

There being no further business, the meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Bill Botzow, Secretary
Chair’s Report
September 7, 2007

Good morning - and welcome to the Dudley Davis Student Center! So far as I have been able to determine, today’s meeting of the Board of Trustees is taking place in a room sufficiently large

1. for us not to be on top of each other
2. for each of us to be able to see each other, and
3. for anyone who wants to attend our meeting to have a comfortable seat as well as an unimpeded view of the full Board.

Not only are we meeting in a beautiful room in a beautiful building, we should not fail to mention the magnificent view of Vermont’s Camel’s Hump and the panorama of the Green Mountains visible from this room.

Thank you to all of you who have been involved in the planning, designing, building, outfitting, funding and operating this wonderful addition to the University. If any Trustee has not yet done so, I urge you to wander through the building; “impressive” fails to do justice to what this building represents to our students.

This meeting of the Board is timed to coincide with the opening of the fall semester. The excitement has been palpable - from the arrival of students in Burlington, to the very successful convocation, and the holding of first classes and laboratories.

I expect that President Fogel will share with you his thoughts concerning Convocation on Sunday, August 26 - a very different event than those I’d previously attended. First, attendance was spectacular - almost every incoming Freshmen, lots of upperclassmen (including student-athletes, members of honorary societies, and residence hall assistants), and faculty, staff and parents crammed into Patrick. The event began at Patrick gymnasium - very, very full and very, very hot.

Second, it provided the opportunity for the incoming students to listen to and meet Ishmael Beah, the former Sierra Leone boy-soldier and author of the book that all of our Freshman were required to read this summer. I hope that each of you took the opportunity to join those students and read the book. I can assure you that his talk was as inspiring as his story.

Unlike other Convocations, this one did not end with the speakers. No. Instead, the entire assembly then marched from Patrick along University Heights, down all four lanes and the sidewalks of Main Street to the Green for a candle-lighting ceremony that concluded with the students affirming their commitment to learning. I had the privilege of marching just behind the University Marshall (and Faculty Senate President Robyn Warhol-Down) and, as we neared the intersection of Main Street and University Row, I turned and looked east toward the brow of Main Street - a sight to behold as thousands of students - our students - marched with a seriousness and commitment that would have made each of you proud to be associated with UVM.

What a positive beginning to the academic year. And though we know that there will always be bumps in the road - anticipated and unanticipated - I am confident that UVM can navigate through them.
Today and tomorrow, we, as a Board, need to evaluate and consider matters of strategic importance to the University, many of which relate to what improvements, if any, should be made to the University’s physical plant and, if so, when and how.

Let me try to put all of this in perspective. As I near the end of my sixth year on the Board, I am very mindful that how we make our decisions is, oftentimes, as important as the decisions we make. “Process” matters, especially in the context of fiduciary duty, prudence and good planning.

Six years ago, we did not have the necessary tools to evaluate building projects. We lacked a clear vision that set out what we wanted the University to be for its students and faculty, the local community, the State, and beyond. We did not know with a high level of comfort the University’s financial position. We had no good method to evaluate potential impacts that various financial commitments would have in the near- and longer-term. We had no campus master plan to determine what should go where and how it should fit - or to what standards buildings should be built. We hadn’t even thought about whether new buildings should be connected to a central heating/cooling plant or served by separate on-site systems. And we had no methodology in place to prioritize building projects that serve different needs but nonetheless compete for scarce financial resources. Today we will evaluate the prioritization methodology that we asked the administration to prepare; as an aside, let me thank all Board members (and in particular Debbie McAneny) for their guidance and involvement in this undertaking.

We’ve come a long way in a very short period of time. A few years ago, this Board concluded that it lacked a framework to evaluate the University’s capacity for borrowing - not in the legal sense but having in mind our obligation of prudent management. The then-Budget and Finance Committee created a Debt Subcommittee that evolved into a special Committee and, as a result of our last committee restructuring, returned to the BFI Committee’s jurisdiction.

At the September 2004 meeting of the Board, we approved a Debt Policy that established a “viability” ratio based on the University’s balance sheet and a “debt burden” ratio based on the University’s income statement. The former requires that the University’s aggregate debt should not exceed the total net assets reduced by equity in plant. The latter concluded that annual debt service obligations (payments of principal and interest) should not exceed five percent of total expenses.

At this meeting President Fogel and his administration will present both the materials that have established construction priorities as well as a proposal to approve the long-awaited Plant Science building, at the same time recommending that we defer the decision whether to renovate the Colchester research facility until our November meeting. Separately or together, these projects will not cause us to exceed either ratio. But they, together, will get us very close, which is why we - after debate and reflection - will need to decide that the ratios should be revised, or should be permitted to be exceeded for a finite period of time, or should be maintained inviolate. That decision won’t be made until November. Of course, there are other methods of funding construction, including charitable donations, State and federal appropriations, and grants. But for planning purposes, absent firm commitments from other funding sources, we must assume that we will need to borrow.

Our decision will have an immediate impact. If we decide to hold the line on the ratios, then further construction activities will not occur until borrowings can fit within
the established limits.

Moving to different topics, let me report on events that have occurred since we last met. Our newest Trustees - minus Beth Rice (who was off being a student learning something or another) - attended our newly revised Trustee Orientation program. I believe that all in attendance gave it high grades. Some of it was videotaped, for future use or blackmail, as the case may be.

The Campus Life II Task Force has now held two meetings.

Raul Hilberg - a wonderful educator, tenacious researcher, and gentle man - died. We mourn the loss of every member of the UVM family, but this was an especially significant loss, if for no other reason than the worldwide recognition of him that made all of UVM look better. Later I will propose a resolution for your approval in his memory.

Let me close by, again, thanking each of you for your service. Tonight, we will be joined by a number of our predecessors - emeriti trustees. Our Governance Committee has been working hard on a number of matters, but I want to commend them especially for taking on the task of finding a meaningful role for our predecessors, who also gave of their time and energy and have much to give even now.

Thank you for your attention.
President’s Report
Board of Trustees, September 7, 2007

Chairman Lisman, Vice-Chair Cioffi, trustees of the University, emeritus trustees, faculty, staff, students, alumni, and friends, here, on the threshold of what promises to be a truly remarkable academic year, we have much for which to be thankful. The vital pulse of an energized campus community can be felt throughout this marvelous new facility, the Dudley H. Davis Center, which is already fulfilling the promise we envisioned together years ago—the same pulse experienced by those of us who joined 4,000 other community members in the thrilling Convocation with which we launched the new academic year. This fall, our Honors College greets a diverse entering class, with some 20% of its new members students of color and, in the spring, at the end of its first four years, the Honors College will graduate its first full class. A fourth new residential learning community opened this fall, and we will inaugurate problem-based learning communities at UVM in the spring. Undergraduate and graduate enrollments are at all-time highs, as is doctoral enrollment—and the class of 2011 that just joined the UVM family is the largest in our history and has the highest SAT scores ever recorded by an entering class.

Our rising success and high potential have also attracted extraordinarily talented faculty and staff. Among them is Dr. Frederick Morin, joining us as the Dean of a College of Medicine ranked 7th in the nation this spring in primary care by U. S. News & World Report—welcome Dean Morin! Chris Lucier joins us as Vice President for Enrollment Management in an institution where remarkable gains in the size and quality of applicant pools have put us into two recent front-page stories in the New York Times—welcome Vice President Lucier! And Marcus Diamond, who joins us as Vice President for Development and Alumni Relations, will be leading a team that has just taken us handsomely over the top by some $28 million above the goal in our Campaign for the University of Vermont—welcome Vice President Diamond!

There are, as you all know, countless individuals to whom thanks should be offered among our faculty, staff, and students, alumni and friends, community and state leaders, service personnel, student affairs professionals, the deans, department chairs, generous donors—all of whom have worked to build exceptional value at UVM. This value has garnered UVM recognition in the national media and has set the high expectations of UVM that we must continue to meet.

Today, I want especially to recognize and thank this Board, both current members and the emeriti trustees. Your action has led UVM to adopt a collective vision for academic excellence centered in liberal education, health, and the environment, and premised on core values of service, diversity, and social justice. Your decisions have enabled UVM to develop the programs and policies that are milestones on the path of the University’s advance, from the founding of the Honors College to the Sudan divestiture, from our Green Building program to the six-credit diversity requirement and new interdisciplinary graduate programs. With your direction, UVM has developed sound financial planning tools, including the Strategic Financial Plan and its adjunct, the Strategic Capital Plan, designed to guide us all in our work as prudent fiduciaries of the University and as stewards of its excellence. Under your direction, and with your participation, we have also created a new system for prioritizing and phasing capital
projects, previewed for Educational Policy and Institutional Resources in July, and today to be introduced to the full Board.

I have every confidence that we can sustain our progress, even in the face of the challenges that lie before us. Some of those challenges are general to higher education—such as the coming national and even sharper regional decline in the college-age population. Other challenges are specific to UVM at this time in its development, including current institutional debt parameters that we must re-visit in view of the objectives of our invest-and-grow strategy.

I want to outline a process in which I would ask the Board to engage with us over the next three months. The steps are designed to provide a clear picture to the Board of the University’s financial status and the implications of both maintaining and adjusting the debt policy in view of salient risk factors. First, immediately after my report, if you will allow, Mr. Chair, we would like to reverse agenda items 6 and 5, moving directly to the presentation of the Strategic Capital Plan ranking process developed in response to the Board’s request for a methodology for ranking and phasing of capital projects. We believe we have developed a methodology that is sound and of significant value to the Board, the administration, and the University community.

Deliberation on the debt policy will be centered at this meeting in the Budget, Finance, and Investment Committee. That deliberative process will continue through the Executive Committee meeting on October 15 as well as through Committee and Board planning for the Board meeting scheduled at the end of November. If this work is then complete from the standpoint of the Board, it should culminate in a debt policy decision in November.

As you know, we have proposed deferring until the November meeting one agenda item originally listed for today: BFI and Board final approval of the Colchester Research Facility renovation. We have done so after extensive consultation with Board leadership, including the chairs of the two mega-committees, and we are confident that deferring final approval will not delay completion of this important project, because planning and permitting are actively in progress. The deferral does, however, allow the Board to deliberate on debt policy issues without effectively exhausting current debt policy limits through its approval of the Colchester project at this meeting.

Later today we will be taking to BFI as essential elements of the debt policy review certain critical elements. These include appropriate benchmarking as well as stress-testing of our financial model. Of course, we will also be responsive to additional requests for information and analysis that BFI or the Executive Committee may convey over the next weeks in order to assist the Board with its deliberations and decision-making.

And so, Mr. Chairman, unless there are immediate questions, here ends the president’s report. Before taking any questions, I do want to thank a number of individuals and groups for their work in supporting the somewhat challenging logistics of the Board’s inaugural meeting in the Dudley H. Davis Center: Allen Josey, Dirk Roderick, and the staff of the Davis Center itself; of course; personnel from Enterprise Technology Services; our Sodexho Dining partners; Leslie Logan; Gary Derr; and above all the steadfast, indefatigable, and indispensable Corinne Thompson, to whom we all owe a round of applause. Thank you, Corinne, and thank you, Mr. Chair.