The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday, May 21, 2010 at 8:00 a.m. and 1:30 p.m., in the Silver Maple Ballroom, Room 401 at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair Robert Cioffi, Vice Chair Harry Chen, Secretary Bill Botzow, Claire Ayer, Samuel Bain, Ian Boyce, Carolyn Branagan, Frank Cioffi, David Daigle, Jeffrey Davis, Johannah Donovan, James Douglas (afternoon session only), Daniel Fogel, John Hilton, Jr., Susan Hudson-Wilson, Debbie McAneny, David Potter, Dale Rocheleau, Adam Roof, Bill Ruprecht, Brian Sozansky, Donna Sweaney, Jeanette White and Mark Young

MEMBERS ABSENT: Christopher Bray

ALSO PARTICIPATING: Interim Senior Vice President and Provost Jane Knodell, Faculty Senate President Jim Burgmeier, Staff Council President Beth Walsh, Alumni Council President Meg Guzewicz, Student Government Association Vice President Kofi Mensah, Graduate Student Senate President Melanie Brown, Vice President for Finance and Administration Richard Cate, Vice President for Legal Affairs and General Counsel Francine Bazlue, Vice President for Executive Operations Gary Derr, Director for Capital Planning and Management Robert Vaughan and Senior Advisor to the President John Evans

Chair Robert Cioffi called the meeting to order at 8:09 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of February 5, 2010 meeting as presented.

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

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

Governance Leaders Reports

Faculty Senate President Jim Burgmeier supplemented his written report by highlighting the activity and accomplishments of the Faculty Senate Committees since the last Board meeting. Trustee Susan Hudson-Wilson asked why some faculty feel they were not included in the TRI process. President Burgmeirer responded that the beginning of the process was not as inclusive as it could have been, but it has drastically improved. He added that faculty were also concerned that too much funding would be pulled from the undergraduate programs. This concern has been carefully taken into account.
Staff Council President Beth Walsh provided an update regarding recent Staff Council elections. Of nineteen vacant seats, eleven new representatives were elected, two were re-elected and six remain open. This is the best representation the Council has had thus far. The Council also held its second election for officers, which had a 20% participation rate. Ida Russin was elected President and Michelle Smith was elected Vice President; both begin their terms July 1. President Walsh concluded by reporting that many staff have expressed concern with Governor Jim Douglas’s call for a 0% tuition increase. She believes that President Fogel and Vice President for Finance and Administration Richard Cate have clearly outlined why an increase is necessary.

Alumni Association President Meg Guzewicz stated that the Association continues to focus on creating platforms for lifelong engagement. She reported that the UVM Class Council programs are thriving and job placement and career events are drawing record numbers of Alumni volunteers. The fourteen Admitted Student receptions held this year drew over 740 students and 40 alumni and parent volunteers. She also reported that a website has been created listing the recently announced 2010 Alumni Association Awards and a website will soon launch for the Alumni House. President Guzewicz concluded her report by introducing Ted Madden as incoming President.

Student Government Association (SGA) President Kofi Mensah reported that the three major initiatives for the current SGA leadership are accountability, visibility and legacy. He commended the administration for its efforts in allocating one-time funds to reduce the proposed tuition increase from 4.8% to 4%. Regarding the Transdisciplinary Research Initiative (TRI), some concern had been expressed by members of the University community, which he feels is mostly due to lack of clarity. He commended Faculty Senate President Jim Burgmeier for charging an ad hoc Committee to recommend improvements in the TRI process. President Mensah concluded his report by suggesting that the administration continue to improve its collaboration with the community.

Trustee Samuel Bain commended President Mensah for encouraging the Board to remain mindful of the student vision. Trustee Bain suggested that he would like to hear more about student participation in areas such as community service, and looks forward to continued student feedback.

Graduate Student Senate (GSS) President Melanie Brown announced that the GSS recently held a coffee hour that raised an additional $3,000 for its travel fund. A total of over $8,000 in travel funds have been awarded to graduate students this year. She thanked Dean of the Graduate College Domenico Grasso and President Fogel for donations they provided to fund the GSS this year and stated that a graduate student fee will soon be initiated so that GSS will become self-sufficient. President Brown announced that, later today, Educational Policy and Institutional Resources Committee representative Sarah Surgula and Budget, Finance and Investment representative Eric Garza will be first to serve officially as Graduate student representatives. She discussed GSS concerns regarding financial difficulties amongst graduate students. President Brown announced that graduate fellow of the year Kirstin Store will be joining Castleton State College as a faculty member. She also stated that graduate students are excited about the TRI process as it will help raise the profile of the graduate education. President Brown concluded by announcing Dustin Evatt as her successor.
Foundation Work Group Recommendation

Chair Cioffi referenced attachments 7 and 8 of the meeting materials, which provide an executive summary of the Foundation Work Group’s recommendation and an accompanying resolution by means of which the Board could approve establishment of a Foundation. As stated in their reports earlier today, Chair Cioffi and President Fogel support this recommendation.

Trustee Samuel Bain inquired as to the procedure if this resolution were passed. Chair Cioffi responded that a Foundation Steering Committee would be created to draft the Foundation’s governance documents. A Memorandum of Understanding between the University and the Foundation, with governance documents appended, would be presented to the Board for approval. Vice President Bazluke advised that the Board will approve the material terms of the proposed Memorandum of Understanding.

Trustee Bill Botzow inquired about risks to be considered if a Foundation were established. Trustee Ian Boyce, co-leader of the Foundation Work Group, replied that one concern is that the direction and focus of the Foundation may differ from that of the University. Another concern is the uncertainty of start-up costs. President Fogel added that strong measures will be taken to make sure that the foundation alignment remains complementary with the University’s mission. He also cautioned that some risk lies in expectations and that all should understand that the Foundation will not be an instant solution to fiscal needs.

Trustee Jeanette White asked if the establishment of a Foundation would affect Development and Alumni Relations (DAR). President Fogel anticipates that the first president of the Foundation might also be the Vice President of DAR. Details are still to be determined, but the two entities will be aligned to work together.

Trustee David Potter asked how Foundation money would be gifted to the University. President Fogel stated that though these details are yet to be determined, the Foundation’s rationale for its existence is to support the University. There will likely be a complementary effort between Foundation and campus activities, with Foundation efforts being concerned with very large gifts. President Fogel added that the Foundation will have its own audit functions, but will be included in the University’s financial statements.

The following resolution was presented for approval:

Resolution Approving Establishment of Affiliated Foundation

WHEREAS, this Board of Trustees (“Board”) charged a trustee Work Group with responsibility for examining the desirability and feasibility of establishing a University-affiliated fundraising foundation; and

WHEREAS, following study and deliberation, the Work Group issued a report dated May 11, 2010, containing its recommendation and associated rationale;
THEREFORE, BE IT RESOLVED, that the Board accepts the recommendation of the
Work Group that the University take all necessary and appropriate steps to facilitate
establishment of an affiliated fundraising foundation in a manner consistent with the
principles and parameters set forth in the report; and

BE IT FURTHER RESOLVED, that the Board requests and directs its Chair and the
President, or their designees, to report periodically to the Board on the status of this
initiative.

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

**Board Governance Committee Recommendation**

Chair Frank Cioffi provided a brief background on the procedure taken for the Committee to
arrive at the recommendations included in attachment 9 of the meeting materials. Overall, the
Work Group charged with conducting the Committee Structure Assessment determined that the
current committee structures and charges are favorable and clear.

The following resolution was presented for approval:

**Acceptance of Board Governance Committee Report on Assessment of Committee
Structure and Operations and Authorization to Implement Recommendations**

WHEREAS, after trustee surveys and study of the structure and operations of the
Committees of the Board, the Board Governance Committee has issued associated
recommendations,

BE IT RESOLVED, that the Board accepts the report of the Governance Committee, and

BE IT FURTHER RESOLVED, that the Board authorizes the Chair to take steps
consistent with the recommendations, subject to the further approval of the Board where
so required by the Bylaws or law.

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

**Other Business**

Chair Cioffi invited Associate Provost Wanda Heading-Grant, Sharon Pitterson-Ogaldez,
Monique Swaby, and members of the ALANA (Asian-American, Latino, African-American &
Native American) Coalition to present a special award to Trustee Ian Boyce on behalf of the
ALANA Coalition. The Coalition is a University group who endeavor to enhance the experience
of faculty, staff and student members of color. The award honored Trustee Boyce for his
leadership, outstanding service and dedication to the ALANA Community and the University in
creating a more welcome and inclusive community to all.
Acceptance of Gifts and Grants Reports

A motion was made, seconded and unanimously voted to accept the Gifts and Grants reports.

Contract Approvals

Vice President for Finance and Administration Richard Cate introduced the following resolutions for approval:

**Approval of Optical Fiber Connection Contract**

BE IT RESOLVED, that the Vice President for Finance and Administration (or his successor or designee), in consultation with the Chief Information Officer, is hereby authorized to negotiate and execute an Optical Fiber Connection contract with TelJet Longhaul, Inc., for a term of 10 years in the amount of $2 million dollars.

**Approval of Undergraduate Admission Inquiry Development and Priority Application Program Contract**

BE IT RESOLVED, that the Vice President for Finance and Administration (or his successor or designee), in consultation with the Director of Admissions, is hereby authorized to negotiate and execute an Undergraduate Admissions Inquiry Development and Priority Application Program contract with Royall & Company, for a term of three years and an estimated amount of $1.7 million dollars beginning June 1, 2010.

**Approval of Job Order Contract**

RESOLVED, that the Vice President for Finance and Administration (or his successor or designee) is hereby authorized to execute a job order contract for small construction projects with J. A. Morrissey, Inc. This one-year contract has a guaranteed minimum annual value of $50,000 and a maximum of $970,000 beginning March 1, 2010, with the possibility of renewal on the same terms for up to two additional years.

**Approval of Student Health Insurance Contract**

BE IT RESOLVED, that the Vice President for Finance and Administration (or his successor or designee), in consultation with the Director for Health and Wellbeing, and the Director of Risk Management, is hereby authorized to negotiate and execute a Student Health Insurance contract with University Health Plans (UHP), for a term of three years at an estimated amount of $3.6 million dollars for each fiscal year 2011, 2012, and 2013.

A motion was made, seconded and unanimously voted to approve the resolutions as presented.
Committee of the Whole meeting, May 21 & 22, 2010

Vermont Department of Health/UVM Project

At 9:43 a.m., the Chair entertained a motion to into Executive Session for the purpose of discussing contracts. All in attendance were excused from the meeting with the exception of Trustees, Interim Provost Knodell, Vice President for Legal Affairs and General Counsel Francine Bazluke, Vice President for Finance and Administration Richard Cate, Vice President for Executive Operations Gary Derr, Director for Capital Planning and Management Robert Vaughan and Senior Advisor to the President John Evans.

The session was reopened to the public at 10:28 a.m. and the following resolution was presented for approval.

**Vermont Department of Health-UVM Collaboration Resolution**

BE IT RESOLVED, that in connection with the State of Vermont’s relocation of its State Health Department Laboratory to the Colchester Business and Technology Park (formerly known as the Colchester Research Park), the Board authorizes the President and the Vice President for Finance and Administration each to negotiate agreements between the University and the State of Vermont to accomplish the following purposes:

1. to accept transfer to the University, from the State of Vermont, of land at 245 South Park Drive in Colchester, Vermont, adjacent to the College of Medicine’s existing Colchester Research Facility at 208 South Park Drive. The Vermont Center for Emerging Technologies, Inc. (“VCET”) currently owns the land and building that the State will acquire before conveying the land to the University; and

2. to then enter into a long-term ground lease with the State for that portion of the University’s newly-expanded parcel that underlies (a) the existing VCET building (which will continue to be owned by the State), (b) a new addition to the VCET building to be constructed and owned by the State, and (c) a connection to the Colchester Research Facility to be constructed and owned by the State; and

3. to enter into a long-term agreement with the State whereby each will have the use of specific spaces in each other’s buildings; and

4. to create an agreement to allow for a fair and equitable sharing between the University and the State in the management and operations associated with these facilities; and

5. to establish a clear agreement between the University and the State about how the relationship may be equitably dissolved by either party if necessary.

BE IT FURTHER RESOLVED, that the Board authorizes the President and the Vice President for Finance and Administration each to enter into the above-described agreements only if those agreements fulfill the principles it has reviewed relative to
capital value exchange and operating value exchange. The Executive Committee of the Board shall have final approval of all agreements. In terms of capital expenditure, the University shall be limited to expending $100,000 without the prior approval of the Board. This resolution does not limit the University in completing the long-term strategic plan for expansion of its facilities at the Colchester site.

BE IT FURTHER RESOLVED that President and the Vice President for Finance and Administration are hereby authorized to execute ground leases, management and operating agreements, and any and all other agreements, documents, and instruments that are necessary and desirable to accomplish the above-described purposes.

BE IT FURTHER RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

A motion was made, seconded and voted to approve the resolution with 22 votes for, none opposed, and 1 abstention.

At 10:30 a.m., Chair Cioffi recessed the meeting.

The meeting reconvened at 1:33 p.m.

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

Chair Claire Ayer reported on discussions that the Educational Policy and Institutional Resource Committee’s (EPIR) had earlier today regarding the Transdisciplinary Research Initiative (TRI). Much of the discussion considered the effects this initiative may have on academic disciplines, hiring of faculty, faculty responsibilities, and the experience of undergraduates. Chair Ayer commended Interim Provost Knodell for a wonderful job addressing these concerns. The Committee passed the TRI resolution with an amendment directing the administration to report at each regular meeting, until otherwise directed, on the progress of the TRI to the Committee and at meetings of the full Board. The full Board will have additional opportunity to discuss this at their meeting tomorrow.

Trustee Ian Boyce inquired regarding the timeline for the strategic faculty hiring portion of the initiative. Interim Provost Knodell explained that the first round of strategic faculty hiring will consist of 30 tenure track positions, which have been vetted through a justification process with respective Deans and for which funding has been designated. Of the 30 initial positions, there are 20 that have been crafted to complement the initiative. The model of hiring teacher scholars is being carried forward in order to continue the delivery of outstanding undergraduate education while simultaneously building excellence in the three Spires of Excellence.

Trustee Sam Bain inquired if the initiative will reduce the capacity of current faculty. Interim Provost Knodell explained that current faculty strength will be preserved. Approximately 20
positions become vacant annually, and these vacancies allow for a phased approach to hire faculty who complement the initiative. She also indicated that faculty are evolving their courses and programs to align with the initiative.

Trustee David Daigle asked if a pre-defined method has been created to measure initiative results and if so, who would oversee it. Interim Provost Knodell replied that general metrics have been created and the Steering Committee will work with Faculty Senate to develop metrics which will eventually be vetted through EPIR. If a Spire is deemed unsuccessful, the University will not continue to resource it. Alternately, additional Spires may be created as appropriate. The Faculty Senate has created an excellent report concerning TRI, and Interim Provost Knodell will share with the Board once finalized.

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

Chair Debbie McAneny reported on budget discussions that the Budget, Finance and Investment Committee (BFI) had earlier today regarding the proposed FY 2011 budget. She emphasized that the process has been deliberative and disciplined. The Committee reviewed benchmark information at its February 5 and April 12 meetings, and there has been continuous dialogue between BFI leadership and the administration. She acknowledged that Vice President Richard Cate is celebrating his two-year anniversary at the University and has had a tremendous impact in improving the budget process and closing previous gaps to get the University back on track.

At the April meeting, a 4.8% increase in tuition was proposed. Today, the proposed increase is 4%, due to the allocation of unanticipated funds from the state. The Committee recognizes that these are difficult economic times and is doing as much as possible to make tuition affordable for students. Chair McAneny emphasized that the 4% increase has a structural gap as it depends upon one-time funds. She stated that applying one-time funds to reduce tuition is underfunding many important initiatives such as deferred maintenance and investment in technology. She added that the high cost of tuition is not unique to the University and we should collaborate with peers in finding the best solution. She then offered Trustee Susan Hudson-Wilson an opportunity to provide an opposing view to reducing the original proposed tuition increase.

Trustee Hudson-Wilson expressed her support for the 6% increase proposed in the University’s Strategic Plan. She strongly opposes the use of one-time funds to reduce tuition for one year. She believes the University’s value is perceived in the marketplace and our brand allows us to compete with smaller private schools who are more expensive. The high sticker price, high financial aid model has proved to be a great model, one which allows more Vermonter s to pay less while also providing resources for the University to create a higher quality student body. She added that the University cannot singlehandedly solve the nations problem of education cost. She further stated there is more to be done and the student population has needs that should be addressed such as student housing, wellness and athletic facilities. She concluded that the University is on an upward spiral and should not back down now.

Chair McAneny added that the members of the Committee had expressed concern about whether the budget was “cut too close to bone”. In the end, however, the Committee approved the 4% increase.
Trustee Adam Roof asked how the reduction of the tuition increase to 4% will affect tuition next year. Chair McAneny replied that the .8% will have to be made up for and the Committee is unsure how this will be done, but that Vice President Cate is committed to finding ways to save money in preparation for addressing this shortfall.

Trustee Jeanette White inquired as to how the 4% increase affects high sticker price and the financial aid model for Vermont students. Chair McAneny replied that the average Vermont student will see increase of about 1.8%.

President Fogel reminded members of the Board that, while the University received $2.58 million in one-time funds, only $1.98 million is being used to offset the tuition increase. The remainder has been allocated to the College of Medicine and to Extension programs.

Governor Douglas commented that even a 1.8% increase for Vermonters is not appropriate as it is twice the amount of inflation, and that he believes the increase should be 0% for Vermont residents.

President Fogel concluded the discussion by noting that financial aid packages have already gone out. He also recalled that, each year, more and more Vermonters have had the opportunity to pay 0%, which reflects the University’s strong commitment to Vermont.

Post Retirement Medical Benefits

Vice President Richard Cate introduced the topic of post-retirement medical benefits, which he characterized as a challenge which must be addressed in the near future. The University currently has a defined progressive plan, meaning that the lowest-compensated employees pay 4% of their premium and others pay up to 30% of the premium. The plan has worked in the past, but it is beginning to fail as life expectancies continue to increase. The University faces a particularly challenging situation in that it is solely responsible to address this challenge, while for most institutions in higher education this is a state obligation.

Vice President Cate referenced attachment 10 of the meeting materials, which is a graph that illustrates the challenge of this benefit as it currently stands. The statistics used in the graph were provided by a nationally respected actuarial firm and the data take into account the estimated longevity for individuals and the probability that these persons would remain at the University. At the current rate, the University has a $3 billion commitment for this benefit, which is not sustainable. President Fogel has determined that a group needs to be appointed to review data over course of summer with the anticipation that the administration will bring forth a proposal to the Board at its October meeting. President Fogel added that the most severe “drag” of this accruing liability is on the financial statement and charges under GASB 45.

Trustee Samuel Bain inquired if there was a possibility that the state could assist in addressing this problem. Governor Douglas replied that state already assumes responsibility for primary and secondary education staff and cannot extend itself to support post-secondary staff. The Governor stated that, two years ago, the legislature agreed to a tiered system and extended the retirement age to 65 which was has proved successful thus far.
Trustee John Hilton stated that much of the private sector has eliminated this benefit and inquired why the public sector has not done so. Vice President Cate replied that, typically in public sector employment, compensation is lower than in the private sector and benefits are valued to make up for the difference. He also stated that there are two groups of people to consider and they are those that retire before 65 and those that retire at 65. Right now, the University has the ability to significantly modify this benefit for employees and faculty who will retire post 65. For those that retire before 65, the University must negotiate changes with employees who are represented.

Trustee Jeanette White stated that she was recently on a committee that reviewed this issue for state employees. The committee learned that, when a private company eliminates this benefit, the public sector ends up picking up the bill. She encouraged the administration to “think outside the box” in addressing this issue.

Trustee Harry Chen inquired as to the time pressure of this issue. Vice President Cate replied that the issue is long-term and demands that the University be both diligent and cautious; however, every year it is not addressed there is an additional $25 million added to the balance sheet. The University spends approximately $11 million a year on this benefit and, in 10 years, the amount is anticipated to increase 60-70%.

Trustee David Daigle stated that he suspects that the true inflationary cost for next 20 to 30 years is being misestimated inasmuch as commercial loan costs are increasing from pressures of cost in public sector.

Trustee Debbie McAneny asked for clarity on what the administration needs from the Board to help them address this issue. Vice President Cate replied that essentially, the administration is looking for the Board’s feedback prior to addressing the issue, but does not need approval to take action at this time.

Other Business

Chair Cioffi announced that the Committee will reconvene at 8:45 a.m. tomorrow morning in the Livak Ballroom.

At 2:55 p.m., the Chair entertained a motion to into executive session for the purpose of discussing contract negotiations and the evaluation of a public officer. All in attendance were excused from the meeting with the exception of Interim Provost Knodell, Vice President for Legal Affairs and General Counsel Francine Bazlue, Vice President for Finance and Administration Richard Cate, and Vice President for Executive Operations Gary Derr. All Vice Presidents and President Fogel were to be excused for the second topic.

The meeting was reopened to the public at 6:20 p.m. and Chair Cioffi immediately recessed the meeting stating the intention would be to reconvene on Saturday morning at 8:45 a.m.

The meeting reconvened at 8:50 a.m. on Saturday, May 22, 2010, in the Livak Ballroom, Room 401 at the Dudley H. Davis Center.
MEMBERS PRESENT: Chair Robert Cioffi, Vice Chair Harry Chen, Secretary Bill Botzow, Claire Ayer, Samuel Bain, Ian Boyce, Frank Cioffi, David Daigle, Jeffrey Davis, Johannah Donovan, James Douglas (afternoon session only), Daniel Fogel, John Hilton, Jr., Susan Hudson-Wilson, Debbie McAneny, David Potter, Dale Rocheleau, Adam Roof, Bill Ruprecht, Brian Sozansky, Donna Sweaney, Jeanette White and Mark Young

MEMBERS ABSENT: Carolyn Branagan, Christopher Bray and James Douglas

ALSO PARTICIPATING: Interim Senior Vice President and Provost Jane Knodell, Vice President for Finance and Administration Richard Cate, Vice President for Legal Affairs and General Counsel Francine Bazluke, and Vice President for Executive Operations Gary Derr

Chair Cioffi presented the following resolutions for approval noting that a technical amendment had been made to the Vermont Department of Health-UVM Collaboration Resolution following yesterday’s approval.

**Vermont Department of Health-UVM Collaboration Resolution**

BE IT RESOLVED, that in connection with the State of Vermont’s relocation of its State Health Department Laboratory to the Colchester Business and Technology Park (formerly known as the Colchester Research Park), the Board authorizes the President and the Vice President for Finance and Administration each to negotiate agreements between the University and the State of Vermont to accomplish the following purposes:

1. to accept transfer to the University, from the State of Vermont, of land at 245 South Park Drive in Colchester, Vermont, adjacent to the College of Medicine’s existing Colchester Research Facility at 208 South Park Drive. The Vermont Center for Emerging Technologies, Inc. (“VCET”) currently owns the land and building that the State will acquire before conveying the land to the University; and

2. to then enter into a long-term ground lease with the State for that portion of the University’s newly-expanded parcel that underlies (a) the existing VCET building (which will continue to be owned by the State), (b) a new addition to the VCET building to be constructed and owned by the State, and (c) a connection to the Colchester Research Facility to be constructed and owned by the State; and

3. to enter into a long-term agreement with the State whereby each will have the use of specific spaces in each other’s buildings; and

4. to create an agreement to allow for a fair and equitable sharing between the University and the State in the management and operations associated with these facilities; and
4-5. to include in the agreement provision for modification of its terms to render the agreement appropriately responsive to changing conditions and circumstances; and

5-6. to establish a clear agreement between the University and the State about how the relationship may be equitably dissolved by either party if necessary.

BE IT FURTHER RESOLVED, that the Board authorizes the President and the Vice President for Finance and Administration each to enter into the above-described agreements only if those agreements fulfill the principles it has reviewed relative to capital value exchange and operating value exchange. The Executive Committee of the Board shall have final approval of all agreements. In terms of capital expenditure, the University shall be limited to expending $100,000 without the prior approval of the Board. This resolution does not limit the University in completing the long-term strategic plan for expansion of its facilities at the Colchester site.

BE IT FURTHER RESOLVED that President and the Vice President for Finance and Administration are hereby authorized to execute ground leases, management and operating agreements, and any and all other agreements, documents, and instruments that are necessary and desirable to accomplish the above-described purposes.

BE IT FURTHER RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

Resolution Authorizing Negotiation and Execution of Affiliation Agreement

WHEREAS, the University and Fletcher Allen Health Care (“FAHC”) (collectively, “the parties”) share certain goals consistent with their respective missions; and

WHEREAS, the relationship between the parties and their respective and collective obligations are set forth in an Affiliation Agreement set to expire on July 31, 2010; and

WHEREAS, the University has comprehensively analyzed the nature and extent of the parties’ affiliation and the value exchange between the parties; and

WHEREAS, the University formulated its negotiation goals in consultation with the University of Vermont and FAHC Affiliation Agreement Work Group, and reported periodically on the terms and status of the negotiations to the Work Group, the Executive Committee, and the full Board; and

WHEREAS, the administration has today summarized for the Board the proposed material terms of the new Affiliation Agreement;
THEN, BE IT RESOLVED, that the Board authorizes the President or his designee(s) to conclude the negotiations in a manner consistent with the summary of the material terms of which the Board has been advised today, including execution of the necessary associated documents.

**Resolution regarding Presidential Evaluation and FY11 Compensation**

WHEREAS, on this date the annual review subcommittee (“the subcommittee”) has reported on the status of its work to this Board;

BE IT RESOLVED, that the Board hereby authorizes the Board Chair to finalize the President’s annual performance evaluation and compensation for FY11 following such additional consultation with the subcommittee as he deems necessary or desirable; and

BE IT FURTHER RESOLVED, that the Board Chair shall report his final actions to the Board in due course.

A motion was made, and seconded to approve the resolutions as presented. The Vermont Department of Health-UVM Collaboration Resolution was approved with 21 votes for, none opposed, and 1 abstention. The remaining two resolutions were unanimously approved.

**Adjournment**

There being no further business, the meeting was adjourned at 8:55 a.m.

Respectfully submitted,

Bill Botzow, Secretary
Chair’s Report
Board of Trustees, May 21, 2010

Good morning. I want to begin by thanking all of you for the trust and confidence you have placed in me by electing me Board Chair. I am humbled and honored by this opportunity, and grateful to be following in the footsteps of an extraordinary leader in Ian Boyce. I also want to thank my fellow Board members for all of their work on behalf of our University and I only ask that you continue to work with me and the administration as we navigate the road ahead of us.

As most of you know, I have been on the Board for some time, and in different roles, including being a student Trustee or as I like to say, a Trustee who happens to be student. I would be remiss if I did not mention just a few of the past Trustees and Chairs, in addition to Ian, who have greatly influenced me and who will have my eternal respect and admiration. I have been honored to call these individuals colleagues and friends, they include people like Jack Candon, Eugene Kalkin, Bruce Lisman, Martha Heath, Pam McDermott, Fred Hackett, Carl Lisman, Jim Pizzagalli and the late Steve Waltien. My nearly 2½ terms on this Board have been rewarding, and along with many successes have also at times come problems (expected and unexpected), disappointments, and controversy however, I believe that that is the nature of this business. I only hope that in some small way I can accomplish my goal of paying back this institution for all that it has given to me and my family.

I plan to take a bit of a different slant on the Chair’s reports during my time in this role. Dan does a terrific job at summarizing important events and milestones that have transpired on our campus since we last met and I will leave that to him. It is my hope that I will be able to do a few things in these reports including: 1. be brief; 2. focus on broad, strategic issues; and 3. directly, and perhaps provocatively, express some perspectives on issues of importance to this enterprise, to Vermont, and to this Board.

So, here we go. As a Vermonter who now lives outside the state, I believe that Vermont, and UVM, have the reputation, the “brand” if you will, that is the envy of people across the country. Of course there are fiscal challenges and worries about the future, but that is unfortunately true everywhere. But this is a very special, I think unlike any other place.

On the wall of my office, I have a photograph of a wonderful Vermont farm and a quote on the bottom of the photo is from Frank Bryan, one of my mentors during my time at UVM. The quote says, “Vermont without farmers would be a very good place, but it could never be Vermont and while there a lot of good places, there is only one Vermont.” I would argue that the same can be said about UVM and also about the relationship between Vermont and its University. There is only one UVM and it has a very unique and unmatched relationship with the state in which it resides.

Today, understandably, Vermonters are deeply concerned about the state’s economic viability and future prospects. Many individuals around the state are working diligently to attract and nurture entities that will bring clean, well paying businesses and job opportunities into the state to help fuel what is a rather fragile economy. Such enterprises are the gold standard of the type
of economic development renaissance that Vermont envisions. I certainly do not need to tell my legislative colleagues how critical it is for Vermont to find more of this type of entity.

Well, indulge me for a moment while I describe one such enterprise that in my opinion, Vermont would love to have. This enterprise is clean and green, with several thousand well-paying jobs with good benefits and its employees pay taxes, pay rent, buy homes, and keep the economy running. This enterprise attracts hundreds of millions of dollars, largely from out of state, to Vermont and those dollars stay right here in Vermont. This entity also creates many other jobs through the millions of dollars of goods and services it purchases year after year from Vermonters. All told, over $1 billion of economic activity could be attributed to this organization’s activities and presence in Vermont.

Moreover, this enterprise educates some 12,000 individuals each year to attain the skills and degrees they will need to be successful in the future. And for those who need assistance paying for this education, substantial levels of financial aid are available, so much so that this institution actually charges nothing to over 30% of the Vermonters who choose to be educated there.

Of course I am speaking of The University of Vermont. I believe that if the economic development professionals from around Vermont heard of an institution such as this, they would be working day and night to attract it to move to Vermont. Fortunately, it is already here and it is an enterprise that is absolutely critical to the future prospects of this state and its people. An organization that has worked hard to be better and more successful, and one that is a huge asset, not a drain, to Vermont’s bottom line. A place that must remain strong and viable not only to survive in the highly competitive national and global higher education marketplace, but to remain an absolutely indispensable element of the survival of this special place that is Vermont. And unlike most state agencies, we must attract students, faculty, and many other employees from across the nation. Students today have literally thousands of options of where to attend college, and remaining a viable national university demands that we not rest on our laurels or depend on the status quo.

To succeed we must continue to focus on our strengths, as we have been working hard to do this year. The Transdisciplinary Research Initiative is a direct result of the Board’s charge to the administration, coming out of last year’s retreat, to focus on a set of compelling academic strengths. The outcomes we are looking at today are the result of an extensive, highly consultative process, and they are the start, not the finish, of this important initiative to reach the goals that the Board is seeking. Likewise, the progress that has been made on the General Education Requirement is impressive, and responsive to our desire to offer a more coherent academic experience to our students as recommended through the NEASC accreditation process of last year.

We need to be as efficient and creative as possible in delivering an outstanding and well rounded educational experience to our students, successfully competing for research dollars, seeking resources from a variety of sources and spending them wisely, and attracting and retaining the very best faculty, students, and staff possible.
We must provide high value in all that we do, whether that is in a classroom or a laboratory, in a volunteer program in the community, on the athletic fields, or in our residence halls. This is a tall order, and it isn’t easy. Controversy is to be expected, but our progress continues. I firmly believe that if UVM is allowed to erode, so will Vermont. Fortunately, I have every confidence that together we have the intelligence, commitment, and collective will to do what is necessary to sustain the success of this great University.

I look forward to working with all of you and when I say all of you, I do not just mean those individuals around this table, but indeed all of those in this room and those others from the important constituent groups across the institution. I hope that we can all work together effectively to get this important work done.

Let me wrap this up with three important news items.

First, I am pleased to announce that the University has successfully executed a restructured agreement with the Steven and Beverly Rubenstein Foundation in conjunction with the settlement of Steve’s estate. This agreement will bring an accelerated flow of funds to the University in the next four years, including $2 million that will be applied directly to the Greening of Aiken Project. This was accomplished in no small part due to the tireless efforts of Ian Boyce, working cooperatively with Beverly and Andy Rubenstein, and I wish to express my thanks to all of them for helping to bring Steve’s vision into reality.

Second, let us take a moment to recognize a very important person, in many ways an unsung hero, who is joining us here for the last time, at least in his official capacity. Fred Curran has worked tirelessly and with distinction at UVM for 42 years. Fred, I hope I got that number right, since you always get the numbers right. He is retiring at the end of June. His service to our Board, and to our University, has been extraordinary, and will be greatly missed. Fred: thank you for all you have done for UVM.

Finally, let me note that we share this weekend with Commencement. In addition to celebrating the successes of our 2,400+ graduates, we have an extraordinary slate of honorary degree recipients, including a heroic and inspirational Commencement speaker this year in Eric Shinseki. In fact, all are genuine heroes in their own right, and we will honor them at dinner tomorrow night.

And another Vermont hero will be honored tomorrow afternoon at the dedication of James M. Jeffords Hall. I had the privilege of working with and for Jim Jeffords in his office during my last two years at UVM, so it is particular honor for me to be a part of UVM’s honoring of Senator Jeffords. I will be at all of the weekend’s festivities, and I hope that you will as well. It’s a great time to be on this campus.

This concludes the Chair’s Report. Thank you.
President’s Report
Board of Trustees, May 21, 2010

Chairman Cioffi, trustees and trustees emeriti, faculty, students, staff, alumni, and friends, good morning.

I want first to welcome everyone to the great celebratory weekend of our academic year. On Sunday, we will confer degrees on more than 3,000 undergraduate, graduate and professional students with all of the pageantry and joy of a ceremony that reminds us of why we are here laboring together to ensure the academic quality and vitality of our University. Each student who crosses the stage on Sunday will step out into the world as an exemplar and bearer of the legacy of this great University. The core academic mission symbolized by Commencement remains our deepest commitment, our calling, and our labor of love.

As we look beyond Commencement, the state of our University is sound. Moving from FY 10 to FY 11 we will go from balanced budget to balanced budget. More than 22,000 undergraduate applications have produced enrollment deposits slightly in excess of our pre-melt target, promising to yield one of the two strongest classes in the history of the University with respect to College Board scores and diversity, no small feat in these challenging times. Also no small feat is that by the end of our third quarter new gifts through Development and Alumni Relations had exceeded the level of new gifts in FY 2007, the climactic year of our last campaign. In contrast to a roughly 12% national decline in giving to colleges and universities this year, UVM has a good chance of completing the year with a gain. Also, grant and contract awards to the University at the end of the April were running $13 million ahead of last year’s record pace. In short, the University’s budget is solid; the price-value equation at UVM is holding up strongly for college-bound high school students; the University continues to build enthusiasm and commitment expressed through the generous philanthropy of alumni, parents, and friends; and Vermont’s University is competing effectively for external grants in peer-reviewed competitions that test, and testify to, the scientific, scholarly, and creative power of the faculty.

Turning to the budget, hats should be off to everyone, including the vice presidents, deans, department chairs, unit heads, and faculty and staff across the campus who have met formidable fiscal challenges over the past two years while producing the outcomes we have just summarized. In the general fund, we have in two years cut some $16 million while shifting $22 million to undergraduate financial aid. That shift, of course, has been a key element in enrollment management successes supported by a huge contributing community of admissions professionals, deans, staff, faculty, students, parents, and alumni who help recruit the incoming class.

The budget we are asking the Board to approve for 2011 has been very selectively trimmed to focus support on academics. The State appropriation last week of $2.58 million in one-time funds that we had not previously budgeted has allowed us to recommend lowering the rate of tuition increase from the 4.8% proposed to BFI last month to 4%. We are very grateful to the Legislature and the Governor for the temporary funding that has allowed us to make UVM even more affordable for students and families. We have also restrained growth in the cost of attendance, which, inclusive of tuition, fees, room and meals, will go up 3.9%, surely one of the
very lowest increases among public research universities nationwide although we continue to rank 50th in the country in terms of state General Fund support per student, given the State’s own resource constraints.

If we could, we would do with less than the 4.0% tuition increase the budget proposes. But after all the belt-tightening the plain fact is that that increase is required simply to cover our bare bones increases in financial aid for students as well as planned increases in total compensation for faculty and staff (with salaries remaining frozen for the second consecutive year for non-union-represented staff who earn more than $75,000). There are many items, on the other hand, for which the tuition level proposed in this budget gives us no extra margin, even though the needs are urgent and strategic: for example, our pressing needs in deferred maintenance, start-up funds for new faculty, up-to-date information and instructional technology, and programmatic priorities like General Education and an enhanced First-Year Experience (on both of which EPIR will receive reports at this meeting), improved advising and counseling, and student life. We also know that the swap of base for one-time dollars means we will have to start right away in FY 2011 with planning to cover in FY 2012 a hole temporarily filled by the one-time funds.

I am looking forward to continuing dialogue with the Board on our long-term tuition strategy. We remain deeply committed to access, affordability, and diversity. We share the concern of all who worry the day may come when deserving students will not be able to go to college because of the high cost of earning degrees that most now consider to be an essential foundation for success. At the same time, let’s be clear: we are producing a nationally competitive University for the benefit of Vermont with what the latest survey by the association of State Higher Education Executive Officers shows is by far the lowest level of state support per student in the nation. Given the constraints on public support in Vermont, we can only sustain this institution for Vermont by relying on student tuition, by increasing the level of philanthropic support for UVM, and by continuing to operate as efficiently as possible. Let’s also be clear that our approach to tuition pricing and financial aid continues to attract highly qualified students to UVM.

As to the record on access and affordability for Vermonter, this fall, for the sixth year in a row, we will have what had only occurred five times in the fifteen years from 1990 through 2004, more than 600 entering Vermont undergraduates. These new Vermont students represent a bigger and bigger share of the smaller and smaller numbers of Vermont high school graduates. Since 2008, moreover, the percentage of Vermont undergraduates who pay nothing at UVM for tuition and fees (other than room and meals) has risen from 28.7% to 32%. In addition to those whose aid packages fully cover tuition and fees, another 49.2% of our Vermont students have financial aid awards. As we think about the budget and tuition policy, I ask that we dwell on those numbers: All told, 81.2% of our full-time Vermont students receive financial aid, and those whose aid packages relieve them of paying any tuition and fees—32%—greatly outnumber those—just 18.8%—who pay the full fare. And even the full sticker price for Vermonter comes to only about half of our general fund expenditures per student.

The benefits that Vermont derives from its University are countless. In sum, those benefits include the enormous economic engine we represent, with 3,700 employees and economic spillover effects of well over a billion and a half dollars per year. The benefits also include our
huge impact on the human resources of the state in educating the plurality of the State’s social workers, nurses, teachers, doctors, engineers, agriculturists, and some 38% of all of the bachelor’s degrees awarded by all institutions, public and independent. And the benefits further include a service mission carried forward not just by UVM Extension but also by every one of our colleges and schools. In short, I for one would be surprised if Vermont’s return on investment in its University is not the highest ROI obtained by any state for investment in public research universities.

We are, as always, grateful for the support of the State, but we also recognize that this is a relationship in which both parties, the University and the State, are subject to recurrent disappointments and frustrations. I continue to believe that Vermont cannot succeed unless UVM succeeds, nor can UVM succeed without Vermont’s support, both tangible and intangible. In the interest of the long-term success of the State, I believe it would behoove us all over the coming years to look for ways to rethink, renew, and reform the relationship in ways that give the University the greatest possible probabilities of continuing success.

For the last two years, the Board and administration have worked to strengthen financial and operational accountability, internal controls, and checks and balances. I want to welcome UVM’s new Chief Internal Auditor, William Harrison (Bill, please stand so that everyone can welcome you). I also want to thank Erica Heffner for her unflagging, professional service in the interim role. And I want to welcome our new Chief Compliance Officer, Anna Drummond (Anna, please stand, and welcome aboard). The complementary yet distinct functions of internal audit and compliance represent a sustained effort to address the increasingly complex legal, regulatory, and policy environments in which research universities operate. We are also working to mitigate risk in highly sensitive domains through the search now underway for a lead information technology security officer and through the upcoming designation of Ms. Drummond as chief privacy officer in addition to her role as Chief Compliance Officer. While we are welcoming Bill and Anna, let me join Rob in expressing deep appreciation on the eve of his retirement to Fred Curran, who with great heart, warm smiles, and sometimes creased brow has been a mainstay of UVM so long and so very well: thank you, Fred.

The challenge of sustaining and building academic quality while remaining accessible and affordable with exceptionally modest public funding must be met, in part, by building much higher levels of philanthropic giving. Coming to you at this meeting is a recommendation to proceed with the development of an affiliated Foundation for fundraising. All our Land-Grant public peers in New England have long had foundations. The Vermont State Colleges and the Vermont Student Assistance Corporation already have foundations. I believe we can only take philanthropy for the benefit of UVM and of Vermont to significantly higher levels by developing the large group of deeply engaged, philanthropically capable leadership volunteers that the Foundation Board will represent development of that leadership group is for me the most compelling rationale for the Foundation.

On July 1, 2010, it will have been three years since we wrapped up the Campaign for the University of Vermont. This year, we have been planning the next campaign, including the drafting of a test case statement that I will share with groups of major donors in a dozen or more meetings between mid-June and mid-September. Those meetings will prepare the participants for
interviews with campaign consultants who will then complete, by the end of the fall semester, a feasibility study. I hope we will approve moving to the silent phase of UVM’s third comprehensive campaign as early as next February. I believe that our chances of success in an appropriately ambitious campaign for UVM will be greatly enhanced if the third campaign and the UVM Development Foundation start up concurrently in the course of the next twelve months.

Fundraising is simply a means to an end: academic excellence and the quality of the student experience. Various programmatic enhancements have been under way in the current year. The Joint Committee on General Education of the Faculty Senate and the administration has developed a sound plan for a system of general education at the University. The principles of general education laid out in the plan have been endorsed by the Curricular Affairs Committee of the Faculty Senate. Faculty consultation group have played a crucial role in helping to define criteria for courses in phase A requirements. The Joint Committee on General Education has begun writing a detailed proposal for the first phase of implementation. That proposal will go to the Curricular Affairs Committee for review early next fall and then to the full Senate. Depending on the time required for Senate review and approval, the first phase of the general education system could be implemented as early as fall 2011. New degree programs have been approved, including new undergraduate majors in Global Studies and in Neuroscience. The discussion with the Faculty Senate about a reformed and strengthened Academic Program Review process, like the General Education discussion, has advanced to the point at which it is reasonable to expect action by the full Senate in the fall.

As for the centerpiece of this year’s implementation of the “focus and excel” strategy, the Transdisciplinary Research Initiative has involved faculty to a perhaps unprecedented extent. Yesterday the Senate received a thoughtful and constructive report with recommendations for ways to engage the faculty through the Senate even more fully in advancing and assessing excellence in research, scholarship and creative activity, with special attention to transdisciplinary initiatives. We welcome the Senate report, and look forward to an active dialogue with the Senate next year about its findings and recommendations. TRI has already been a highly collaborative project to map current and emerging strengths in research, scholarship, and creative activity across college/school, departmental, and disciplinary lines. The project will inform some of the resource allocation decisions always being made; but in this instance, and increasingly, those decisions will be made with more focus, intentionality, and community input.

I have come to think of the project not as the Transdisciplinary Research Initiative but simply as the Transdisciplinary Initiative. To my mind, the Initiative will be key to UVM’s continuing success, but only to the extent that we have succeeded in mapping out world-class strengths and potentials in a small number of transdisciplinary areas that, building on genuine strengths in the disciplines, identify hundreds of faculty prepared to collaborate in undergraduate as much as in graduate teaching, in the creation of knowledge and solutions, and in service in the Land Grant tradition.

The resolution coming before the Board today on TRI marks an early milestone on a long journey. For a number of trustees, the presentations by the TRI faculty work groups in February
marked the most intellectually exciting episode in their service on this Board, and I must say that in my many decades in higher education the development and assessment of the TRI proposals has been the richest and most stimulating case of cross-cutting, campus-wide intellectual dialogue I have experienced. In devising next steps, we will work closely with the Faculty Senate, welcoming its freshly energized commitment to increased engagement. We will be very mindful that a critical task will be to hold the designated Spires accountable for progress gauged against appropriate metrics and that there will also be the indispensable challenge of keeping the focus on just a handful of areas.

We face tremendous challenges in securing resources adequate to the vision and mission we have endorsed for our University. One challenge we must meet is the unsustainable growth of the University’s liability for post-retirement medical benefits. Since that future liability must be charged under Governmental Accounting Standards Board rules to the University’s financial statements at the rate of tens of millions of dollars each year, it is rapidly exerting significant drag on our ability to build academic excellence and meet the needs of students and faculty. We must address this problem in a way that is humane and sensitive to the economic and human costs and benefits of proposed solutions. To do so openly and expeditiously, I will soon charge a task-force of members of the campus community with developing recommendations on post-retirement medical benefits in advance of our next Board meeting in October.

I want to congratulate both the Graduate Student Senate and the Student Government Association on the revisions of their constitutions and bylaws that pave the way for formal recognition today of the Graduate Student Senate as one of our governance bodies. Finally, though we do indeed face challenges too great in number and complexity to touch on all of them in this report, Vermont’s University is, as we had hoped and predicted, emerging earlier and stronger than most of our peers from the Great Recession. Our successes are collective and represent the efforts of faculty, staff, students, alumni, parents, and friends throughout the UVM family. For those efforts, on behalf of the University, I want to express heartfelt gratitude. Mr. Chair, if there are questions, I will be happy to try to respond. Thank you.