A meeting of the Executive Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Friday, August 10, 2012 at 3:00 p.m., in 427A Waterman Building.

MEMBERS PRESENT: Chair Robert Cioffi*, Bill Botzow **, Frank Cioffi*, Debbie McAneny*, Thomas Sullivan*, Donna Sweaney* and Mark Young*

OTHER TRUSTEES PRESENT: Sam Bain*

REPRESENTATIVES PRESENT: Staff Council Representative Catherine Symans

MEMBERS ABSENT: Vice Chair Harry Chen, Alumni Association Representative Ted Madden, Faculty Representative Julie Roberts, Graduate Student Senate Representative Kelly Swindlehurst, and Student Government Association Representative Connor Daley

PERSONS ALSO PARTICIPATING: Provost Jane 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, and Vice President for University Relations and Campus Life Thomas Gustafson*

*By means of phone.
**Joined the meeting at 3:32 p.m.

Chair Robert Cioffi called the meeting to order at 3:10 p.m.

Approval of Minutes

Chair Cioffi entertained a motion to approve the minutes from the June 13, 2012 meeting. The motion was made, seconded and it was voted to approve the minutes as presented.

Chair’s Report

Chair Cioffi welcomed President Sullivan to his first Executive Committee meeting and acknowledged the positive feedback in response to his travels around the State since his arrival last month. He concluded by wishing Provost Knodell a happy birthday.

President’s Report

President Sullivan reported that his first three weeks on the job have been very busy, exciting and positive. He has visited nine of fourteen counties for meet and greet gatherings. Attendees at events included trustees, legislators and community leaders. He looks forward to visiting the remaining counties. Additionally, he has traveled to meet with donors.
While on campus, President Sullivan has been meeting with the deans of the Colleges and Schools and each of the Vice Presidents to solicit their appraisal of the University at this time. Additionally, three retreats have been planned and will occur in the coming weeks; one with the Vice Presidents, the deans, and with Trustees.

President Sullivan further reported that he has reviewed the proposal for internalization and has meet with principals from INTO. He concluded his report by sharing enrollment numbers. Current enrollment total is 2,447 which is slightly down from the enrollment target. The incoming class is strong academically with high SAT and ranking scores.

An opportunity for questions was offered. Trustee Bain asked President Sullivan to share some of the feedback he received from the meet and greet gatherings he has attended around the State. President Sullivan replied that major themes emerged in both northern and southern Vermont. Both areas would like to see a branch campus in their city as well as more extension and continuing education opportunities. In general, all counties are seeking more outreach and information delivery to assist in recruiting local students. He reiterated that all conversations were positive and engaging.

President Sullivan shared that his one-on-one meetings with senior leaders and deans have provided him an opportunity to begin to get a sense of their evaluation of the campus as well as expectations, opportunities and challenges and that all he has heard will help inform his thoughts as he moves forward.

**Action Items**

Chair Cioffi reminded the Committee that in May the Board delegated authority to this Committee to authorize the President to offer and confer honorary degrees at next year’s Commencement Ceremony. He presented the following resolution for approval:

**Resolution Authorizing President to Offer and Confer Honorary Degrees at 2013 Commencement**

RESOLVED, that the President is hereby authorized to offer and confer honorary degrees at the 2013 Commencement to the individuals recommended by the Honorary Degree Work Group to the Board on May 18, 2012.

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

Vice President Cate reported that he is seeking authorization to enter into a five-year maintenance contract with Ellucian, Incorporated for the Banner Student Information System. Because the contract is over $1 million dollars, it requires Board approval.

The following resolution was presented for approval:
Resolution Approving Contract with Ellucian, Inc.

RESOLVED, that the Vice President for Finance and Administration, or his successors or designee, is authorized to enter into a five-year maintenance contract with Ellucian, Incorporated for the Banner Student Information System beginning August 1, 2012 through July 31, 2017 for an amount not-to-exceed $1.3M.

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

Vice President Cate next introduced a resolution ratifying certain actions relating to General Obligation Bonds, Series 2012A. Bond Counsel is recommending the Committee approval a ratifying resolution regarding the bond transaction that occurred in June, the closing for which is scheduled for next Wednesday, August 15th. The resolution addresses two issues that are not material but that Bond Counsel recommended be addressed to ensure that there are no questions regarding the Board’s intent.

The first issue addresses language that was included in the Board approved resolution indicating the bond issue should result in “substantially level annual debt service”. This was not language sought by the administration nor was it the focus of discussion with the Board. Bond Counsel inserted it during the redrafting of the resolution and the administration did not focus on it. At the time of the pricing, the underwriter was able to achieve the two goals articulated by the Board; 1) true interest cost of less than 5.25% (actual was 4.3%); and 2) net present value savings of at least 3% of part (actual was 7.42%). However, market conditions were such that the resulting debt service varies from one year to the next in essentially the same pattern as that of the original bonds. Regardless, the University will actually be paying less debt service each year over the 26-year remaining term of the debt.

The second issue addressed the underwriter’s discount, inclusive of the underwriter’s counsel fee of 0.425% of the aggregate principal amount of the Series 2012A Bonds. The underwriter’s counsel fee was included in all of the projections for costs associated with reissuing these bonds. However, when the cap on the underwriter’s discount was set, this fee was not included. Thus, this cost had to be taken into consideration when calculating the net present value savings but, when Bond Counsel drafted the resolution, we did not notice the amount was not reflected in the cap.

An opportunity for questions was offered. Trustee McAneny sought confirmation that the bond counsel fee was consistent with the original estimate and had been anticipated. Vice President Cate confirmed that it was.

The following resolution was presented for approval:

Resolution Ratifying Certain Actions Relating to General Obligation Bonds, Series 2012A

WHEREAS, pursuant to a resolution adopted on June 13, 2012, the Executive Committee authorized the issuance by the University of its General Obligation Bonds, Series 2012A
(the “Series 2012A Bonds”) for the purpose of refunding all or a portion of outstanding Series 1998 Bonds, Series 2002 Bonds and Series 2005 Bonds (each defined herein and, collectively, the “Refunded Bonds”) of the University; and

WHEREAS, such resolution delegated to the President or the Vice President for Finance and Administration, and Treasurer, in consultation with a small working group of Trustees, the authority to determine the terms of the Series 2012A Bonds, and provided, among other things, that (i) the Series 2012A Bonds shall be issued only if the true interest cost does not exceed 5.25%, (ii) there are net present value savings of not less than 3% of the par amount of the Refunded Bonds, (iii) the aggregate underwriter’s discount is not more than 0.375% of the aggregate principal amount of the Series 2012A Bonds and (iv) there are substantially level annual debt service savings as a result of the refunding; and

WHEREAS, consistent with the resolution, (i) the true interest cost of the Series 2012A Bonds is approximately 4.30%, (ii) the net present value savings are approximately 7.42% of the par amount of the Refunded Bonds and (iii) the underwriter’s discount, exclusive of the underwriter’s counsel fee, is 0.362% of the aggregate principal amount of the Series 2012A Bonds; however, (a) due to market conditions the amortization of the Series 2012A Bonds was structured in a way that did not result in substantially level annual debt service and (b) the underwriter’s discount, inclusive of the underwriter’s counsel fee, is 0.425% of the aggregate principal amount of the Series 2012A Bonds; and

WHEREAS, under the Trust Indenture pursuant to which the Series 2012A Bonds are being issued, the Board of Trustees of the University must deem it necessary for bond proceeds to be used to pay interest on Refunded Bonds and, as shown in the proposed refunding structure presented to the Executive Committee at its meeting of June 13, 2012, bond proceeds will be used to pay both principal and interest on the Refunded Bonds;

NOW THEREFORE, BE IT RESOLVED that the Executive Committee hereby approves and ratifies the terms of the Series 2012A Bonds, the structure of the refunding and the terms of the sale to the underwriter, all as reported by the Vice President for Finance and Administration.

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

Vice President Cate introduced the last action item by referencing his memo issued earlier today that provided an update on the results of recent bids for immediate maintenance work at Englesby House. He reminded the Committee that in February the Board authorized the expenditure of $875,000, utilizing up to $590,000 from the University’s treasury operations account and $285,000 from undesignated gifts. In May, he advised the Board that additional code and safety issues had been identified during the demolition process (primarily exterior brick walls and chimney failures – approximately $200,000) and that handicap accessibility issues would need to be addressed. At that time, General Counsel had ruled that additional Board action was not required because the Board had approved the original project and none of the contracts were large enough to rise to the Board’s contract approval threshold.
At the time of the Board meeting, only estimates for heating, plumbing, electrical were available. Because of the complexity of undertaking the work in a 100 year-old historic building, the interior design and bidding process took longer. Bids for this work were recently received, the results of which are that mechanical costs will exceed the original estimate by $100,000 due to code requirements and the greater than anticipated complexity of systems and installation. The demolition process also revealed the need for additional interior work than was originally anticipated, at an estimate of $60,000.

The total estimate for these essential, life-safety issues will put the project $360,000 over the original budget of $875,000. The estimate for addressing the ADA requirements is up to an additional $90,000. Interim solutions will be put into place and permanently addressed next year to allow additional time required for permitting. Vice President Cate noted that undesignated private funds have been identified to cover the remaining needs as just described.

Following discussions with the Presidential Housing Work Group about the subsequent costs, and to ensure compliance with the recently enacted University Operating Procedure (endorsed by the Board in March) related to the maintenance and renovation of Englesby House, the following resolution was reviewed and endorsed by the Budget, Finance & Investment Committee earlier today and is remitted for Executive Committee approval. He noted that at the Budget, Finance & Investment Committee’s request, reference to Englesby House being a university building on the National Register of Historic Places was added to the last paragraph.

Resolution Authorizing Additional Englesby House Maintenance

WHEREAS, on February 4, 2012 regarding Englesby House, the Board of Trustees authorized the Vice President for Finance and Administration and University Treasurer, or his successor or designee, “to implement the immediate needs maintenance work in a manner consistent with the proposal, utilizing up to $590,000 from the University’s treasury operations account and $285,000 from undesignated private gifts”; and

WHEREAS, during construction other needs have been identified, primarily related to safety improvements and code requirements;

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and Administration and University Treasurer, or his successor or designee, is hereby authorized to implement additional immediate needs maintenance work at Englesby House, a University building on the National Register of Historic Places, at a total additional cost of up to $450,000, to be funded entirely from undesignated private gifts.

An opportunity for discussion was offered. President Sullivan recused himself from the discussion. Trustee McAneny shared that the Budget, Finance & Investment Committee conversation was largely about the importance and necessity for restoring this historic building.

A motion was made, seconded and it was unanimously voted to approve the resolution as presented. President Sullivan recused himself from the vote.
Executive Session

At 3:30 p.m., Chair Cioffi entertained a motion to enter into executive session to discuss civil actions and contracts. He noted that action was anticipated following the session. Provost Knodell, Vice Presidents Bazluke, Cate, Derr, and Gustafson were invited to remain. All others in attendance were excused from the meeting. At 3:45 p.m. Vice Presidents Cate, Derr and Gustafson were excused for the remainder of the meeting. Provost Knodell and Vice President Bazluke were invited to remain.

Other Business

At 3:50 p.m., the meeting was reopened to the public. The following resolution was presented for approval:

Resolution Regarding Personnel Contract

RESOLVED, that the Committee authorizes the administration to resolve the personnel contract matter in a manner consistent with the report made on this date.

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

Adjournment

There being no further business, the meeting was adjourned at 3:55 p.m.

Respectfully submitted,

Donna Sweaney, Secretary