A meeting of the Executive Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Monday, November 9, 2015 at 1:00 p.m., in 427A Waterman Building.

MEMBERS PRESENT: Chair Debbie McAneny*, President Thomas Sullivan, Bill Botzow*, Frank Cioffi**, and Dale Rocheleau

MEMBERS ABSENT: Vice Chair David Daigle and Secretary Joan Lenes

OTHER TRUSTEES PRESENT: Cynthia Barnhart*, Richard Gamelli*, and Bernie Juskiewicz

REPRESENTATIVES PRESENT: Faculty Representative Jan Carney (filling in for Lisa Aultman-Hall), Staff Council Representative Renee Berteau, Student Government Association Representative Jason Maulucci, Graduate Student Senate Representative Devin Champagne, and Foundation Representative Chief Executive Officer (CEO) & President of the UVM Foundation Richard Bundy

REPRESENTATIVES ABSENT: None

PERSONS ALSO PARTICIPATING: Provost & Senior Vice President David Rosowsky, Vice President for Finance and Treasurer Richard Cate, Vice President for Legal Affairs & General Counsel Francine Bazluke, Vice President for Human Resources, Diversity and Multicultural Affairs Wanda Heading-Grant, Vice President for Executive Operations Gary Derr, Vice President for University Relations & Administration Thomas Gustafson, University Controller Claire Burlingham, Executive Director for Benefit & Employee Operations Harold Pierce, Vice Provost for Student Affairs Annie Stevens, and Director for Capital Planning & Management Robert Vaughan

*via conference call.
**Joined the meeting at 1:10 p.m.

Chair Debbie McAneny called the meeting to order at 1:01 p.m.

Approval of Minutes

Chair McAneny entertained a motion to approve the minutes from the August 24, 2015 meeting. The motion was made, seconded and it was voted to approve the minutes as presented.
Action Items

Chair McAneny explained that each resolution will be introduced with an opportunity for discussion following. Once all resolutions have been presented, the Committee will vote on them as a consent agenda, with the opportunity for resolutions to be voted on separately upon request.

Vice President for Finance and Treasurer Richard Cate was invited to introduce a resolution approving the renewal of a library acquisition contract with EBSCO, Inc. He explained that EBSCO, Inc. is one of the largest vendors of periodicals and scholarly databases in North America and they have been a vendor with UVM for decades. The proposed renewal contract is for two years and in an amount not to exceed $4,200,000.

Trustee Dale Rocheleau asked if EBSCO, Inc. was the only option for this contract. Vice President Cate replied that it is considered a single sole source vendor and the only option for this type of contract.

The following resolution was presented for approval:

**Resolution Approving Renewal of Library Acquisition Contract with EBSCO, Inc.**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, in consultation with the Dean of Libraries, is hereby authorized to enter into a two-year renewal contract with EBSCO, Inc. as subscription agent for library acquisitions beginning January 1, 2016, through December 31, 2017, for an amount not to exceed $4,200,000.

Vice President Cate next introduced a resolution approving a renewal contract with the Center for Research Libraries (CRL). In addition to EBSCO, Inc., the Libraries have been doing business with CRL, based in Chicago, Illinois for many years. CRL is the premium consortium for academic libraries and resources include large negotiated journal packages and databases, which increase on average around 5% annually. The two-year renewal contract with CRL is proposed for an amount not to exceed $2,100,000.

The following resolution was presented for approval:

**Resolution Approving Renewal Contract with Center for Research Libraries**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, in consultation with the Dean of Libraries, is hereby authorized to enter into a two-year renewal contract with Center for Research Libraries for memberships, licenses, and unique collection of primary source materials for the Libraries beginning January 1, 2016, through December 31, 2017, for an amount not to exceed $2,100,000.

Vice President Cate next introduced a contract renewal with Apple, Inc. The contract is for the purchase of computers for resale to students, University departments, and individual faculty and staff members. The proposed three-year contract is for an amount not to exceed $7,500,000.
Chair McAneny asked if the University is liable for the cost of computers that might not sell. Vice President Cate explained that the University typically buys an amount that it is able to sell, but that the contract is similar to a consignment arrangement and that sales are driven by customer demand.

Graduate Student Representative Devin Champagne asked if the computers that the University sells are discounted. Vice President Cate answered that the arrangement is more for convenience and that the goal is to provide a discount, but that it is not guaranteed that a better discount could not be found elsewhere.

The following resolution was presented for approval:

**Resolution Approving Contract Renewal with Apple, Inc.**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is hereby authorized to renew a contract with Apple, Inc. for Computer Depot equipment resale purchase for a period of three years beginning July 1, 2015, through June 30, 2018, in an amount not to exceed $7,500,000 in total aggregate.

Vice President Cate next introduced a resolution approving job order contracts for hazardous materials. He explained that the contracts, with the possibility of two additional one-year terms, are with two different vendors, Environmental Hazards Management, Inc. (EHM) and TMC Services, Inc. The total of the combined contracts for the full three-year term is not to exceed $3 million. Vice President Cate explained that these contracts went out to bid and that Environmental Hazards Management, Inc. (EHM) and TMC Services, Inc. proposed the lowest pricing compared to the other bidders. EHM held the previous contract. This contract reflects a price escalation of 4-5% since the previous contract bid in March 2013.

Both vendors have local offices in Chittenden County and corporate locations in Massachusetts.

Trustee Rocheleau asked if these are new contracts. Vice President Cate explained that these are new contracts, but that we have contracted with both of the vendors in the past.

The following resolution was presented for approval:

**Resolution Approving Job Order Contracts for Hazardous Materials**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is authorized to execute job order contracts for hazardous material projects with Environmental Hazards Management, Incorporated and TMC Services, Incorporated. Each contract will have a maximum value of $500,000 annually beginning November 1, 2015, with the possibility of renewal for two additional one-year terms ending October 31, 2018, for an amount not to exceed $1,500,000 per vendor or $3,000,000 in aggregate.

Chair McAneny noted that, as referenced on the meeting agenda, Vice President for Human Resources, Diversity and Multicultural Affairs Wanda Heading-Grant was to present a contract
with Blue Cross/Blue Shield of Vermont in open session. However, the discussion of this contract has been moved to executive session, after which action will be presented.

University Controller Claire Burlingham presented a resolution approving establishment of a separate 4-H holding corporation as an affiliated organization. She explained that, in late 2010, UVM Extension was notified that USDA would sunset its group tax exemption number for 4-H Clubs across the country. After careful review, UVM extended its tax exemption umbrella for UVM Extension 4-H clubs and affiliated organizations, provided that those entities followed UVM financial practices. UVM 4-H clubs closed individual bank accounts and moved all of their respective financial resources into club accounts at the University.

UVM initially provided rechargeable debit cards for clubs to access and manage their UVM club financial resources. This system was a major change to the individual checking and savings accounts used by clubs previously and resulted in several unexpected challenges, both internal and external to the University, which caused delayed access to funds and significant administrative time being devoted to resolving external processing errors.

In July 2014, Procurement supported a switch in card vendors (to US Bank card) to address these challenges. Some of the advantages presented were quicker turnaround for new card issues, better web presence that would allow clubs to see all transactions/completed treasury, and no fees incurred at any ATM. Budget responsibilities within UVM Extension were also to be reduced because Procurement would now update the system. Unfortunately, the transition to the US Bank card has proven to be a failure. Volunteers continue to experience significant issues with accessing funds, and the UVM Extension budget person is, in fact, spending more time managing this system.

Recognizing these continued challenges, UVM Extension, the Office of the Controller, and Vice President Richard Cate are now collectively proposing a new approach to managing 4-H finances that will provide for auditability and compliance with UVM financial oversight obligations in a reasonable and rational way for the small sums of dollars represented by most 4-H club accounts. Specifically, the University would like to pursue the creation of a wholly-owned, but separate, corporate entity managed by UVM Extension to hold 4-H club assets, thus enabling the University to obtain a distinct EIN (Employer Identification Number) that 4-H clubs can use to establish and maintain bank accounts at a local financial institution. Prior to moving 4-H club dollars over to the new entity, UVM Extension and Vice President Cate will create, execute, and implement a Memorandum of Understanding specifying necessary financial controls that must be in place, including timely reporting to the University Controller by 4-H Clubs, in accordance with the University’s Affiliated Organizations Policy.

President Sullivan asked if the 4-H Club transactions could potentially affect the University’s audits. Controller Burlingham replied that the transactions would not rise to the level of audits due to their small dollar amounts. She added that it is highly unlikely that they would rise to such levels in the foreseeable future.

Trustee Rocheleau asked if internal controls will be applied to the 4-H programs. Controller Burlingham replied that this piece is still being figured out. She added that the current thinking is
that the groups would be held to monthly reporting requirements with oversight in the Controller’s office.

The following resolution was presented for approval:

**Resolution Approving Establishment of Separate 4-H Holding Corporation as Affiliated Organization**

WHEREAS, 4-H clubs both in Vermont and nationally operated as tax exempt entities via a group IRS ruling (GEN 2704) from the U.S. Department of Agriculture, as administered by the National Institute of Food and Agriculture, prior to 2011; and

WHEREAS, all Vermont 4-H clubs and activities have been operated as programs of UVM Extension Services since that time, subject to all University financial management policies and protocols, including management of internal club accounts within UVM Treasury; and

WHEREAS, establishment of a 4-H holding company affiliated with, but independent of, the University, would enhance the efficiency of 4-H club and Extension Service business operations;

THEREFORE, BE IT RESOLVED, that the Executive Committee hereby approves the creation of a separate, wholly owned corporate entity to hold all 4-H clubs and activities currently operated as programs of UVM Extension Services as an affiliated organization of the University of Vermont; and

BE IT FURTHER RESOLVED, that the Executive Committee authorizes the Vice President for Finance and Treasurer to negotiate and enter into an affiliation agreement with the created corporate entity on terms consistent with the University Affiliated Organization Policy.

Chair McAneny offered an opportunity for final comments before seeking a motion to approve the consent agenda and reminded Committee members that the Blue Cross/Blue Shield contract resolution will be voted on separately, following executive session. A motion was made, seconded and the following roll-call vote was taken to approve the consent agenda: Bill Botzow – Yes, Frank Cioffi – Yes, Debbie McAneny – Yes, Dale Rocheleau – Yes, and Tom Sullivan – Yes.

**Executive Session**

At 1:15 p.m., Chair McAneny entertained a motion to enter into executive session to discuss contracts and to obtain legal advice, premature general public knowledge of which would clearly place the University at a substantial disadvantage. She noted that the session would take approximately thirty (30) minutes and that action was anticipated following. Everyone was excused from the meeting with the exception of Trustees; Provost Rosowsky; Vice Presidents Heading-Grant, Bazluke, Gustafson, Cate and Derr; and Executive Director for Benefits & Employee Operations Harold Pierce.
Vice President Heading-Grant and Director Pierce were excused after the first item.

Provost for Student Affairs Annie Stevens and Director for Capital Planning & Management Robert Vaughan joined for the second item, after which Director Vaughan was excused.

At 1:56 p.m., the meeting was re-opened to the public.

The following resolution was presented for approval:

**Resolution Approving Contract with Blue Cross/Blue Shield of Vermont**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, in consultation with the Vice President of Human Resources, Diversity and Multicultural Affairs, is authorized to enter into a contract with Blue Cross/Blue Shield of Vermont to administer a self-funded insurance plan beginning January 1, 2016, through December 31, 2018, in an amount not to exceed $7,560,000.

Chair McAneny offered an opportunity for final comments before seeking a motion to approve the resolution. A motion was made, seconded and the following roll-call vote was taken to approve the consent agenda: Bill Botzow – Yes, Frank Cioffi – Yes, Debbie McAneny – Yes, Dale Rocheleau – Yes, and Tom Sullivan – Yes.

**Adjournment**

There being no further business, the meeting was adjourned at 1:57 p.m.

Respectfully submitted,

Deborah McAneny, Chair