A special meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Tuesday, June 11, 2013 at 1:00 p.m. in room 427A Waterman Building.


MEMBERS ABSENT: Carolyn Branagan, Bill Ruprecht, Governor Peter Shumlin and Mark Young.

ALSO PARTICIPATING: Interim Senior Vice President and Provost Robert Low, Vice President for Legal Affairs and General Counsel Francine Bazluke, Vice President for Executive Operations Gary Derr, Vice President for Finance and Administration Richard Cate, Vice President for University Relations and Campus Life Thomas Gustafson, Vice President for Enrollment Management Chris Lucier, and Dean of the College of Nursing and Health Sciences Patricia Prelock.

*via conference phone

Chair Robert Cioffi called the meeting to order at 1:04 p.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the May 18, 2013 meeting as presented.

Public Comment

There were no requests for public comment.

Executive Session

At 1:05 p.m., Chair Cioffi entertained a motion to enter into executive session to consider contracts. He noted the session would last approximately thirty minutes with action anticipated following. The motion was made, seconded and approved. All in attendance were excused from the meeting with the exception of Trustees and Vice Presidents Low, Gustafson, Bazluke, Cate and Derr. Dean of the College of Nursing and Health Sciences Patricia Prelock was invited to remain for the first topic.

At 1:45 p.m., the meeting was re-opened to the public.
FY 2014 Budget Discussion

Budget, Finance & Investment Committee Chair Deb McAneny reminded Trustees that the FY 2014 budget approval process began with a preview by the Committee in February, followed by a detailed review by the Committee in April. While the budgets are typically approved in May, the general fund approval was deferred to allow for further analysis of more recent enrollment data to be used in its revenue projection. The Budget, Finance & Investment Committee met yesterday to consider the administration’s budget proposal and voted unanimously to recommend it for Board approval today. She further noted that Committee leadership has been working closely with the administration throughout the budget planning process and will continue to do so.

Interim Provost Robert Low next reviewed the major revisions to the proposed budget which includes a decrease in undergraduate enrollment, a greater proportion of in-state to out-of-state students, and an increased allocation of financial aid. He noted that this is a national trend. He further noted that work is already being done on the enrollment front with the deans of the colleges and schools reaching out to prospective students.

Interim Provost Low reported that the proposed solution to the budget shortfall is the use of one time funds rather than further reductions, but that the FY 2015 budget and beyond will be balanced. He noted that the enrollment targets for our colleges and schools need to be adjusted and resources must be reallocated in relation to the student enrollment. He commented that metrics will be established to facilitate this work and that the Council of Deans is beginning a parallel study.

Interim Provost Low stated that the focus must be on the revenue generation in view of the paradigm shift from the traditional to the non-traditional student. Doing so will mean developing new sources of revenue such as summer sessions, distance education and international education. Additionally, Interim Provost Low emphasized the importance of implementing a multi-year budget plan.

Vice President Richard Cate was invited to review the details of the proposed budget as outlined in Attachment 2 and Appendices A-D of the meeting materials. He pointed out the $7.8 million budget shortfall identified in the bottom line of Appendix B is in response to the decrease in undergraduate tuition as outlined in Appendix D. Due to an estimated 78 fewer out-of-state students and 38 more in-state students than projected and budgeted, there is a $2.1 million shortfall. Additionally, achieving this projected enrollment required the use of $3.7 million more in financial aid than budgeted.

Vice President Cate explained that considering the late stage of the budget process and the recent cuts already made to the general fund, the administration is proposing to use $5.7 million of one-time net assets to make up this shortfall. This step is in addition to the $2 million from FY 2012 fund balance that the Board approved in November to balance the FY 2014 budget. The proposed solution includes $1.5 million of endowment scholarships, $2.3 million from Continuing Education income/expense activities and $2 million of general fund net assets.
An opportunity for discussion was offered. Trustee Carolyn Dwyer inquired whether the uncertainty of enrollment is unique to this year or if a reoccurrence should be expected.

Vice President Cate responded that there is uncertainty every year; however this year the decline in numbers was more than usual. Vice President for Enrollment Management Chris Lucier noted that his area is planning for much greater clarity and will apply lessons learned this year. Interim Provost Low expressed his view that uncertainty will remain as student demographics continue to change. President Sullivan agreed that the declining student population in the Northeast, and increased competition, will need to be addressed for a number of years.

Trustee Kesha Ram asked whether the University should be budgeting more financial aid each year. Vice President Cate responded that the demand for financial aid will always go up, but that the amount of funding from year to year is variable.

Trustee David Daigle inquired about the University’s competitiveness in the marketplace among out-of-state students. Vice President Lucier replied that evidence suggests that we are beginning to lose market share due to demographics and increased competitiveness among our peers, citing survey data going back to 2002. He noted that other institutions are offering competitive financial aid packages and that aggressive awards are being offered to students in the liberal arts area. To address some of these issues, Vice President Lucier has assigned new hires to focus on markets where efforts had been previously withdrawn from and that he has also increased search recruiting and additional marketing efforts. Lastly, Vice President Lucier stated an international recruitment team has been hired to expand application volume from that market.

Trustee Anne O’Brien asked about the return on investment with the University Foundation. Vice President Cate replied that the return, at this time, is difficult to measure as the investment is long-term.

The discussion concluded with Trustee Sam Bain stating that he believes that the University is in the right place and that efforts to right-size the institution are justified. He also noted the endowment is at an all-time high and that he believes the University has the opportunity to distinguish itself.

**Action Items**

Chair Cioffi presented the following resolution for approval:

**Resolution Approving Fiscal Year 2014 Budget Planning Assumptions: General Fund**

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2014, which lead to a General Fund operating expense budget for the University of $303,223,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

An opportunity for further discussion was offered. There being none, a motion was made, seconded and it was unanimously voted to approve the resolution as presented.
Chair Cioffi asked Vice President Cate to introduce the next resolution for approval. Vice President Cate reminded Trustees that as described at the May meeting, the first step in developing information necessary for the Board to make a decision on the Science, Technology, Engineering and Mathematics (STEM) building project is the completion of the programming study and preliminary design phase, which will require the services of an architect. Thus, the administration is requesting authority from the Board to use up to $500,000 from the Treasury Operations account to pay for architectural services for programming and the initial design phase of the proposed STEM project. He stated that this does not constitute a request for approval of the project at this time.

The following resolution was presented for approval:

**Resolution Approving Funding Proposal for Initial Planning Phase of STEM Project**

RESOLVED, that the Board of Trustees hereby authorizes the Vice President for Finance and Administration to expend up to $500,000 from the Treasury Operations account to pay for architectural services associated with the proposed Science Technology Engineering and Mathematics (STEM) capital project.

An opportunity for discussion was offered. Trustee Sarah Buxton inquired about the timeline for Board approval of the project. Vice President Cate replied that there will be a conversation at the October Budget, Finance & Investment Committee meeting regarding the funding proposal for the project and that Board approval would follow at a subsequent meeting.

There being no further discussion, a motion was made, seconded and it was unanimously voted to approve the resolution as presented.

The following resolution was presented for approval:

**Resolution Approving Appointment of Provost**

BE IT RESOLVED, that the University of Vermont and State Agricultural College Board of Trustees, hereby approves the appointment of David V. Rosowsky as Provost of the University, effective August 1, 2013.

An opportunity for discussion was offered. There being none, a motion was made, seconded and it was unanimously voted to approve the resolution as presented.

Vice President Thomas Gustafson presented the following resolution for approval:

**Resolution Approving Extension of City of Burlington and University of Vermont Letter of Agreement**

RESOLVED, that the Board hereby authorizes the administration to extend the City of Burlington and University of Vermont Letter of Agreement, which became effective September 26, 2007, for a period from the date of its expiration through June 30, 2014.
Vice President Gustafson offered background on the agreement noting it was created in 2007 for payment of certain services, primarily fire services and a technology based dispatch and records management system, as well as an omnibus payment to cover quality of life issues. Recognizing the need for renegotiation, the Mayor has requested a one-year extension of the agreement to allow time for the process to occur. Vice President Gustafson further noted that the payment in the current fiscal year amounts to about $1.2 million and is adjusted annually for inflation with a 2.3% increase expected.

A motion was made, seconded and it was unanimously voted to approve the resolution as presented. Trustee Kesha Ram abstained from the vote.

Other Business

In follow up to the earlier executive session, Chair Cioffi presented the following resolution for approval:

**Resolution Authorizing Clinical Practice as an Affiliated Organization**

RESOLVED, that the Board hereby authorizes the incorporation of a clinical practice organization established as an affiliate of the University as a mechanism for the provision of clinical services by qualified College of Nursing and Health Sciences faculty.

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

Chair Cioffi sought authorization to appoint a small Trustee Work Group to serve as a resource for the administration on the oversight of the implementation of the career services action plan. A motion was made, seconded and it was voted to authorize the Chair to extend invitations to Trustees to serve on the Work Group.

Adjournment

There being no further business the meeting was adjourned at 2:31 p.m.

Respectfully submitted,

Joan Lenes, Secretary