A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Monday, August 11, 2014, at 1:00 p.m. in 427A Waterman Building.

MEMBERS PRESENT: Chair Deborah McAneny*, Vice Chair David Daigle*, Secretary Joan Lenes, Bill Botzow*, Carolyn Branagan**, Carolyn Dwyer*, Richard Gamelli*, Ron Lumbra*, Donald McCree*, David Potter, Kesha Ram*, Dale Rocheleau, President Thomas Sullivan, Donna Sweaney*, Raj Thakrar, Lisa Ventriss, Jeff Wilson*** and Mark Young*

MEMBERS ABSENT: Cynthia Barnhart, Christopher Bray, Robert Brennan, Frank Cioffi, Samantha Lucas, Anne O’Brien, and Governor Peter Shumlin

ALSO PARTICIPATING: Provost David Rosowsky, Vice President for Finance Richard Cate, Vice President for Legal Affairs Francine Bazluke, Vice President for University Relations & Administration, Vice Provost for Student Affairs Annie Stevens, and Special Assistant to the President and Director of State Relations Clarence Davis*

*via conference call.
**Departed the meeting at 1:45 p.m.
***Joined via conference call at 1:09 p.m.

Chair Debbie McAneny called the meeting to order at 1:05 p.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the May 17, 2014 meeting as presented.

Public Comment

Chair McAneny indicated that there were no requests for public comment.

Opening Remarks

Chair McAneny announced that the University of Vermont Board elected Cynthia Barnhart for a six-year term as a Trustee. Trustee Barnhart is Chancellor and Ford Professor of Engineering at the Massachusetts Institute of Technology (MIT). She is a native Vermonter and graduated from UVM, Class of ’81, with a degree in Engineering. Her husband is also a UVM alumnus. Chair McAneny will ask the Executive Committee, at its September 15 meeting, to approve Trustee Barnhart’s appointment to the Educational Policy and Institutional Resources Committee. Trustee Barnhart will attend the upcoming Board Retreat.
Chair McAneny also noted that the retreat will be held September 5-6. The agenda will be sent to Trustees later this month, as will advance reading materials. The focus of the retreat will be on Board education and effectiveness.

Chair McAneny next explained that the four items to be presented later this meeting will be introduced individually, with an opportunity for questions after each, and then voted on at the same time. Trustees will be offered an opportunity to request that any resolution be voted on individually. The same process will be used to vote on resolutions presented following Executive Session.

President’s Report

President Sullivan provided updates on several items that have occurred since the May Board meeting. He began by announcing the appointments of Richard Galbraith as Vice President for Research and Stacey Kostell as Vice President for Enrollment Management.

He next reported that Provost David Rosowsky led the first STEM advisory committee meeting. The meeting had great attendance and robust conversation.

He also highlighted that, as of July 1, 2014, the Incentive Based Budget (IBB) model parallel launched. The parallel will occur for a full year, after which IBB will launch as the sole budget model.

Relative to fundraising, the President stated that FY 2014 was a record-setting year. It topped FY 2013 figures, which were also record-setting.

President Sullivan moved on to discuss the three-semester curriculum. He noted that summer school enrollments were up by nearly 500 students, which was 30% over the previous summer.

In terms of online course offerings, he explained that progress has been made with 315 fully online courses offered and approximately 4,700 students taking at least one online class.

President Sullivan concluded his report with an update on enrollment management. He recognized the quality work that occurred under the leadership of John Ryan as Interim Vice President for Enrollment. Figures were close to target with respect to high school student enrollment. International student enrollment was substantially over target. He also noted that retention of first-year to second-year students was up to 87%, nearing the goal of 90%. The discount rate for financial packaging went down and selectivity up. President Sullivan concluded that, with two weeks remaining, enrollment is on target.

Trustee Botzow asked if there was any additional news about the rescission of funds from the State of Vermont. President Sullivan replied that Governor Peter Shumlin is expected to make an announcement later this afternoon, after which the University will respond.
Action Items

Vice President for Finance Richard Cate presented a resolution approving the renewal of the library contract with the Center for Research Libraries that will extend over three years. The contract includes a modest incremental increase and will not exceed $2,750,000.

The following resolution was presented for approval:

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

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is authorized to renew the contract with Center for Research Libraries for memberships, licenses, and primary source materials for the Libraries beginning July 1, 2013, and ending June 30, 2016, in an amount not to exceed $2,750,000.

Vice President Cate next presented a resolution approving a contract renewal with KC Mechanical, Inc. for repair and maintenance of commercial kitchen equipment across campus. He noted that the total spent to date for the three years is $795,000 and, with the estimated amount for the next two years, the contract total is estimated at $1.35 million for the five years.

The following resolution was presented for approval:

**Resolution Approving Contract Renewal with KC Mechanical, Inc.**

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is authorized to execute the two-year renewal option with KC Mechanical Inc. for commercial kitchen equipment repair and maintenance beginning September 9, 2014, through September 8, 2016 in an amount not to exceed $550,000.

Vice President Cate next presented a resolution for the reallocation of existing capital bond funds. The proposed use of the funds will address deferred maintenance.

The following resolution was presented for approval:

**Reallocation of Existing Capital Bond Funds Resolution**

WHEREAS, the University wishes to manage its debt in the most cost-effective way in accordance with its Board-adopted Debt Policy; and

WHEREAS, in 2009, the Board of Trustees authorized the issuance of General Obligation Bonds for various capital projects; and

WHEREAS, the University initially authorized the expenditure of these bond proceeds for certain projects that have been completed to a level whereby a remaining balance of funds will not be expended; and
WHEREAS, the University now wishes to authorize the expenditure of $44,462.23 from 2009 bond proceeds towards deferred maintenance projects,

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is hereby authorized to reallocate $44,462.23 from the Given Anatomy Prep Storage & Classroom project to finance deferred maintenance projects, and,

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those people 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 the vote was taken on the three resolutions presented above and all trustees voted affirmatively.

Vice President Cate moved on to present a resolution approving the execution of bond re-funding. He recalled that, on June 16, the Bond Work Group reviewed a proposal from the administration to refund up to $113 million of bonds issued in 2005. Since that time, the proposal has been refined and is now to re-fund $72 million. However, he stated, in an effort to allow for flexibility in the event of market changes, the administration is still requesting approval to re-fund up to the originally proposed amount of $113 million. He noted that the proposal will likely save an excess of $6 million over the term of the bond. If the Board approves the proposal, the bond will go to market sometime after Labor Day.

Trustee Daigle inquired about the Ninth Supplemental Indenture and asked if it needs to be amended every time that a re-issue occurs. Vice President Cate clarified that it does need to be amended each time. Trustee Daigle asked if any other elements need to be amended each time and Vice President Cate replied that they do not.

Trustee Rochleau asked how the bond re-funding idea was generated. Vice President Cate and Chair McAneny explained that the Bond Work Group, the University’s debt advisors (Yuba Group), and the administration are continually watching the market for re-funding opportunities. The current proposal originated at the April 2013 Budget, Finance and Investment Committee planning meeting. The Bond Work Group met in May 2013 and work was conducted throughout that summer on a re-funding proposal. However, the window for the refunding opportunity closed in October as rates began to increase. Soon after the May 2014 Board meeting, the underwriters (Citigroup) reported a downward trend on interest rates. The administration alerted the leadership of the Board and then sought general authorization at the June 16 Executive Committee meeting.

Trustee Bill Botzow asked when we last re-funded a bond. Vice President Cate replied that the last occurrence was in 2012. Trustee Botzow followed up by asking for details regarding the
2012 experience. Vice President Cate stated that the process worked well, but the experience suggested that there needed to be more flexibility in the language of the resolution.

Trustee Rocheleau inquired as to the thinking of re-funding now as opposed to waiting for next year. Vice President Cate explained that, in order to redeem now, we are paying negative arbitrage because the bonds are being called in advance of their call dates, but that UVM will gain due to the lower interest rate at which the refunding bonds can be issued. The negative arbitrage associated with some of the longer term bonds is such that the administration is not proposing to refund them at this time.

The following resolution was presented for approval:

**Resolution Approving Execution of Bond Refunding** (see *Appendix A*)

A motion was made, seconded and the following roll-call vote was taken on the resolution: Bill Botzow - Yes, Carolyn Branagan - Yes, David Daigle - Yes, Carolyn Dwyer - Yes, Richard Gamelli - Yes, Joan Lenes - Yes, Ron Lumbra - Yes, Deborah McAneny - Yes, Donald McCree - Yes, David Potter - Yes, Kesha Ram - Yes, Dale Rocheleau - Yes, Thomas Sullivan - Yes, Donna Sweeney - Yes, Raj Thakrar - Yes, Lisa Ventriss - Yes, Jeff Wilson - Yes and Mark Young - Yes.

**Executive Session**

At 1:36 p.m., Chair McAneny entertained a motion to enter into executive session to consider labor relations agreement negotiations and a contract negotiation of which premature general public knowledge would clearly place the University at a substantial disadvantage. She noted that action was anticipated following.

Everyone was excused from the meeting with the exception of Trustees; Provost Rosowsky; Vice Presidents Cate, Gustafson, and Bazluke; Vice Provost for Student Affairs Annie Stevens; and Special Assistant to the President and Director of State Relations Clarence Davis.

Vice Provost Stevens was excused following the first item.

Trustee Carolyn Branagan departed the meeting at 1:45 p.m.

**Other Business**

At 2:10 p.m., the meeting was re-opened to the public.

Chair McAneny presented the following resolution for approval:

**Resolution Authorizing Lease Agreement with 259 Quarry Hill Road, LLC**

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor, in consultation with the Vice Provost for Student Affairs, is hereby authorized to negotiate and execute a lease for thirty-two dwelling units to be constructed at 259
Quarry Hill Road in South Burlington. This lease will run for one year/two years and be subject to annual renewal by UVM. The annual rent is not to exceed $758,400.

A motion was made, seconded and all trustees voted affirmatively.

Adjournment

There being no further business, the meeting was adjourned at 2:12 p.m.

Respectfully submitted,

Joan Lenes, Secretary
Appendix A

Resolution Approving Execution of Bond Refunding

GENERAL OBLIGATION BONDS.
SERIES 2014


WHEREAS, a small working group of Trustees appointed by the Chair of the Budget, Finance and Investment Committee of the University’s Board of Trustees (the “Bond Work Group”) met on June 16, 2014, and, due to favorable market conditions, recommended to the Executive Committee of the University’s Board of Trustees (the “Executive Committee”) that the University refund a portion of the outstanding Series 2005 Bonds (the “Refunded Bonds”); and

WHEREAS, pursuant to its resolution dated June 16, 2014, the Executive Committee (A) authorized the Vice President for Finance and Treasurer, or his successor or designee, to proceed toward refunding the Refunded Bonds, in consultation with the Bond Work Group, and to execute any and all contracts and documents necessary to develop a detailed refunding proposal (the “Proposal”) for the issuance by the University of up to $113,000,000 of bonds in order to (i) refund the Refunded Bonds and (ii) pay associated administrative costs, with anticipated net present value savings of not less than 3% of the total par amount of the Refunded Bonds and costs of issuance not to exceed 1.25% of the par amount of the Series 2014 Bonds (as defined below) and (B) directed the Vice President for Finance and Treasurer, or his successor or designee, to submit the Proposal for approval by the University’s Board of Trustees (the “Board”); and

WHEREAS, the Bond Work Group reviewed the Proposal on July 23, 2014 and authorized the Vice President for Finance and Treasurer to submit the Proposal to the Board for its review; and
WHEREAS, the Board has reviewed the Proposal and determined that in order to refund the Refunded Bonds and pay associated administrative costs, it is necessary and desirable to authorize (i) the issuance by the University of an amount not to exceed $113,000,000 of its General Obligation Bonds, Series 2014 (the “Series 2014 Bonds”) and (ii) the execution of a supplemental indenture between the University and the Trustee, establishing the amount of the Series 2014 Bonds and the details thereof and describing the Refunded Bonds; and

WHEREAS, the Board proposes to issue the Series 2014 Bonds on a parity with the Series 2005 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds and the Series 2012A Bonds (the Series 1990 Bonds, the Series 1998 Bonds and the Series 2002 Bonds being no longer outstanding) pursuant to the terms of the Indenture and a Series 2014 and Ninth Supplemental Indenture thereto relating to the Series 2014 Bonds (the “Ninth Supplemental Indenture”), between the University and the Trustee; and

WHEREAS, the Board desires to authorize the execution and delivery of one or more Bond Purchase Agreements (together, the “Bond Purchase Agreement”) among the University, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. (the “Underwriters”), pursuant to which the University will sell the Series 2014 Bonds to the Underwriters in accordance with the terms and conditions set forth therein; and

WHEREAS, the Board desires to authorize the execution and delivery of an Escrow Agreement (the “Escrow Agreement”) between the University and the Trustee, in its capacity as Trustee for the Refunded Bonds, pursuant to which the University will direct the Trustee to purchase state and local government securities and deposit funds necessary to pay the redemption price for the Refunded Bonds on the redemption date; and

WHEREAS, in connection with the issuance and sale of the Series 2014 Bonds, a Preliminary Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”) will be prepared by the University, which will present information about the University, the terms of the Series 2014 Bonds and the security for the Series 2014 Bonds, among other things; and

WHEREAS, the Board desires to authorize the execution and delivery of a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) between the University and the Trustee, pursuant to which the University will be obligated to update certain information in the Official Statement and provide certain other notices to the specified repository in accordance with the terms and conditions set forth therein; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the University:

1. the Ninth Supplemental Indenture;
2. the Bond Purchase Agreement;
3. the Escrow Agreement;
4. the Preliminary Official Statement (including Appendix A thereto); and
5. the Continuing Disclosure Agreement;
NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Issuance of Series 2014 Bonds. The Board hereby approves and confirms the issuance by the University of the Series 2014 Bonds to provide funds to refund all or a portion of the outstanding Refunded Bonds of the University (including the costs of issuance and any other related expenses, including the Underwriter’s discount and its expenses, provided such costs shall not exceed 1.25% of the par amount of the Series 2014 Bonds). The Series 2014 Bonds shall be in the initial principal amount of not more than $113 million, shall bear a true interest cost not exceeding 4.50% per annum, shall mature not later than the final maturity date of the Refunded Bonds and shall have a weighted average maturity not exceeding the weighted average maturity of the Refunded Bonds by more than two years, with net present value savings of not less than 3% of the par amount of the Refunded Bonds. The Board hereby finds and determines that these purposes are necessary and desirable and hereby authorizes the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine (i) whether the Series 2014 Bonds should be issued as two or more sub-series of bonds (based on whether the issuance of the Series 2014 Bonds in two or more sub-series will facilitate debt management or marketing of the bonds or compliance with federal tax law restrictions) and (ii) the terms of the Series 2014 Bonds and the terms of the sale of the Series 2014 Bonds (including the maturity dates and amounts, the interest rates, the original issue premium or discount, the redemption provisions of the Series 2014 Bonds based on financial or structural benefits to the University and marketing considerations and the underwriters’ compensation) subject to the limitations set forth in this resolution and the Ninth Supplemental Indenture. The form and content of the Series 2014 Bonds as set forth in the Ninth Supplemental Indenture are hereby approved and confirmed. The Vice President for Finance and Treasurer, and the Secretary or the Assistant Secretary of the Board are authorized and directed to execute and deliver the Series 2014 Bonds for and on behalf of the University, in substantially the form and content set forth in the Ninth Supplemental Indenture, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions.

Section 2. Authorization to Determine Refunded Bond Redemptions. The Board hereby authorizes and directs the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine which maturities (or portions of maturities) of the Refunded Bonds shall be refunded with the proceeds of the Series 2014 Bonds and the dates of redemption of such Refunded Bonds; provided that such refunding results in net present value savings of not less than 3% of the par amount of the Refunded Bonds.

Section 3. Authorization of Ninth Supplemental Indenture. The Board hereby approves and confirms the form and content of the Ninth Supplemental Indenture. The Vice President for Finance and Treasurer, and the Secretary or Assistant Secretary of the Board are hereby authorized and directed to execute and deliver the Ninth Supplemental Indenture for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions. From and after the execution and delivery of the Ninth Supplemental Indenture, the Vice President for Finance and Treasurer, and the Secretary or
Assistant Secretary of the Board and all other officers of the Board and the University are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Ninth Supplemental Indenture as executed.

Section 4. **Authorization of Bond Purchase Agreement.** The Series 2014 Bonds shall be awarded and sold to the Underwriters pursuant to the terms of one or more Bond Purchase Agreements at an aggregate underwriters’ discount or fee to be determined by the Vice President for Finance and Treasurer in consultation with the Bond Work Group, of not more than 0.30% ($3.00 per $1,000 bond) plus an additional amount to cover out-of-pocket expenses of the Underwriters. The Series 2014 Bonds shall be authenticated and delivered to or upon the order of the Underwriters upon payment of the purchase price set forth in the Bond Purchase Agreement. The form and content of the Bond Purchase Agreement is hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and on behalf of the University, in substantially the form and content made available to the University, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Bond Purchase Agreement, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreement as executed.

Section 5. **Authorization of Escrow Agreement.** The form and content of the Escrow Agreement is hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver the Escrow Agreement for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Escrow Agreement, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

Section 6. **Authorization of Continuing Disclosure Agreement.** The form and content of the Continuing Disclosure Agreement is hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, modifications, additions or deletions. From and after the execution and delivery of the Continuing Disclosure Agreement, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to
execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Agreement as executed.

Section 7. **Approval of Preliminary Official Statement and Official Statement.** The form, terms and content of the Preliminary Official Statement and the Official Statement in substantially the form of the Preliminary Official Statement (but including the terms of the Series 2014 Bonds) is authorized, approved and confirmed, with such changes, additions or deletions therein as shall seem necessary, desirable or appropriate to the Vice President for Finance and Treasurer. The use of the Preliminary Official Statement and of the Official Statement by the Underwriters in connection with the sale of the Series 2014 Bonds is hereby authorized, approved and confirmed. The Vice President for Finance and Treasurer is authorized to execute the Official Statement on behalf of the University.

Section 8. **Tax Certificates.** The Vice President for Finance and Administration, and Treasurer of the University is hereby authorized to execute certificates in order to evidence the University’s compliance with the Internal Revenue Code of 1986 and the applicable Income Tax Regulations thereunder.

Section 9. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Series 2014 Bonds, the Indenture, the Ninth Supplemental Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement or any other instrument related to the issuance of the Series 2014 Bonds shall be deemed a stipulation, obligation or agreement of any officer, agent or employee of the University in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Series 2014 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 10. **Actions of Officers.** The officers of the Board and of the University are hereby authorized and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (i) this Resolution, (ii) the Indenture and the Ninth Supplemental Indenture and (iii) the documents presented to this meeting or made available for review: except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way of (a) the specific provisions of this Resolution, (b) the specific provisions of the Indenture or the Ninth Supplemental Indenture, (c) any agreement to which the University is bound, (d) any rule or regulation of the University or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of Vermont.

Section 11. **Severability of Invalid Provisions.** If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Series 2014 Bonds authorized hereunder.
Section 12. **Conflicting Provisions.** All prior resolutions or parts thereof of the University in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 14. **Effective Date.** This Resolution shall take effect upon its adoption.