A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, February 8, 2014, at 8:00 a.m. in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Robert Cioffi, Vice Chair Deborah McAneny, Secretary Joan Lenes, Samuel Bain, Bill Botzow, Christopher Bray, Carolyn Branagan, Robert Brennan, Sarah Buxton, Frank Cioffi, David Daigle, Carolyn Dwyer, Richard Gamelli, Dennis Mahoney, Anne O’Brien, David Potter, Kesha Ram, Dale Rocheleau, Bill Ruprecht, Raj Thakrar, Lisa Ventriss, Jeff Wilson and Mark Young

MEMBERS ABSENT: President Thomas Sullivan and Governor Peter Shumlin

ALSO PARTICIPATING: Provost David Rosowsky, Vice President for Legal Affairs and Assistant Secretary to the Board Francine Bazluke, Vice President for Executive Operations Gary Derr, Vice President for Finance and Administration Richard Cate, Vice President for University Relations and Administration Thomas Gustafson, Special Assistant to the President and Director of State Relations Clarence Davis, Interim Vice President for Research John Evans, and incoming trustees Ron Lumbra and Donald McCree.

Chair Robert Cioffi called the meeting to order at 8:15 a.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the October 26, 2013 meeting as presented.

Public Comment

Chair Cioffi opened the public comment period and invited Francesa Hall to address the Board. Ms. Hall is a student organizer with the Student Climate Culture (SCC) Group and a junior with a double major in political science and environmental studies. She noted this was the fifth public comment the SCC has delivered to the Board regarding its proposal for fossil fuel divestment. She acknowledged the Investment Subcommittee rejection of the SCC’s proposal and disappointment in not being able to offer comments and share their research at the Subcommittee meetings. As a result, the Group believes a number of incorrect assumptions were made by the Subcommittee. Additionally, the SCC feels that is has been systematically excluded from conversations about the future of UVM and therefore cannot respect the decision made by members of the Investment Subcommittee.

Ms. Hall reiterated two requests of the SCC for the Board:

- The long-term request is that 200 corporations be screened out of the University’s public equity accounts within two years, and that carbon-intensive accounts in the public real assets class be removed within five years.
• The short-term request is that the SCC be given the opportunity to present its research to the Full Board.

Ms. Hall concluded her remarks by opining that Trustees cannot proxy-vote their way out of this problem, nor solve it by introducing separate socially responsible investment funds for potential donors.

Committee Reports

Audit Committee

Chair Mark Young began his report by complimenting the administration on the FY 2013 financial statements acknowledging that the audit resulted in no material weaknesses or significant deficiencies. He also thanked KPMG for its many years of service which concluded on Thursday.

At the November 18, 2013 meeting, the Committee received a routine report from the Chief Compliance and Privacy Officer which highlighted recently completed Government Reviews performed by the National Science Foundation Office of Inspector General; and the FY 2014 Compliance Work Plan efforts including a summary of the requirements of the Health Insurance Portability and Accountability Act (HIPAA) Omnibus rules as they apply to the University and the results of the Office’s work in assisting with, and monitoring of, the University’s compliance with those rules.

Also in November, Information Security Officer Dean Williams provided an overview of the results of the recent IT security assessment done to ensure University data are protected. A representative of Secure Ideas joined the meeting and described the engagement procedures and the assessment strategies used by his firm to conduct its work. The Committee also received a status update on the Enterprise Risk Management program and reviewed the program guidelines approved by the President and shared with the Board at yesterday afternoon’s Committee of the Whole.

The Committee also reviewed and accepted the FY 2013 audited financial statements for recommendation for full Board acceptance.

At Thursday afternoon’s meeting, Vice President for Executive Operations Gary Derr, Associate Vice President for Administrative and Facilities Services Bill Ballard, and Chief Risk Officer Al Turgeon provided the Committee with a presentation on emergency management and business continuity at the University as well as efforts by the administration to mitigate the risks of major catastrophic accidents through emergency management.

The Chief Internal Auditor provided an update regarding internal audit activity. For FY 2014, the Office of Audit Services has completed three proactive reviews, two management request reviews, one review in conjunction with a Police Services investigation, and seven EthicsPoint reviews. Mr. Harrison reviewed the results of the Vermont Institute for Artisan Cheese, IT
Governance Assessment, Inventory and Monitoring of Portable Devices, and Building Access Controls audits.

Chair Young invited Chief Internal Auditor Bill Harrison to share the details of a summary of the U.S. Attorney’s Office press release regarding the Vermont Institute for Artisan Cheese embezzlement. Mr. Harrison reported that Jody Farnham, of Burlington, pleaded guilty on January 28, 2014, in United States District Court in Rutland to a charge of federal program embezzlement. The evidence demonstrated that Ms. Farnham began embezzling money from UVM in about 2006 and before the thefts were discovered in late 2012, she stole not less than $185,000. As part of her plea agreement, Ms. Farnham consented to the entry of $185,000 forfeiture money judgment.

*Educational Policy and Institutional Resources Committee* (EPIR)

Chair Bill Botzow reported that members completing their service on the Educational Policy and Institutional Resources Committee were recognized and thanked for their service and new members were also welcomed.

Director of Capital Planning and Management Robert Vaughan was provided the opportunity to answer any additional questions concerning the resolution approving the general concept of the Science, Technology, Engineering & Mathematics (STEM) project, which had been presented at the Committee of the Whole prior to the EPIR Committee meeting. Some concern was expressed about the overall cost of the project going up as time progresses and whether or not the funding that the Foundation would be seeking sufficient funds to cover any increased costs. The Provost assured the Trustees that contingencies are built into the project. The Committee endorsed a resolution approving the general concept of the proposed STEM project for referral to the Budget, Finance & Investment Committee for financial review and approval.

Vice Provost for Student Life Annie Stevens gave a presentation on the outcome measures and strategic planning framework for the Division of Student Affairs including its goals and action plans for the next three to five years. The presentation focused on strategic efforts to provide an overall student experience that results in students who are healthy, engaged, and successful. The student experience will continue to be discussed at future meetings.

Trustee Frank Cioffi and Vice Provost for Student Life Annie Stevens gave an update on the Trustees’ Career Services Work Group noting that meetings will be coordinated to gather input from key campus constituents. Career Services Director Pamela Gardner reported on progress of the Career Success Action Plan which includes internships, communication, student employment, academic engagement and the Career+Experience Hub. Since the fall semester, over 2,000 individuals have stopped in the Hub for a total of 3,000 visits. She also noted that the Academic Internship Policy has been approved by the Faculty Senate. Brief updates will continue to be provided at future EPIR Committee meetings.

Cathy Paris, Faculty Senate Curricular Affairs Committee Chair, provided an overview on a new on-line Master of Public Health degree program proposed by the Graduate College, the Department of Medicine in the College of Medicine, and Continuing and Distance Education
(CDE). This on-line degree program was developed in response to an urgent need to improve public health and to enhance the preparation of students in the health professions and professional already practicing in the field. The program was developed on the foundation of the already successful Certificate of Graduate Study in Public health; therefore, a number of the courses are already in place, participating faculty have developed expertise in teaching on-line, and the College of Medicine and CDE have established a functional partnership. The Committee approved the proposal for recommendation to the full Board.

Other action items endorsed by the Committee for Board approval included:

- A resolution adopting an amendment to the College of Faculty Handbook to include the establishment of a new Clinical Practice Physician Pathway as a full-time renewable faculty appointment.
- A resolution approving a transition plan to remove “university center” status from the James M. Jeffords Center for Research and Policy Studies and subsequent transition to an endowed fund model.
- A resolution reaffirming the Equal Opportunity/Affirmative Action and Equal Opportunity in Education Program and Activities and Non-Harassment Policies. The former includes new sections necessitated by the finalization in 2014 of new federal regulations governing the employment of protected veterans and persons with disabilities. A few features, understood to be significant from the perspective of the cognizant federal agency (the Office of Federal Contract Compliance Programs within the Department of Labor) were also added.

Lacretia Flash, Assistant Dean for Conduct, Policy & Climate in the Dean of Students Office, reported on the results of an external review of the Presidential Commission structure which was conducted in the spring of 2013. A recommendation was made to restructure the five Presidential Commissions and the Campus Accessibility Task Force into one advisory board. President Sullivan supported this recommendation and called for the creation of the Commission for Inclusive Excellence (CIE).

Susan Ryan, Executive Director of the Center on Disability and Community Inclusions; Brian Veddar and Sophia Gatison, both UVM students who served as peer mentors; and Think College student Stirling Peebles, gave a presentation on Think College. Think College Vermont @ UVM and Johnson State College is a U.S. Department of Education funded grant awarded to the Center on Disability and Community Inclusion in the College of Education and Social Services, that provides post-secondary education experiences, including academic, social and employment, for students with intellectual and developmental disabilities. Committee members enjoyed hearing from the students about their experience as mentors and as student of the program.

The meeting concluded with a brief presentation by Provost Rosowsky on the Academic Excellence Goals that have been established in support of the President’s Strategic Action Plan. He noted that success in these areas will lead to increased selectivity, improved student quality, and improvements in national rankings and other reputational indicators. Provost Rosowsky intends to highlight each of the goals at future Committee meetings.
Chair Botzow concluded by encouraging all Trustees to read the Provost’s written report included in the Board materials as Report C.

**Budget, Finance and Investment Committee** (BFI)

Chair Debbie McAneny reported that the annual review of the Debt Burden and Viability ratios took place as required by the Debt Policy. The policy, as revised last May, states that the debt burden ratio will not be greater than 5.75%, and that, by 2023 it will revert back to be lower than 5%. The debt ratio is currently 5.02% and, if no additional debt is incurred, it will be less than 5% by 2023. Other than housekeeping changes (including correctly reflecting the Vice President of Finance’s title effective July 1, 2013 and eliminating outdated definitions), there were no recommended changes to the Policy. The Committee voted unanimously to approve the Debt Policy Annual Review resolution for recommendation to the full Board.

The Committee received an annual report of net assets, which totaled $183.2 million at the end of FY 2013. Of note, $13 million was transferred from the General Fund to the Energy Efficiency Revolving Loan Fund as of July 1, 2012 and $5 million of the Treasury Operations net assets is encumbered for the Taft School, Ira Allen School and 439 College Street.

Investment Subcommittee Chair Sam Bain reported that the Subcommittee conducted its annual review of the Statement of Investment Policies and Objectives and revised the indices used in the target benchmarks. The Subcommittee also recommended requiring all proxy voting decisions to be published on the Socially Responsible Investing Advisory Council (SRIAC) website and amended the Signatory Authority – Proxy Votes on Shareholder resolutions to reflect this additional language. This measure is designed to ensure greater transparency to the existing process. The BFI Committee approved both actions as recommended by the ISC for Board approval.

Chair Bain next reported on the endowment. Based on the most current data, the University’s market value as of December 31, 2013 totals $422 million, compared to $401 million on September 30, 2013. The S & P was up 10.5% compared to the University at 11.4%. The portfolio’s hedge funds are up 5.5%, which is ahead of our benchmarks. Based on Cambridge & Associates comparison median return data of 13.7%, UVM is 250 bps ahead at 16.2%.

Chair Bain concluded by reporting that the Investment Subcommittee met on December 18, 2013, following nearly a year of meetings, open forums, discussions, presentations, and review, and voted unanimously not to take action on the issue of divesting from fossil fuels companies and not to forward the proposal of the Socially Responsible Investing Advisory Council (SRIAC) to the Budget, Finance, and Investment Committee (BFI) of the Board for further consideration.

Vice President Cate informed the Committee that the administration is working closely with the UVM Foundation to establish an alternative investment vehicle for donors who do not want their gifts to be invested in fossil fuels or nuclear power. That fund is anticipated to be established and available to donors by April 1st.

Vice President Cate advised that the Socially Responsibility Investing Advisory Council will hold its next town hall meeting on February 12th and continues to work on a proposal related to
Monsanto Corporation and proxy voting and shareholder initiatives surrounding GMOs. Vice President Cate expects to see the Council’s recommendations in the spring.

Chair McAneny reported that the Committee discussed FY 2015 Budgeting and reminded Trustees that yesterday’s discussion included high-level assumptions, to be followed by a budget review in April, and a final vote by the Board in May. She noted that development of a balanced multi-year budget starting in FY 2015 is based on the University’s strategic action plan. Cost drivers include a $5.6 million carryover of net tuition revenue shortfall (October 2013 projections were $6.7 million); and impacts from financial aid needs; and Affordable Care Act health insurance costs. The current budget model for FY 2015 includes a 3.4% tuition increase. Affordable net cost of attendance will continue to be a primary focus and strategic investments in academic initiatives will be increased and sustained. Facilities and IT infrastructure investments are also anticipated.

The Committee reviewed comparison data for recent and historical tuition and fee charges for the University and its comparator institutions. Data indicates that the University is in the middle range on tuition and fee charges and on the low end for room and board.

The combined proposed room/meal rate increase is 3.6% ($10,781). The maximum proposed comprehensive student fee reflects a 2.6% increase ($2,042), due mostly to the addition of a $38 Career Center fee. Total cost of attendance, which comprises rates for room, board, required student fees, and tuition, is currently projected to grow at 3.4% (in-state $27,018; out-of-state $48,657). A resolution requesting the Board to set the maximum room and meal plan rates and other fees for Fiscal Year 2015 was approved.

The Committee amended and approved two resolutions regarding the STEM Project for recommendation to the full Board. The revised resolutions appear on the consent agenda. The first resolution authorizes the Board to approve the expenditure of up to 75% of University funds through the issuance of bonds to occur at a future date, subject to approval by the Board of final schematic plans for the project, and prior identification of at least 25% of non-debt funding; and further subject to ensuring that additional debt service for the project is not projected to, or cause the University’s debt ratio to exceed the current limit of 5.75%. The second resolution authorizes the administration to expend up to $1.5 million from the Treasury Operations account for the purpose of funding the schematic design of the STEM project with the amendment that if and when bonds are issued, an equal amount will be transferred from the STEM project account to repay the Treasury Operations account.

In follow up to the October Committee of the Whole presentation on the Affordable Care Act, the Committee heard a presentation on options for health insurance plans, including full-funded, self-funded and Cost Plus. The Committee voted to convert UVM’s health plan to the Cost Plus self-funded model, and to make the necessary changes to the existing contract to the Blue Cross/Blue Shield contract and to extend the contract for one year. A resolution approving the contract amendment and extension appears on the consent agenda.

The meeting concluded with Vice President Richard Cate’s routine report. He stated that the following BFI-related enterprise risks and opportunities identified in the University’s portfolio have been and will continue to be addressed in the Committee’s annual work plan: 1) deferred maintenance, 2) higher education funding model, 3) research funding diversity, and 4)
undergraduate enrollment and net tuition revenue. Included in his written report was the second quarter general fund budget-to-actuals report, which indicates that revenue is at 88% of budget and expenses are at 47%. He noted that these percentages are on track and that no variances are expected.

**Board Governance Committee**

Chair Cioffi noted that, in a memo to the Board dated November 15, 2013, he reviewed the Board officers’ nominations process. The Committee met on November 21, 2013 to initiate the process, after which committee members reached out to individual trustees to solicit nominations. The Committee convened on December 18, 2013 after which the full Board was advised of the proposed slate of officers:

- **Chair:** Debbie McAneny
- **Vice Chair:** David Daigle
- **Secretary:** Joan Lenes

Following Committee reports today, the Board will vote on the slate for Vice Chair, Secretary, Assistant Secretary, and University officers. In accordance with the University Charter, the Chair is elected at the first meeting following the election of new trustees. The election of Chair will occur at a special Board meeting scheduled on March 17, 2014, at 8:30 a.m.

**Vermont Agricultural College Board**

Chair David Potter reported that the Board received an updated from the Dean of Continuing and Distance Education Cynthia Belliveau on activities including Opportunities for UVM Nice market segments, UVM distance activity to date, Summer University, and degree, certificates and programs in research and development. Due to the changing demographics, on-line learning opportunities are increasingly necessary.

Clarence Davis, Director of State Relations, led a discussion regarding issues in the current 2014 session. Trustees continued to a conversation about the modification of the statutory requirement that restricts tuition for all in-state students to 40% of out-of-state tuition, and allowing the University to establish tuition for on-line graduate level courses.

**University of Vermont Board**

Chair David Daigle reported that Lisa Ventriss and Dale Rocheleau were elected Vice Chair and Secretary respectively to succeed Bill Ruprecht and Sam Bain the latter whom will complete their terms of service at the end of this month.

The Board elected Ron Lumbra and Donald McCree to the Board, effective March 1, 2014, each for a six-year term. New Board members were welcomed and outgoing members thanks for their service.

The Board conducted its routine review of the Wilbur Trust Fund Financial Statement report and conducted its annual review of the Wilbur Trust Grant and Scholarship Awards report. In
academic year 2012-2013, 292 Vermont residents received grants and awards totaling $723,836. Recipients receive the awards all four years or for as long as they remain eligible.

**Election of Board Officers**

Chair Cioffi announced that the Board would next be electing the following Board officers: Vice Chair, Secretary and Assistant Secretary, along with University officers, and that each officer elected will take office effective March 1, 2014. Trustees were again reminded that, in accordance with the University Charter, the Chair is elected at the first meeting following the election of new Trustees.

He then asked Frank Cioffi, Chair of the Board Governance Committee, to identify the slate by office and proposed nominee.

Committee Chair Cioffi presented the following slate:

- **Chair:** Deborah McAneny [no action]
- **Vice Chair:** David Daigle
- **Secretary:** Joan Lenes
- **Assistant Secretary:** Francine Bazluke

Chair Cioffi asked for additional nominations. No further nominations were made.

A motion was made, seconded and it was unanimously voted to elect the proposed slate of candidates for Vice Chair, Secretary and Assistant Secretary. Trustees Lenes abstained from voting on the position of secretary and Trustee Daigle abstained from voting on the position of Vice Chair.

In accordance with the Bylaws, Board Chair Cioffi next entertained a motion for appointment of the following University officers by virtue of their office for a one-year term beginning March 1, 2014, or until their successors take office:

- **Provost:** David Rosowsky
- **Treasurer:** Richard Cate

A motion was made, seconded and it was unanimously voted to elect the officers as proposed.

Chair Cioffi acknowledged that Thomas Sullivan continues as President, his appointment as previously approved by the Board.

**Retiring Trustees**

Chair Cioffi recognized and thanked retiring trustees Sam Bain, Dennis Mahoney and Bill Ruprecht. He read resolutions in recognition of their service on the Board and to the University and presented each with a framed copy of the resolution, noting that the resolutions will be voted on as part of the consent agenda.
Vice Chair Debbie McAneny recognized and thanked Chair Cioffi and read and presented him with his framed copy of his resolution.

Approval of Consent Agenda

Chair Cioffi presented the revised consent agenda, noting that resolutions and revisions made at Committee meetings have been highlighted. An opportunity for discussion on any of the action items coming before the Board was offered. Resolution #3 was requested to be voted on separately from the consent agenda. The remainder of the revised consent agenda was presented for approval.

 COMMITTEE OF THE WHOLE

1. **Acceptance of Fiscal Year 2013 Audited Financial Statements**

   WHEREAS, the financial statements of the University of Vermont and State Agricultural College for the Fiscal Year ended June 30, 2013, have been audited by KPMG LLP, Certified Public Accountants, and the report of that audit published in detail in accordance with 16 V.S.A. Section 2281(a);

   BE IT RESOLVED, that the Board hereby accepts the FY 2013 Audited Financial Statements as recommended by the Audit Committee and presented today and acknowledges receipt of the FY 2013 Financial Report.

2. **Resolution Approving Contract for Residence Hall Furniture**

   BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is authorized to enter into contracts with New England Woodcraft, Inc. and Foliot Furniture for residence hall student room furniture. The contracts begin March 1, 2014, through February 28, 2017, in an amount not to exceed $1,600,000 combined.

4. **Resolution Approving Commencement of Multipurpose Center Project Design Development, and Generation of a Cost Estimate and Funding Proposal**

   WHEREAS, the University previously developed a general concept for a multipurpose center ("Project") designed to provide significantly expanded venues and opportunities for the University community and beyond; and

   WHEREAS, the Project is a capital priority earlier identified and approved by this Board as set forth in the strategic action plan;

   NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the administration to proceed with Project design development and the generation of an associated cost estimate and funding plan, as well as fundraising from private donors in support of the Project.
EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

5. Resolution Approving the General Concept of the STEM Project
WHEREAS, in order to continue to provide and further enhance its academic quality in programs in the areas of science, technology, engineering and mathematics (STEM), the University needs to undertake a comprehensive facilities project that addresses significant deferred maintenance in existing STEM related buildings and provides new space for laboratories and classrooms; and

WHEREAS, at least 25% of the total project cost must be funded from non-debt sources; and

WHEREAS, potential donors are seeking assurance that the Board of Trustees is supportive of this critical STEM project;

NOW, THEREFORE, BE IT RESOLVED, that the Educational Policy and Institutional Resources Committee approves the general concept of the proposed STEM facilities project and hereby remits it to the Budget, Finance, and Investment Committee for financial review and approval.

6. Approving On-Line Master of Public Health
RESOLVED, that the Board of Trustees approves the creation of an on-line Master of Public Health approved and advanced by the Provost on January 15, 2014 and the President on January 17, 2014.

7. Resolution Adopting “Clinical Practice Physician Pathway” Amendments to the College of Medicine Faculty Handbook
RESOLVED, that the Board hereby authorizes the amendment by the University, through its College of Medicine, of the College of Medicine Faculty Handbook. The amendments will establish a new Clinical Practice Physician Pathway as a full-time, renewable faculty appointment. The specific provisions as hereby adopted are set forth in Appendix A.

8. Resolution Approving James M. Jeffords Center for Research and Policy Studies Transition Plan
RESOLVED, that the Board of Trustees approves the removal of “University Center” designation, as outlined in §§204.5-204.5.1 of the University Manual, from the James M. Jeffords Center for Research and Policy Studies, and subsequent transition to an endowed funding model in support of initiatives consistent with the original donative intent of Senator Jeffords and the Jeffords for Vermont Committee, as approved by the Faculty Senate on January 13, 2014, and advanced by the President, Provost, and Interim Vice President for Research.
9. **Resolution Reaffirming Equal Opportunity Statements**

RESOLVED, that the Board reaffirms the Equal Employment Opportunity/Affirmative Action Policy Statement as amended and attached here as Appendix B, and the Equal Opportunity in Educational Programs and Activities and Non-Harassment Policy Statement as amended and attached here as Appendix C, both effective as of February 8, 2014.

**BUDGET, FINANCE AND INVESTMENT COMMITTEE**

10. **Annual Review of Debt Policy**

WHEREAS, in September 2004, the Board adopted a Debt Policy to guide the portfolio management of debt, to be reviewed annually; and

WHEREAS, since its creation in 2006, the Budget, Finance, and Investment Committee has been charged with the annual review of the Debt Policy, which it most recently revised in May 2013;

BE IT RESOLVED, that the Board hereby reaffirms the Policy, as amended, appearing as Appendix D to this document.

11. **Resolution Approving Revisions to the University of Vermont Statement of Investment Policies and Objectives**

WHEREAS, in February 2011, the Board adopted a *Statement of Investment Policies and Objectives* to govern the investment of UVM’s Long-Term Investment Pool, including the Endowment Fund; and

WHEREAS, the Budget, Finance and Investment Committee was charged with the periodic review of the *Statement of Investment Policies and Objectives*; and

WHEREAS, on November 20, 2013, the Investment Subcommittee reviewed revisions to the *Statement of Investment Policies and Objectives*, as appended, to reflect changes to the indices used in the Target Benchmark, and the Investment Subcommittee is now recommending adoption of the *Statement of Investment Policies and Objectives*, as revised;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the Statement of Investment Policies and Objectives appearing as Appendix E to this document.

12. **Signatory Authority - Proxy Votes on Shareholder Resolutions**

BE IT RESOLVED, that, when offered shareholder resolutions, the Vice President for Finance and Treasurer, Controller, Senior Accountant, or Endowment Accountant of the University shall commit the proxy votes of the University in accord with specific guidelines approved by the Investment Subcommittee of the Budget, Finance, and Investment Committee of the Board of Trustees.
BE IT RESOLVED, that, in the absence of such specific guidelines, except for matters of routine corporate business, the Vice President for Finance and Treasurer, Controller, Senior Accountant, or Endowment Accountant shall cast an abstaining vote.

BE IT FURTHER RESOLVED, that, in any instance when such specific guidelines do not exist, the Socially Responsible Investing Advisory Council may study the issue and develop a recommendation for the Vice President for Finance and Treasurer.

BE IT FINALLY RESOLVED, that all decisions by the Investment Subcommittee concerning proxy voting will be published on the Socially Responsible Investing Advisory Council webpage, as updated on an annual basis.

This resolution supersedes all previous authorizations.

13. Resolution Setting Maximum Room and Meal Plan Rates and Other Fees, Fiscal Year 2015

RESOLVED, that the Board of Trustees hereby sets the maximum room and meal plan rates and other fees for Fiscal Year 2015 as follows:

| Room (Standard Double) | $7,116 |
| Predominate Meal Plan  | $3,665 |
| Total Comprehensive Fee | $1,800,838 |
| UG Student Government Association (SGA) Fee | $174 |
| UG Inter Residence Association (IRA) Fee | $30 |

14. Resolution Approving STEM Project Funding

WHEREAS, in order to continue to provide and further enhance its academic quality in programs in the areas of science, technology, engineering and mathematics (STEM), the University needs to undertake a comprehensive facilities project that addresses significant deferred maintenance in existing STEM related buildings and provides new space for laboratories and classrooms; and

WHEREAS, at least 25% of the total cost of the project must be funded from non-debt sources; and

WHEREAS, potential donors are seeking assurance that the Board of Trustees is supportive of this critical STEM project;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees intends to expend up to 75% of STEM Project costs from University funds through the issuance of bonds to occur at a future date subject to:

1. Approval by the Board of the final schematic plans for STEM:
2. Prior acquisition by identification by the administration of at least 25% of non-debt funding; and
3. Further subject to ensuring that the additional debt service for the project is not projected to, nor shall it cause the University’s debt ratio to exceed the currently allowed limit of 5.75%.

approves the expenditure of up to $75 million of University funds through the issuance of bonds to occur at a future date to be determined for the project subject to prior acquisition by the administration of at least $25 million of non-debt funding and further subject to ensuring that the additional debt service for the project is not projected to, nor shall it does not cause the University’s debt ratio to exceed the currently allowed limit of 5.75%.

15. Resolution Approving STEM Project Schematic Design Funding

WHEREAS, the next phase of the STEM facilities project is schematic design but the bond issuance for the project will not occur for some time; and

WHEREAS, the University has resources that can be used for this purpose;

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is hereby authorized to expend up to $1.5 million from the Treasury Operations Account for the purpose of funding the schematic design of the STEM project. Once If and when bonds are issued, an equal amount will be transferred from the STEM project account to repay the Treasury Operations account.

16. Resolution Approving Contract Amendment and Extension with Blue Cross/Blue Shield

WHEREAS, in 2011, the University put out to bid its health insurance program and Blue Cross/Blue Shield was the successful bidder and, in the request for proposal, the University sought bids on plan options, including fully insured and self-funded plans; and

WHEREAS, under the current contract, the University has the ability to secure one-year extensions and change to self-funding with the vendor;

BE IT RESOLVED, that the Vice President for Finance, in consultation with the Vice President for Human Resources, Diversity and Multicultural Affairs, is hereby authorized to negotiate a one-year contract extension of the current health insurance benefit with Blue Cross and Blue Shield of Vermont, using its Cost Plus self-funding model, in an amount not to exceed $63,000,000, in an amount not to exceed $XX million with Blue Cross/Blue Shield to administer the program.
FULL BOARD

17-20. Retiring Trustee Resolutions

Samuel E. Bain (2008-2014)

WHEREAS, Samuel E. Bain is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Sam Bain has ably served the Board in his roles as Co-Vice Chair and Chair of the Investment Subcommittee, Vice Chair of the Budget, Finance and Investment Committee, and as Secretary of the University of Vermont Board, along with his membership on the Audit Committee, the Budget, Finance & Investment Committee, and through his service on the Honorary Degree Work Group, the Socially Responsible Investing Work Group, the Presidential Search Committee, and the Foundation Work Group; with additional service to the University through his long-standing commitment to the Alumni Association;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection and heartfelt best wishes to Trustee Samuel E. Bain.


WHEREAS, Robert F. Cioffi is nearing the completion of his third term as Trustee of The University of Vermont and State Agricultural College; and

WHEREAS, Robert Cioffi has provided the Board with steady, patient and effective leadership as Board Chair for four years – the longest service of any Board Chair in UVM’s history as a public institution, discharging his responsibilities with respect, resolve and dedication in service to his beloved alma mater and the greater good of UVM;

WHEREAS, Robert Cioffi has led the Board in his service as Chair of the Executive Committee, the Annual Review Subcommittee, the Committee on Board Governance and the Investment Subcommittee, and in his service as Co-Vice Chair of the Budget, Finance and Investment Committee and his membership on the University of Vermont Board, and through his leadership of the Presidential Search Committee, the Honorary Degree Work Group, and the UVM/Fletcher Allen Health Care Affiliation Agreement Work Group, and through his membership on the Campus Life Task Force II, the ad hoc Labor Advisory Group, and the Work Group on Medical, Nursing and Health Sciences Education and Research;

WHEREAS, Robert Cioffi has further served the University generously as a member of the UVM Foundation Board of Directors, the UVM Foundation Leadership Council and the National Campaign Steering Committee, and through his extraordinary generosity in establishing the William G. and Therese A. Cioffi Scholarship Fund in his parents’ name to provide annual scholarship assistance based on academic merits to students from his hometown of St. Albans;
THEREFORE, BE IT RESOLVED, that the Board of Trustees of The University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee Robert F. Cioffi.

Dennis J. Mahoney (2012-2014)

WHEREAS, Dennis J. Mahoney is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Dennis Mahoney has articulated clear and thoughtful perspectives and has participated fully and constructively during his service on Board Committees including the Audit Committee, the Educational Policy and Institutional Resources Committee, the Budget, Finance and Investment Committee and the Committee on Board Governance, with additional service to the University as a member of the UVM AdvoCats and as a peer advisor in the School of Business Administration;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont State and Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee Dennis J. Mahoney.

William F. Ruprecht (2008-2014)

WHEREAS, William F. Ruprecht is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Bill Ruprecht has provided the Board with insightful knowledge, compelling perspectives, and useful experience in his service on the Educational Policy and Institutional Resources Committee, the Budget, Finance and Investment Committee, the Committee on Board Governance, and through his service on the University of Vermont Board, the ad hoc Labor Advisory Group, the Honorary Degree Work Group, the Presidential Search Committee, and through his co-leadership of the Foundation Work Group;

WHEREAS, Bill Ruprecht has further served the University generously as a member of the UVM Foundation Board of Directors, the UVM Foundation Leadership Council, and through the extraordinary generosity in establishing the Mollie Ruprecht Fund for Visual Arts; and for being a generous host for many years for University events at Sotheby’s;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee William F. Ruprecht.

A motion was made, seconded and it was unanimously voted to approve the consent agenda as presented.
Chair Cioffi presented resolution #3 for approval:

**Resolution Authorizing Memorandum of Understanding and Service Agreement with The University of Vermont Foundation**

RESOLVED, that the Board hereby authorizes the administration to negotiate and execute a Memorandum of Understanding and a Services Agreement with The University of Vermont Foundation on the material terms and conditions reported on this date.

A motion was made, seconded and it was unanimously voted to approve the resolution. Chair Cioffi and Trustees Brennan and Ruprecht abstained from the vote.

**Executive Session**

At 9:10 a.m., Chair Cioffi entertained a motion to enter into executive session to consider public safety, contracts and trade secrets. He noted that no action was anticipated following the session. The motion was made, seconded and approved. Vice Presidents Rosowsky, Cate, Gustafson, Bazluke and Derr, Interim Vice President for Research John Evans, Special Assistant to the President Clarence Davis, and incoming trustees Ron Lumbra and Donald McCree were invited to remain.

Interim Vice President Evans was excused following the first topic.

At 10:40 a.m., the meeting was re-opened to the public.

**Adjournment**

There being no further business the meeting was adjourned.

Respectfully submitted,

Joan Lenes, Secretary
PART THREE – FACULTY APPOINTMENTS

SECTION 2 FACULTY APPOINTMENTS

2. Full Time Renewable Appointments

In the case of renewable faculty appointments there are four potential pathways with differing areas of emphasis for activities of faculty member. These are Research Scholar Pathway, Clinical Scholar pathway, Education Scholar Pathway, and Clinical Practice Physician Pathway.

Page 20 – add:

d. Clinical Practice Physician Pathway

The Clinical Practice Physician provides the highest quality of patient care consistent with the policies, standards and guidelines of the UVM Medical Group. Providing a patient base for clinical teaching and research and modest amounts of personal teaching are also expected. Appointment as a Clinical Practice Physician is usually on a full-time clinical basis, but may be on a part-time clinical basis with approval of the Senior Associate Dean for Clinical Affairs. All appointments of Clinical Practice Physicians require the favorable recommendation of the Chair of the applicable department and approval by the Senior Associate Dean for Clinical Affairs and the Dean of the College. No further approvals shall be required by any other University official. Once a physician has been offered employment by UVM Medical Group and is recommended for appointment by the Chair, approvals of the appointment shall not be unreasonably withheld or delayed more than thirty (30) days from the date the chair’s recommendation is submitted.

Appointments as Clinical Practice Physician shall be for terms of up to five years depending on individual circumstances and shall be renewable following a standardized reappointment process, but the appointments shall terminate automatically, without further action by any person, upon termination of the physician’s employment with UVM Medical Group. Appointments may be terminated immediately for cause, or upon 90 days written notice with or without cause.

The initial appointments in this Pathway are considered as opportunity hires of physicians currently in practice in our clinical service catchment area. In addition, physicians who are recruited or employed by UVM Medical Group who spend the majority of their time in non-teaching roles may also serve in this role. If a Clinical Practice Physician develops substantial academic activities after two or more years of employment, he or she may be considered for Clinician Scholar appointments as opportunity hires.
Equal Employment Opportunity/Affirmative Action Policy Statement

Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal employment opportunity and to a program of affirmative action in order to fulfill that policy. The President of the University fully supports the University’s equal employment opportunity policy and the University’s affirmative action program.

The University will accordingly recruit and hire into all positions the most qualified persons in light of job-related requirements, and applicants and employees shall be treated in employment matters, hire, train, and promote persons in all positions and ensure that all other personnel actions are administered without regard to unlawful criteria including race, color, religion, ancestry, national origin, place of birth, sex, sexual orientation, disability, age, positive HIV-related blood test results, genetic information, gender identity or expression, or status as a disabled veteran, recently separated veteran, other protected active duty wartime or campaign badge veteran, or Armed Forces service medal veteran (collectively “protected veterans”), as these terms are defined under applicable law, or any other factor or characteristic protected by law, and ensure that all employment decisions are based only on valid job requirements.

In addition, the University of Vermont recognizes that discriminatory harassment and sexual harassment are forms of unlawful discrimination, and it is, therefore, the policy of the University that discriminatory harassment and sexual harassment will not be tolerated. The University also prohibits unlawful harassment on the basis of other characteristics protected by law.

Further, employees and applicants will not be subjected to harassment, intimidation, threats, coercion, or retaliation because they have engaged in or may engage in the following: filing a complaint or assisting or participating in an investigation regarding alleged discrimination or harassment as prohibited in the policy statement above; filing a
complaint or assisting or participating in an investigation, compliance evaluation, hearing, or any other activity related to the administration of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 ("VEVRAA"), Section 503 of the Rehabilitation Act of 1973 ("Rehabilitation Act"), or the Affirmative Action provisions of any other federal, state or local law; opposing any act or practice made unlawful by VEVRAA or any other federal, state, or local law, requiring equal employment opportunities for individuals with disabilities, disabled veterans, recently separated veterans, other or protected veterans, or Armed Forces service medal veterans; or exercising any other rights under protected by VEVRAA or the Rehabilitation Act.

The University of Vermont maintains an audit and reporting system that: measures the effectiveness of the University’s affirmative action program; indicates any need for remedial action; determines the degree to which the University’s objectives have been attained; measures the University’s compliance with its affirmative action obligations; and determines whether individuals with disabilities and veterans have had the opportunity to participate in all University sponsored educational, training, recreational and social activities.

Sources: Titles VI and VII of the Civil Rights Act of 1964; the Immigration Reform and Control Act of 1986; Title IX of the Education Amendments of 1972; the Equal Pay Act of 1963; the Age Discrimination in Employment Act of 1967; the Age Discrimination Act of 1975; Sections 503 and 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; Section 402 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974; Executive Order 11246; the Genetic Information Nondiscrimination Act of 2008; and the Vermont Fair Employment Practices Act, all as amended; and such other federal, state and local non-discrimination laws as may apply.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior policy statements regarding its subject matter. It may be modified only by written statement issued by the President as Chief Executive Officer of the University or by formal action by the University of Vermont and State Agricultural College Board of Trustees. This Policy Statement is designed to express the University’s intent and commitment to comply with the requirements of federal, state, and local non-discrimination laws. It shall be applied co-extensively with those non-discrimination laws, and shall not be interpreted as creating any rights, contractual or otherwise, that are greater than exist under those non-discrimination laws. Persons seeking to participate in educational opportunities offered by the University must consult position and program descriptions to determine criteria for eligibility. All such criteria shall be established in a manner consistent with the legal requirements herein referenced.

Contacts

Questions regarding this policy statement or compliance with its provisions may be directed to:
Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence may be directed to the University’s Title IX Coordinator:

Director, Office of Affirmative Action and Equal Opportunity 656-3368

Questions about disability related issues may be directed to the University’s Section 504 Coordinator:

Director, Office of Affirmative Action and Equal Opportunity 656-3368

Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of such agencies may be obtained from the Office of Affirmative Action and Equal Employment Opportunity.

The Vice President for Human Resources, Diversity and Multicultural Affairs is the University official responsible for the interpretation and administration of this policy.

The University has developed an Affirmative Action Plan. The portions of the plan required for disclosure are available for inspection during normal business hours; contact the University’s Public Records Officer at (802) 656-8937.

Related Documents/Policies

Equal Opportunity in Educational Programs and Activities and Non-Harassment
http://www.uvm.edu/~uvmppg/ppg/student/equaledu.pdf

Sexual Harassment Policy – Employees
http://www.uvm.edu/~uvmppg/ppg/hr/sexharasemp.pdf

Procedures for Investigating and Resolving Discrimination Complaints
Effective Date

Approved by:

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<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>President</td>
<td>E. Thomas Sullivan</td>
<td></td>
</tr>
<tr>
<td>Chair, Board of Trustees</td>
<td>Robert F. Cioffi</td>
<td></td>
</tr>
</tbody>
</table>
Equal Opportunity in Educational Programs and Activities and Non-Harassment

Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal educational opportunity. The University therefore prohibits discrimination on the basis of unlawful criteria such as race, color, religion, national or ethnic origin, age, sex, sexual orientation, marital status, disability, or gender identity or expression, as those terms are defined under applicable law, in admitting students to its programs and facilities and in administering its admissions policies, educational policies, scholarship and loan programs, athletic programs, and other institutionally administered programs or activities made available to students at the University. The University also prohibits harassment, as defined in the Vermont Statutes at Title 16, section 11(a)(26). Unlawful harassment is a form of discrimination and is therefore prohibited. Sources: Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Vermont Public Accommodations Act; and such other federal, state, and local non-discrimination laws as may apply.

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Contacts

Questions regarding this policy statement or compliance with its provisions may be directed to:

Dean of Students
University of Vermont
41-43 South Prospect Street
Burlington, VT 05405
(802) 656-3380

or to:

Director, Office of Affirmative Action and Equal Opportunity
Vice President for Human Resources, Diversity and Multicultural Affairs
University of Vermont
428346 Waterman Building
Burlington, VT 05405
(802) 656-3368

Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of those agencies may be obtained from the Office of Affirmative Action and Equal Opportunity.

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Questions about disability related issues may be directed to the University’s Section 504 Coordinator:

Director, Office of Affirmative Action and Equal Opportunity 656-3368
Related Documents/Policies

Equal Employment Opportunity/Affirmative Action Policy Statement
http://www.uvm.edu/~uvmppg/ppg/general_html/affirm.pdf

Harassment – Students
http://www.uvm.edu/~uvmppg/ppg/student/studentharas.pdf

Procedures for Investigating and Resolving Discrimination Complaints

Sexual Harassment Policy – Students
http://www.uvm.edu/~uvmppg/ppg/student/sexharasstudent.pdf

Effective Date

Approved by:

_________________________________  President  _______________________
E. Thomas Sullivan  ___________________________  Date

_________________________________  Chair Board of Trustees  _______________________
Robert F. Cioffi  ___________________________  Date
University of Vermont Debt Policy
As Adopted by the Board of Trustees
September 2004, revised November 2005,
Revised, November 2006,
Revised, December 2007,
Reaffirmed, December 2008,
Revised, October 2009
Revised, October 2010
Reaffirmed, October 2011
Revised, May 2013
Revised, February 2014

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**OVERVIEW**

**Purpose**

1. Articulate the role of UVM’s debt policy within the strategic planning process.

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<thead>
<tr>
<th>UVM’s Mission</th>
<th>Strategic financial planning</th>
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<tr>
<td>Other Initiatives</td>
<td>Capital planning and management policies</td>
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<td></td>
<td>Debt Policy</td>
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</table>

The University of Vermont’s strategic planning is a long-term process that establishes University-wide priorities as well as University and divisional programmatic objectives. The University’s strategic plan identifies specific goals and initiatives, including capital plans that identify necessary and desired University facility investments. To fund its plan, the University will continue to utilize a mix of financing sources including State and Federal sources, philanthropy, internal reserves, and external University-supported debt.

This policy, in conjunction with the strategic and capital planning, will aid management in ensuring that an appropriate mix and types of funding sources are utilized and that the University’s debt capacity is allocated strategically. A UVM-specific debt policy is appropriate to ensure adequate financial strength to service existing and proposed debt, maintain leverage within an acceptable risk tolerance while investing in priority capital projects, maintain a strong financial profile to ensure a competitive position relative to its peers, and maintain the budgetary capacity to invest in other initiatives.

Management and the Board of Trustees, acting through the appropriate Board of Trustee committee, will assess this policy on an ongoing basis to ensure that it remains responsive to UVM’s evolving academic, research and strategic priorities and financial position.

The University believes that financial discipline is a critical component of long-term debt management and that the Board and management, operating through the appropriate Board of Trustee committee should establish a limited number of financial ratios and limits in order to manage debt within acceptable ranges consistent with UVM’s objectives. These measures will be monitored and reported on in light of UVM’s evolving strategic initiatives and capital needs.
INTRODUCTION AND OBJECTIVES

Purpose

1. Articulate UVM’s philosophy regarding debt.
2. Establish objectives for debt policy.
3. Provide for regular review and potential update of policy to reflect evolving needs.

Just as investments represent an integral component of assets, debt is viewed to be a long-term component of liabilities that therefore should be managed on a long-term portfolio-basis consistent with the institution’s policy objectives, with an overarching objective of managing the balance sheet.

The objectives of the policy are to:

(i) Maintain the University’s access to capital. Management will utilize and issue debt in order to provide timely access to capital to fund project priorities that have been approved by the Board;

(ii) Manage the University’s credit to meet its long-term strategic objectives while maintaining creditworthiness consistent with the most favorable relative cost of capital and borrowing terms.

(iii) Limit risk of the University’s debt portfolio. Debt will be managed on a portfolio, rather than a transactional or project-specific, basis. Management’s continuing objective of incurring the lowest achievable long-term risk-adjusted cost of capital will be balanced with the goal of appropriately limiting exposure to market shifts within acceptable budgetary parameters. Various types of debt structures and financial instruments will be considered, monitored, and managed within the framework established in this policy and according to internal management procedures; and

(iv) Permit the optimization of the investment of the University’s working capital and cash balances. Management will explore various options and alternatives to internal cash holdings regarding the optimal funding mechanism for short-term equipment needs, bridge financing and cash requirements. Management recognizes that working capital requirements, debt management, and the investment of cash/net assets should be viewed comprehensively in order to optimize overall funding and investment return strategies.

In addition to establishing a framework relating to the administration of debt, the policy provides for periodic updates pertaining to UVM’s debt capacity and financial management to both internal and external parties.
**OVERSIGHT**

**Purpose**

1. Provide mechanism for oversight and review on periodic basis.
2. Provide management flexibility to make ongoing financing decisions within the framework of the policy.

By adopting this policy and regularly reviewing it with the appropriate Board of Trustee committee, management will follow and report on guidelines and requirements regarding debt utilization. With appropriate authorizations consistent with the policy, management will have flexibility to implement specific financial transactions and utilize approved financing vehicles in accordance with stated procedures.

The Office of the Vice President for Finance and Administration and University Treasurer will manage all funding sources, including debt, for capital projects authorized by the Board. The structure of any individual transaction (e.g., maturity, interest rate mode, use of derivative products, other financing structures) will be based upon overall University needs to ensure that (i) long-term costs to the University and its operating units are minimized consistent within the context of other strategic objectives and (ii) overall risk does not exceed acceptable levels as defined in this policy.

Because this debt policy is a living document, the appropriate Board of Trustee committee will review this policy on an annual basis and report any recommended changes or revisions to the Board of Trustees. This review process is necessary to ensure that the policy remains consistent with the University’s objectives and responsive to evolving practices, competitive pressures in the external environment, and financial indicators.

**POLICY RATIOS**

**Purpose**

1. Identify core ratios.
2. Clearly communicate with key parties such as rating agencies the University’s philosophy regarding debt and management’s ongoing assessment of debt capacity and affordability.

This policy establishes limits to measure the total amount of outstanding debt compared to University balance-sheet resources and the annual operating budget. These ratios can be derived from the financial statements and other information and are subject to review periodically.

The policy identifies ratios that (i) are based on current GAAP requirements and (ii) are consistent with ratios utilized in the higher education industry to permit benchmarking.

In addition to the two policy ratios below, the University may consider tracking other ratios in addition to the policy ratios. Listed below are the policy ratios and limits that will be followed.

**Ratio 1 – Debt Burden Ratio**

This ratio measures the University’s ability to repay debt service associated with all outstanding debt and the impact on the overall budget and includes all activities of the University. The defined limit for this ratio is intended to maintain the University’s long-term operating flexibility to fund existing requirements and new initiatives, although the University may target a desired ratio below this limit.

\[
\frac{\text{ANNUAL DEBT SERVICE}}{\text{TOTAL EXPENSES}} \leq 5.75\%
\]

The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-time operating gifts, investment return, variability of State funding) and better reflect the operating base of the University. Management
recognizes that a growing expense base would make this ratio appear more attractive. The limit for this ratio is not to be greater than 5.75% until June 30, 2023 and will revert to 5% thereafter. This ratio will be adjusted to include the impact of non-amortizing or non-traditional debt structures that could result in significant single year fluctuations, as well as an assumption of an appropriate variable rate.

**Ratio 2 - Viability Ratio (also called Expendable Financial Assets to Debt)**

This ratio indicates one of the most basic determinants of financial health by measuring the availability of liquid and expendable net assets compared to aggregate debt. The ratio measures the medium to long-term health of the University’s balance sheet and debt capacity and is a critical component of universities with the highest credit quality.

Many factors influence the viability ratio, affecting both the assets (e.g., investment performance, philanthropy) and liabilities (e.g., timing of bond issues), and therefore the ratio is best examined in the context of changing market conditions so that it accurately reflects relative financial strength. For example, a viability ratio that is acceptable and entirely appropriate in one market condition may be relatively stronger or weaker in other market environments.

This policy establishes a debt policy limit (floor) for this ratio of 1.0x to ensure that sufficient balance sheet strength is maintained at all times.

\[
\frac{\text{UNRESTRICTED NET ASSETS} + \text{TEMPORARILY RESTRICTED NET ASSETS} - \text{EQUITY IN PLANT}}{\text{AGGREGATE DEBT}} > 0.8x
\]

This ratio will include any financings that impact the University credit, including guarantees of third-party debt.

The 0.8x limit is recognized as a limit, and not a long-term objective. Over time, to remain competitive and retain the flexibility to invest in future strategic initiatives, UVM will want to target and maintain a ratio above 0.8x.

Annually, based on the results of the audited financial statements, the Vice President for Finance and Administration will report to the appropriate Board of Trustee committee on the actual ratio results and any existing conditions that put the University out of compliance with this policy. In the event that the University is out of compliance with the policy, the appropriate Board of Trustee committee will take up the matter for consideration and make recommendations it deems appropriate to the Board of Trustees.

**Ratios as a Credit Factor**

The University has established its ratios and associated ratio limits based on internally-established guidelines. The ratios and limits are not intended to provide a long-term target or track a specific rating, but rather will enable the maintenance of the University’s competitive financial profile and complement the capital planning process. The debt policy will be shared with external credit analysts and other third parties in order to provide them with the context regarding UVM’s assessment of self-determined debt capacity and affordability, which is subject to ongoing review.
TYPES OF FINANCINGS

<table>
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<th>Purpose</th>
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<tbody>
<tr>
<td>1. Review of all potential funding sources for projects.</td>
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<tr>
<td>2. Maximize tax-exempt University-issued debt.</td>
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<tr>
<td>3. Commercial Paper program.</td>
</tr>
<tr>
<td>a. Provide bridge funding.</td>
</tr>
<tr>
<td>b. Provide continual access to capital.</td>
</tr>
<tr>
<td>c. Issuance on a taxable or tax-exempt basis.</td>
</tr>
<tr>
<td>4. Manage derivative products, including swaps.</td>
</tr>
<tr>
<td>5. Consider other financing sources.</td>
</tr>
<tr>
<td>a. Management will explore securitizations, joint ventures and other financial structures to provide for the optimal funding for any project.</td>
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</table>

The University recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources will be reviewed by management within the context of the debt policy and the overall portfolio to ensure that any financial product or structure is consistent with UVM’s objectives. Regardless of what financing structure(s) is(are) utilized, a full understanding of the transaction, including (i) quantification of potential risks and benefits, and (ii) analysis of the impact on University creditworthiness and debt capacity, will be required. Any financial transaction which, in management’s opinion utilizes the University’s credit, will be subject to the limits set forth in this policy regardless of source.

**Tax-Exempt Debt**

The University recognizes that debt will remain a long-term component of the University’s capitalization over the foreseeable future due in part to its continued need for capital and the substantial economic benefits associated with tax-exempt debt. Therefore, financial transactions will be managed on a portfolio basis with a long-term perspective. (In all circumstances, however, individual projects must continue to be identified and tracked to ensure compliance with all tax and reimbursement requirements).

Debt will be structured to meet the University’s comprehensive long-term objectives, and each project being financed will be required to provide a sound business plan, including the source of repayment for the debt and appropriate and realistic repayment terms. Among other things, the repayment terms will require that the loan term is no greater than the expected componentized useful life of the asset financed. Additionally, the financed project will be required to budget and fund principal payments on a fully amortized basis.

**Taxable Debt**

While all of the University’s capital projects may not qualify for tax-exempt debt, taxable debt should only be used in appropriate cases as it generally represents a more expensive source of capital relative to tax-exempt issuance.

**Commercial Paper**

The CP program can provide substantial financial flexibility to the University including the ability to manage and optimize cash balances, and provide an alternative to lease transactions, and other purposes. CP can offer the University interim financing for capital projects in anticipation of the receipt of funding either in the form of future philanthropy or the issuance of long-term debt for permanent financing, as well as offer greater flexibility regarding the timing and structuring of individual bond transactions.

**Derivative Products**

Management recognizes that derivative products may enable more opportunistic and flexible management of the debt portfolio. Derivative products, including interest rate swaps, may be employed primarily to manage or hedge the University’s interest rate exposure for a specific period of time. The University will utilize a framework to evaluate
potential derivative instruments through consideration of (i) its variable rate allocation, (ii) market and interest rate conditions, (iii) impact on future financing flexibility, and (iv) the compensation for assuming risks, or the costs for eliminating certain risks and exposure. In addition, the University will analyze and quantify the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Under no circumstances will a derivative transaction be utilized that is not understood fully by management or that imposes inappropriate risk on the University. Risks include but are not limited to tax risk, interest rate risk, liquidity risk, counterparty credit risk, basis risk, and any other potential risks either imposed or removed through the execution of any transaction. In addition, management will consider and disclose the potential impact of any derivative product on the University’s financial statements and the appropriate treatment in calculating the debt policy ratios. The University will regularly report on the status and performance of its derivative products, if any, to the appropriate Board of Trustee committee. Given the risks and complexity associated with derivative products, they will be considered more seriously only when: (i) conventional financing sources are relatively more expensive (e.g. exceed the portfolio blended interest rate, and (ii) can achieve desired financial objectives more efficiently or at a significantly lower risk-adjusted cost than traditional structures. Management is required to present any recommended derivative product to the appropriate Board of Trustee committee and must receive Board approval prior to execution.

Other Financing Sources
The University recognizes that a variety of transactions, not limited to debt insured directly by UVM, may impact the University’s credit while the University’s limited debt capacity and substantial capital needs require the consideration of various financing alternatives, including possible opportunities for alternative and non-traditional transaction structures. The University recognizes these types of transactions may also impact the University’s credit and also often can be more expensive than traditional University debt structures.

Therefore all non-traditional financing structures including guarantees and third party debt can only be considered once the economic benefit and the likely impact on the University’s debt capacity and credit has been determined. Specifically, for any third-party or developer based financing, management will ensure the full credit impact of the structure is evaluated and quantified to the extent possible prior to execution and the analysis must be presented to the appropriate Board of Trustee committees and must receive Board approval prior to execution.
PORTFOLIO MANAGEMENT OF DEBT

<table>
<thead>
<tr>
<th>Purpose</th>
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<tbody>
<tr>
<td>1. Permit decisions regarding debt issuance and structure to be made on a portfolio basis, rather than on a per-project basis.</td>
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<tr>
<td>2. Manage variable rate exposure of the debt portfolio.</td>
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<tr>
<td>a. Limit variable rate exposure.</td>
</tr>
<tr>
<td>b. Manage the overall liquidity requirements associated with outstanding debt.</td>
</tr>
<tr>
<td>c. Target overall variable rate debt exposure.</td>
</tr>
<tr>
<td>3. Evaluate exposure to other financing vehicles and third parties on a portfolio-wide basis.</td>
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</tbody>
</table>

The University considers its debt portfolio holistically; that is, it optimizes the portfolio of debt for the entire University rather than on a project-by-project basis, and takes into account the University’s cash and investments.

Variable Rate Debt

It is recognized that a degree of exposure to variable interest rates within the University’s debt portfolio may be desirable in order to:

(i) take advantage of repayment/restructuring flexibility;

(ii) benefit from historically lower average interest costs; and

(iii) diversify the debt portfolio; and,

(iv) provide a hedge to short-term working capital balances

Management will monitor overall interest rate exposure, analyze and quantify potential risks, and coordinate appropriate fixed/variable allocation strategies. The portfolio allocation to variable rate debt may be managed or adjusted through (i) the issuance of debt (potentially new issues and refunding), (ii) and the use of interest rate swaps and other derivative products. While the utilization of commercial paper impacts the University’s variable rate exposure, outstanding CP will not be included in the ratio, given the expected interim financing purpose.

Recognizing the desire to manage interest rate risk, the amount of variable rate debt outstanding shall not exceed 35% of the University’s outstanding debt. This limit is based on the University’s desire to (i) limit annual variances in its debt portfolio, (ii) provide sufficient structuring flexibility to management, (iii) keep the University’s variable rate allocation within acceptable external parameters, (iv) utilize variable rate debt (and/or swaps) to optimize debt portfolio allocation and minimize costs, and (v) take into account liquidity needs and exposures for the portfolio, including consideration of the commercial paper program.

\[
\text{VARIABLE RATE AND LIQUIDITY EXPOSURE} \leq 35\% \\
\text{TOTAL LONG-TERM DEBT OUTSTANDING}
\]

The University will exclude from this calculation project-related commercial paper used in advance of expected long-term financing since this commercial paper is used for interim purposes and should not be included in the University’s desired long-term variable rate allocation calculation. The numerator, Variable Rate and Liquidity Exposure, is defined as including all variable rate debt, not adjusted for any floating to fixed swaps, if any, and plus any fixed to floating swaps, if any. Thus, any variable rate debt that is affected by floating-to-fixed interest rate swaps will be considered variable rate debt for the purposes of this calculation since it impacts the University’s liquidity requirements and exposes the institution to counterparty credit exposure. Note that this ratio measures interest rate exposure and liquidity exposure/requirements directly.
GLOSSARY

Annual Debt Service – refers to the principal and interest due on long-term debt in a fiscal year.

Bridge Financing – refers to any type of financing used to “bridge” a period of time. For universities, it generally refers to financings that provide funding in advance of a long-term bond issue or the receipt of gift funding.

Capital Project – refers to physical facilities or equipment or software that may be capitalized.

Commercial Paper – an alternative to bank line for stronger rated borrowers, commercial paper is short-term promissory notes issued on the open market as an obligation of the borrower. The maturity of commercial paper is less than 270 days, and for most universities, the average maturity of all paper is between 30-50 days. Registration and disclosure for commercial paper is significantly less than traditional university bonds.

Derivative Products – generally referred to transactions which are an exchange of specified cash flows for a period of time. The most common types of derivatives are floating-rate-to-fixed-rate or fixed-rate-to-floating-rate swaps.

GAAP – refers to Generally Accepted Accounting Principles.

GASB 34/35 – Government Accounting Standards Board Statement Nos. 34 and 35. These statements dramatically changed the reporting format for the University effective Fiscal 2002 by consolidating fund balances into net assets and consolidating university-wide activity instead of distinct fund groups. The Statements also require a statement of cash flows and a change in representation of state appropriation and investment income.

Leverage – long-term debt as a component of the total assets of the University. “High leverage” indicates an institution that has a considerable portion of its assets that are debt financed.
UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

This statement is issued by the Investment Subcommittee (the “ISC”) of the Board of Trustees of the University of Vermont (the “Board”). The ISC was established by the Board and the Budget, Finance and Investment Committee in late 2006 and charged with oversight of investment strategy and investment managers for the Long-Term Investment Pool, including the Endowment Fund, collectively called the “Fund”, of the University. The policy statement will be reviewed annually and modified by the ISC as conditions warrant.

II. FIDUCIARY STANDARDS

The Board, the ISC, the Treasurer and investment staff, and any third-parties (e.g., investment managers) retained to advise the Board, the ISC, the Treasurer and/or investment staff as to investment strategy and management (any and all of whom may be referred to as “Responsible Parties”) shall exercise their responsibilities with respect to the Fund’s assets in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Vermont in 2009. In accordance with UPMIFA, key facets of the Responsible Parties’ roles include:

• Acting in good faith, with the care an ordinarily prudent person would exercise;
• Incurring only reasonable costs in investing and managing charitable funds;
• Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
• Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;
• Disposing of unsuitable assets; and
• In general, developing an investment strategy appropriate for the Fund and the University.

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

• Ensuring that current and future spending requirements are supported while also preserving the real purchasing power of the Fund;
• Achieving an optimum level of return within specified risk tolerances;
• Developing a sound and consistent investment policy including asset allocation, diversification and rebalancing guidelines;
• Selecting and maintaining qualified investment managers and consultants;
• Monitoring and evaluating results to ensure that policy guidelines are being adhered to and policy objectives are being met; and
• Taking action under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations.
The ISC is authorized to delegate certain responsibilities to staff to assist in properly meeting the overall responsibilities as outlined above.

IV. CONFLICT OF INTEREST POLICY

In addition to the responsibilities set forth in the Board of Trustees’ Conflicts of Interest policy, it is the responsibility of the ISC members to disclose to the ISC Chair any situation in which there may be reasonably construed to be a perceived or actual conflict of interest. The ISC Chair will work with the members to determine an appropriate response.

The ISC will generally not consider investments in funds directly managed by a member of the ISC. In addition, a member of the ISC employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The ISC recognizes, however, that certain exceptions to this policy may be appropriate. Such exceptions will be made only upon a majority vote of the disinterested members of the ISC.

In the event that the ISC is considering an investment in an access-constrained investment opportunity, any ISC member wishing to invest for his/her own benefit in such an opportunity shall notify the ISC Chair in writing.

V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

The University’s policy of fiscal prudence shall not preclude the consideration of moral, ethical and social criteria in determining companies in which to invest.

The University may take an active role on request in pursuing shareholder resolutions through proxy resolutions and other means in order to further its goal of investing in firms that produce safe and useful products in accordance with moral, ethical and social criteria. Investment managers may be asked to address various company or sector weights within their respective portfolios to help the University meet its social investing goals.

VI. FINANCIAL & INVESTMENT OBJECTIVES

The overall financial objectives of the Fund are to provide a stable and consistent level of ongoing support for the University’s programs through a reasoned spending policy that is also consistent with preserving and hopefully enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

The primary long-term investment objective of the Fund is to attain a real total return¹ (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 4.75%. This will be measured over the long term, capturing a full market cycle, as it is unlikely that the Fund’s return will meet or exceed the spending rate in each individual year. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended

¹ Real total return is the sum of realized and unrealized capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Consumer Price Index.
benchmark (defined herein), measured over a full market cycle; and to outperform the median return of a pool of endowment funds with broadly similar investment objectives and policies.

VII. ASSET ALLOCATION

The policy portfolio for the Fund is a target or “normal” set of investments, based on long-term return, risk and correlation assumptions that balance the organization’s need for liquidity, preservation of purchasing power, and risk tolerance. Certain investments are made for capital appreciation and return enhancement: global equities, long/short hedge funds, venture capital and private equity; some are made to protect against unanticipated inflation: real estate, energy, timber, commodities, TIPS; and some are made to protect against deflationary periods and to reduce volatility: primarily, high quality intermediate bonds for the former and absolute return hedge funds for the latter. The ISC, with input and assistance from staff and external consultants, shall periodically examine the policy portfolio targets and consider adjustments to the asset allocation as may be appropriate (for example, due to a material change in the capital market assumptions). Changes to the policy portfolio targets will be reviewed and approved by the ISC and presented to the Budget, Finance and Investment Committee and the Board, as necessary.

In addition to being diversified across asset classes, the Fund will be diversified within each asset class. This will provide reasonable assurance that the performance of any single security, issuer or class of securities, or active manager will not have a disproportionate impact on the total Fund performance.

The most current asset allocation / strategic policy portfolio for the Fund is attached as Appendix A.

VIII. REBALANCING

The Fund's actual asset allocation will be monitored monthly and reviewed by the ISC at its regular meetings relative to established policy portfolio targets and allowable ranges. Adjustments may be constrained by practical limits with respect to liquidity and transaction costs, but rebalancing efforts will be made as practicable. Cash flow in or out of the Fund may create an opportunity to shift the allocation closer toward policy targets. The ISC may at times authorize investments in new or developing asset classes that are not part of the strategic policy portfolio at the time of their adoption, with the intention of revising the policy portfolio shortly thereafter.

IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS

The performance objectives for the total Fund, each asset class and each manager are outlined below, with the purpose of establishing specific parameters for regular and ongoing review. While performance is measured over both short- and long-term periods, the focus and emphasis of performance evaluation is on longer time periods as represented by a full market cycle.

Overall Fund

There are a number of different benchmarks for assessing performance at the overall Fund level:

Undiversified Benchmark – this simple market benchmark helps the ISC evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in U.S. index funds.
Target Benchmark – this custom benchmark compares the total return of the Fund to a blended benchmark based on applying the target policy weights of each underlying asset class to the performance of the asset class benchmarks. The individual asset class benchmarks are discussed in the next section.

Current Allocation Benchmark – this benchmark is composed of the current allocations for each of the underlying composite asset classes weighted against the corresponding returns of their respective benchmarks.

Cambridge Associates’ Universe of Endowment Pool Returns – a universe of over 300 institutions, a broad peer universe against which the ISC compares the Fund’s return. In addition to this broad comparison, the ISC may also compare the Fund’s results to various subsets of this broad universe, which include institutions with similar characteristics.

Asset Classes & Managers

Each manager will be expected to outperform (net of fees) a benchmark that is appropriate based on the asset class and style of the manager, over a full market cycle. Performance results will be reviewed with the ISC at its regular meetings and in an interim period when there is a major event (personnel change, for example) at the firm. The manager will be evaluated on long-term performance so that shorter-term failure to meet the benchmark target returns is not an automatic basis for manager termination.

Due to the broad nature of the asset classes and the unique style of managers, it is important to note that the specific benchmark of the individual manager may not necessarily be the same as the benchmark for the particular asset class composite as defined below. For example, the Total U.S. Equity benchmark is the S&P 500 but small cap managers, for example, will be compared to the appropriate small cap benchmarks.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Market Index Used in Target Benchmark</th>
<th>Underlying Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equities</td>
<td>S&amp;P 500, which represents a relatively broad investable universe of U.S. stocks</td>
<td>Portfolios are expected to focus on investments in the U.S. equity market.</td>
</tr>
<tr>
<td>Non-U.S. Equities</td>
<td>MSCI All-Country World Index ex-US (ACWI ex-US)</td>
<td>Portfolios are expected to focus on the world’s developed and developing equity markets, excluding the U.S.</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index</td>
<td>Investment mandates may include: multi-strategy arbitrage, event arbitrage, distressed securities, credit/capital structure arbitrage and long/short equity investments in global markets.</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>S&amp;P 500 + 3%</td>
<td>This asset class includes non-publicly traded securities. Market values and return information are lagged by one quarter, as the underlying investments are not readily valued at the close of the</td>
</tr>
</tbody>
</table>
### Private Equity

| S&P 500 + 3% |

This asset class includes non-publicly traded securities such as buyout funds, secondaries, and distressed debt. Market values and return information is lagged by one quarter, as the underlying investments are not readily valued at the close of the latest quarter.

### Real Estate (private)

| NCREIF Property Index |

Investments will be predominately in private real estate funds invested in various segments of the real estate market, including: office, industrial, multi-family, and retail.

### Natural Resources and Timber (private)

| CPI-U + 5% |

Investments will be in private oil and gas transactions and in timberland, possibly including related logging operations.

### TIPS, Commodities, and Natural Resource Equities

| Blended Benchmark of Public Real Asset Manager Specific Benchmarks, one-half third each: Barclays US TIPS; DJ UBS Commodities Index; S&P NA Natural Resources Sector Index BlackRock Custom Energy Equity Benchmark |

Holdings consist of U.S.-issued TIPS, diversified commodities futures positions, and energy related equity securities.

### Core Fixed Income

| Barclays Capital Aggregate Bond Index |

Holdings consist of U.S. Treasury bonds, mortgages, and corporate credit investments.

### Cash and Cash Equivalents

| ML 90-day Treasury Bill index |

Individual manager accounts will be monitored for consistency of each manager’s investment philosophy and process, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. In the broadest sense, the monitoring process is intended to confirm that the reasons the manager was initially retained still hold true.

### X. MANAGER GUIDELINES

Investment managers will be hired for a specific skill set, and the resulting investments will be made either through separately managed accounts or pooled vehicles. Each manager of a separate account will adhere to the firm’s stated philosophy and investment strategy. Where investments are in commingled funds, mutual funds, off-shore funds or limited partnerships, the permissible investments are governed by the appropriate fund prospectus or offering memorandum. Some of these products permit the use of derivatives for certain investment strategies and in instances where a manager has demonstrated skill in
effectively utilizing these instruments. For example, they may be used in reducing risk or replacing positions to gain flexibility and efficiency.

XI. MANAGER REPORTING

Each investment manager of marketable assets will provide monthly portfolio valuations and total return net of all commissions and fees. On a quarterly basis, managers will report current holdings at cost and at market value, and purchases and sales for the quarter. Traditional marketable managers may be required to reconcile records of holdings, transactions, and dividend/interest income with the Fund’s custodian on a periodic basis. Specialty managers (who manage hedge funds and non-marketable partnerships) will report on portfolio details with as much transparency as possible. Each of these managers will provide annually their most recent audited financial statements, which include the basis of accounting and the auditor’s opinion. In addition, each specialty manager will disclose its respective valuation policies and procedures on an annual basis.

Regular communication from all managers concerning investment strategy and outlook is expected. The ISC will regularly review a Watch List that is maintained to highlight managers’ relative performance when it is outside the normal range or expected returns, new organizational issues, and/or any significant changes in strategy that raise concerns. Additionally, managers are required to inform the University of Vermont of any significant change in firm ownership, organizational structure, professional personnel, or fundamental investment philosophy. Managers will also send a copy of their form ADV to the University at least annually.

XII. PROXY VOTING GUIDELINES

University of Vermont’s Endowment Accountant votes the shareholder proxies.

XIII. GUIDELINES FOR TRANSACTIONS

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best realized price.

Adopted by the Board of Trustees on February 5, 2011, to replace the former “Statement of Investment Objectives and Policies,” as revised most recently on November 11, 2006.

Approved as revised by the Board of Trustees: February 9, 2013
Approved as revised by the Board of Trustees: February 8, 2014
APPENDIX A

ASSET ALLOCATION POLICY TARGETS

Revised, as of February 2013

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target (%)</th>
<th>Allowable Range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>23.0</td>
<td>15-30</td>
</tr>
<tr>
<td>Global ex U.S. Equity</td>
<td>24.0</td>
<td>15-45</td>
</tr>
<tr>
<td>Developed Markets</td>
<td>11.0</td>
<td>10-25</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>13.0</td>
<td>5-20</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>20.0</td>
<td>15-25</td>
</tr>
<tr>
<td>Real Assets (Inflation Hedging)</td>
<td>14.0</td>
<td>10-25</td>
</tr>
<tr>
<td>Private Equity / Venture Capital</td>
<td>11.0</td>
<td>5-20</td>
</tr>
<tr>
<td><strong>Subtotal Equity</strong></td>
<td><strong>92.0</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Income Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>8.0</td>
<td>5-25</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>0.0</td>
<td>0-5</td>
</tr>
<tr>
<td><strong>Subtotal Fixed Income/Cash</strong></td>
<td><strong>8.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Appendix A Targets revised by Investment Subcommittee: February 27, 2013