A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, October 18, 2014, at 8:00 a.m. in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Deborah McAneny, Vice Chair David Daigle, Secretary Joan Lenes, Cynthia Barnhart, Bill Botzow, Carolyn Branagan, Christopher Bray, Frank Cioffi, Carolyn Dwyer, Samantha Lucas, Ron Lumbra, Donald McCree, Anne O’Brien, David Potter, Kesha Ram, Dale Rocheleau, President Thomas Sullivan, Donna Sweaney, Raj Thakrar, Lisa Ventriss, Jeff Wilson and Mark Young

MEMBERS ABSENT: Robert Brennan, Richard Gamelli, and Governor Peter Shumlin

ALSO PARTICIPATING: Provost David Rosowsky, Vice President for Legal Affairs and General Counsel Fran Bazluke, Vice President for Finance and Treasurer Richard Cate, Vice President for University Relations and Administration Thomas Gustafson, Vice Provost for Student Affairs Annie Stevens, and Special Assistant to the President Clarence Davis.

Chair Debbie McAneny called the meeting to order at 8:02 a.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the August 11, 2014 meeting as presented.

Public Comment

Chair McAneny opened the public comment period and invited Sebastian Sweatman to address the Board. Mr. Sweatman is an alumnus and shared with the Board his concerns regarding the demolition of Angell Hall as part of the new Science, Technology, Engineering and Mathematics (STEM) Complex. He believes the decision to demolish Angell Hall is flawed because no alternatives to its demolition have been explored, nor have external discussions regarding its demolition occurred. He further opined that the STEM Complex Steering Committee might have benefited from the viewpoint of a non-UVM, STEM expert as well as a historic preservation expert.

Mr. Sweatman next shared that his research into Faculty Senate and Senate Committee meeting minutes regarding the STEM Complex project achieved very little results, which led him to believe that the project proposal sets an ominous tone for UVM’s largest capital project. He acknowledged that non-medical research is an important driver of the project, but questioned how the central campus will change with the addition of a large, professional research office/lab building.
Mr. Sweatman concluded his remarks by stating that he believes there is a better opportunity to bring more students into the technical field and suggested that this can be done through Computer Science. He suggested the University fast-track the creation of an independent Computer Science entity and bring computer resources under one roof, thus creating exciting synergies that could become the tool students use to explore technical areas.

Chair McAneny next invited John Forbes to offer remarks. Mr. Forbes introduced himself as an Associate Professor in the Department of Theatre and Vice President of United Academics. He began his remarks by stating that the faculty that United Academics represents are the soul of the University and that faculty members want UVM to be the best institution it can be, and to that end are dedicated to providing high quality, personalized education to students.

Professor Forbes stated that faculty working conditions are student-learning conditions and that during contract negotiations the faculty have tried in good faith to work to improve both conditions. While the faculty strongly support the principles outlined in “Our Common Ground”, he called to attention perceived significant challenges regarding two of its principles: respect and justice. He shared that faculty face a three-tier hierarchy: tenured faculty, full-time lecturers, and part-time lecturers. He noted that lecturers comprise one-third of the faculty, but teach one-half of the courses. Challenges faced by lecturers include receiving less money for teaching more classes than tenured faculty, lack of office space which necessitates meetings with students in public spaces on campus, and job security. He further noted that a large percentage of lecturers live in fear of a non-renewal letter because of “no further need” and concluded by sharing an example of such a termination: the departure of Kevin Thornton, a historian at UVM for fifteen years, who had been promoted to Senior Lecturer and nominated for the prestigious Kroepsch-Maurice Award, both signs of his excellence in the classroom, left the History Department without a teacher of American Civil War history.

Chair McAneny next invited David Feurzeig to offer remarks. Mr. Feurzeig, Associate Professor of Music for six years, shared his concerns with the Board regarding the administrative unit review process. He noted that the eight units slated for review this year do not include the offices of the President Provost, or Deans and is asking the administration and the Board to correct that omission. Professor Feurzeig shared three reasons why he believes a review of leadership offices is important: 1) perceived excessive growth in the number of administrators and compensation in recent years; 2) recently advanced major initiatives, at a significant cost, that were never implemented; and 3) a thorough review of the central administration will set a positive tone for other university-wide reviews.

Professor Feurzeig concluded his remarks by stating that the administration should seek the broadest possible input and doing so would rebuild the trust of the faculty and staff, which has been eroded by what is perceived as administrative overreach and under-accountability.

Chair McAneny next invited Julie Elfin to offer remarks. Ms. Elfin, a third year undergraduate student in the Rubenstein School of Environment and Natural Resources, addressed the Board in her capacity as a member of Student Climate Culture (SCC) Group. Ms. Elfin shared with the Board that she chose to come to UVM because of its “green” reputation. However, when she arrived, her experience did not live up to her expectations. She expressed her disappointment with the University’s decision to not divest from the fossil fuel industry; inability to adequately compensate the faculty; and the burden students feel with annual increases in student tuition
while paying administrators’ six-figure salaries. She concluded her remarks by stating the Student Climate Culture stands in solidarity with the student, staff and faculty unions and the united movement to stop the corporatization of UVM.

**Committee Reports**

*Audit Committee*

Chair Mark Young reported that the Audit Committee met on July 14 and September 15 and reminded Trustees that the Committee alternates receiving Audit and Compliance reports at each meeting. In July, Chief Internal Auditor Bill Harrison reviewed the status of the FY 2014 Audit Plan, and reviewed the recent reorganization of the Office of Audit and Compliance Services. In September, Assistant Director of Compliance Services Erica Heffner provided an update on the Compliance program and work plan activity since the Office’s last report in April 2014. At the July meeting, information Security Officer Dean Williams provided the Committee with updates on Payment Card Industry Data Security Standards requirements. Mr. Williams also reported on the increase in phishing attacks at the University and the University’s incident response preparations.

Representatives from Grant Thornton, the external auditors, attended both meetings and provided brief status reports on the FY 2014 financial statement and OMB Circular A-133 audits. At this phase of the audit, there were no significant findings or internal control weaknesses to report. Grant Thornton was in agreement with management on year-end timing.

Annual reports on Presidential housing and Presidential expenses reimbursements were provided in September. The former is done in accordance with the President’s Official Residence University Operating Procedure. Chair Young noted that the operating expenses no longer includes expenses associated with social events and that no unusual transactions were identified. Regarding the latter report, all Presidential expenses have been appropriately approved and are consistent with University policy. Chair Young noted that the University Foundation began funding the President’s development-related travel mid-year and that future reports will not include development travel.

Updates that the Committee requested updates in the areas of institution continuity and emergency management, the benefits reconciliation process, and complimentary sports tickets were provided in September.

Chair Young concluded his report by noting that the Committee reviewed its charge and Charter and recommended amendments were presented at yesterday’s Committee of the Whole meeting. Both resolutions appear on today’s consent agenda for Board approval.

*Educational Policy and Institutional Resources Committee* (EPIR)

Chair Bill Botzow reported that the Provost offered brief highlights from his written report, which discussed accomplishments and institutional evolution in four key areas: academic excellence, student success, STEM initiatives, and the budget. All Trustees were encouraged to read the Provost’s report included in the report section of the Board book.
Chair Botzow noted that the Committee welcomed Vice President for Enrollment Management Stacey Kostell and received an annual enrollment report. Additional reports provided included the annual UVM Foundation report and annual progress made on the Career Success Action Plan. An in-depth report on the latter was provided and Chair Botzow was pleased to report that the University is on the right track.

Cathy Paris, Faculty Senate Curricular Affairs Committee Chair, offered a preview of action items coming forward and gave a brief update on the status of the General Education initiative.

Vice President for University Relations and Administration Tom Gustafson, Dean of the School of Business Administration Sanjay Sharma, and Director of Capital Planning and Management Bob Vaughan gave a presentation on a new three-story addition and partial renovation to Kalkin Hall, home to the School of Business Administration. The addition will be located in the plaza area adjacent to the building and will house classrooms, student breakout rooms, faculty offices, graduate student spaces, an upgraded computer lab, and an expanded student services space. The estimated project budget of $11,000,000 to design and construct the addition and partial renovation is to be 100% privately funded. The Committee endorsed the project program plan for the Kalkin Hall expansion. Upon successful receipt of 50% of the funding, the next step will be to present the project to the Budget, Finance & Investment Committee for financial review and approval of the use of private funds to cover design costs.

Director of Capital Planning and Management Bob Vaughan gave a presentation on the initial project design for the Billings Library, which has been on the capital projects list for some time. The project will return Billings to its original use as a place of learning and research and will become the home to Special Collections, the Center for Digital Initiatives, the Holocaust Studies Program, the Humanities Center, and the Center for Research on Vermont. The Committee approved initial project design and referred the project to the Budget, Finance & Investment Committee for authorization to initiate the schematic design phase and generation of an associated project cost estimate and funding plan.

Other action items endorsed by the Committee and included on today’s consent agenda for Board approval include:

- A resolution accepting a gift of real estate in fulfillment of Mrs. Maeck’s estate commitment towards the funding of the John VanSicklen Maeck Chair in the Department of Obstetrics, Gynecology and Reproductive Sciences
- A resolution approving housekeeping amendments to the Committee’s charge

Chair Botzow further reported that Vice President for Research Richard Galbraith discussed Academic Excellence Goal #6, which calls for increasing research and scholarship in areas that generate high impact, recognition and visibility. Vice President Galbraith stated that to increase research and scholarship, it is necessary to resource the research and scholarship enterprise adequately by increasing extramural funding, which has proved challenging in an environment where federal funding for research has either remained flat or decreased. In response to these challenges, ambitious goals have been established to increase total sponsored research funding by over $20M to above $110M annually and to increase total sponsored awards by over $10M to above $130M annually within five years. Strategies to achieve these goals include efforts to
increase federal funding, diversification of funding sources beyond federally-sponsored grants, and working closely with the UVM Foundation to increase non-traditional funding sources such as industry and philanthropy; targeted seed funding for pilot data to support extramural grant applications and to incentivize interdisciplinary research; and assistance with writing and managing complex grant applications. Chair Botzow thanked Vice President Galbraith for his excellent report.

Trustee Frank Cioffi, leader of the Career Services Work Group, offered an update on the meeting held the previous afternoon. The Work Group suggested that it might helpful if more resources could be garnered to assist with the marketing of Career Services. The Work Group plans to meet again in conjunction with the February and May Board meetings. At the May meeting, the Work Group will determine whether it should conclude its work then or at the October meeting and turn the work over to the full Committee.

Chair Botzow concluded his report by sharing that the Committee reviewed and discussed its work plan for next year, and that he and Provost Rosowsky would like to add discussion of the University’s marketing and strategic communications.

An opportunity for discussion was offered. Trustee Frank Cioffi paid compliments to President Sullivan, Provost Rosowsky, Vice Provost Stevens and Director Pamela Gardner for the great progress being made on the Career Services Action Plan.

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

Chair David Daigle reported that the Committee approved summer session rates, which again reflect a 30% discount of the spring semester tuition. The Committee also approved program fees for Global Gateway International Students and approved a methodology for setting graduate tuition in a manner similar to that currently in place for distance education. In-state graduate tuition will be at the same level as undergraduate tuition. Out-of-state tuition will be set no lower than the in-state undergraduate rate and no higher than the out-of-state graduate rate. Rates will be based on demand for the program and assessment of the national market of individual programs. The elimination of the state legislative 40% rule for graduate programs provides more flexibility, and this change has no impact on in-state students.

Vice President for Finance and University Treasurer Richard Cate reported that FY 2014 Budget to Actuals final report indicates that the year ended with a structural budget gap, which is less than what was anticipated. Of the $7.7 million in net assets that was authorized to bridge a potential net tuition gap, only $3.3 million was required. General fund revenues totaled $299 million and general fund expenses ended at $302 million.

Chair Daigle next reported that the Committee received enterprise risk management updates on deferred maintenance and research funding. Vice President Gustafson reported that the University’s combined facilities and information technology deferred maintenance backlog is about $320 million. The FY 15 commitment to deferred maintenance is $9 million, which adds $1.5 million to the facilities base and $.5 million to the information technology base. An additional $2.5 million per year is required in order to reach the goal of committing $19 million to deferred maintenance by FY 2019. Upcoming projects, including the STEM project, and
Chittenden-Buckham-Wills dormitories demolition, will reduce the backlog by $36 million. Vice President Galbraith reported that the level of enterprise risk identified as Lack of Diversification of External Research Funding has been downsized from high to moderate, and that external research is now characterized as an opportunity as well as a risk. He further noted that new strategies on how to tap into corporate funding are being developed and that incentive based budgeting (IBB) may incentivize further areas of fundraising.

Investment Subcommittee (ISC) Vice Chair Don McCree offered a brief report, noting that the University’s endowment was $448 million at the end of August 2014, which is up about 5% from year to date. The ISC shifted the portfolio slightly in August, moving $9 million out of equity investment, which allowed a better performance in the recent period. He noted that overall investments have remained the same for the last six months. The Subcommittee conducted its annual review of the endowment budget policy and endowment administration fee and the Committee reaffirmed both.

Chair Daigle concluded his report by noting other action items endorsed by the Committee and included on today’s consent agenda for Board approval include:

- resolution approving change to the Energy Efficiency Revolving Loan Fund to eliminate the internal interest and lost loss provisions
- resolution authorizing initiation of the schematic design phase of the Billings Library renovation project and generation of an associated project cost estimate and funding plan
- resolution approving housekeeping amendments to the Committee charge

Vermont Agricultural College Board

Chair Chris Bray reported that the Vermont Agricultural College discussed the guidelines for selection of trustees, noting that three members will be completing their terms of service at the end of February. A meeting will be held in January at the Statehouse to discuss outreach efforts for candidates. The Committee also discussed the Legislative Summit to be held on campus on November 18th. The topic this year is climate and environment.

University of Vermont Board

Chair David Daigle reported that the Board conducted its routine review of the Wilbur Trust Fund Financial Statement and met in executive session for the remainder of the meeting to discuss the appointment/evaluation of public officers. The next class of UVM Board members will complete their terms in February 2016.

Approval of Consent Agenda

An opportunity for discussion on any of the action items coming before the Board was offered. There being none, Chair McAneny presented the consent agenda for approval:
COMMITTEE OF THE WHOLE

(As recommended by the Audit Committee, September 15, 2014)

1. Resolution Approving Revision to the Audit Committee Charge

WHEREAS, the Audit Committee has decided to ensure that its Charge is consistent with the Committee’s principal responsibilities;
BE IT RESOLVED, that the Audit Committee hereby approves the revision to the Audit Committee Charge, appearing as Appendix A to this document, for recommendation to the Board.

(As recommended by the Audit Committee, September 15, 2014)

2. Resolution Approving Audit Committee Charter Revisions

WHEREAS, the Audit Committee has decided to ensure that its Charter and Guidelines are consistent with the Board’s reserved rights and delegated authority and the Committee’s principal responsibilities;
BE IT RESOLVED, that the Audit Committee hereby approves the revisions to the Audit Committee Charter and Audit Committee Guidelines, appearing as Appendix B to this document, for recommendation to the Board.

3. Resolution Approving Revisions to the Committee of the Whole Charge

RESOLVED, that the Board hereby approves revisions to the Committee of the Whole charge appearing as Appendix C to this document.

4. Resolution Approving Revisions to the Executive Committee Charge

RESOLVED, that the Board hereby approves revisions to the Executive Committee charge appearing as Appendix D to this document.

5. Resolution Approving Agreement with the Remi Group, LLC

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is authorized to enter into a new contract with the Remi Group, LLC for equipment maintenance management for three years from November 1, 2014, through October 31, 2017, with two optional one-year renewals in an amount not to exceed $3,200,000 in total.

6. Resolution Approving Contract for On-Line Course Management System (Blackboard)

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor or designee, is authorized to renew contracts with Blackboard to continue licenses for online course management for a period of three years, for a total cost not exceed $734,000.
7. **Resolution Authorizing Agreement with Sheraton Burlington Hotel & Conference Center**

BE IT RESOLVED, that the Vice President for Finance and University Treasurer, or his successor, in consultation with the Vice Provost for Student Affairs, is hereby authorized to negotiate and execute an agreement with the Sheraton Burlington Hotel & Conference Center for fifty-eight guest rooms in South Burlington. The agreement will be for two academic years (2015/2016 and 2016/2017 or 283 days per year) and the aggregate rent is not to exceed $2,100,992.

BE IT FURTHER RESOLVED, that this resolution replaces and supersedes the one passed by the Executive Committee on September 15, 2014.

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**EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE**

8. **Resolution Approving Project Program Plan for Kalkin Hall Expansion**

WHEREAS, the administration today reported on the strategic goals and project program for the Kalkin Hall Expansion;

BE IT RESOLVED, that the Committee hereby endorses the project program plan;

BE IT FURTHER RESOLVED, that upon successful receipt of 50% of private funding, the project will be brought to the Budget, Finance & Investment Committee for financial review and approval of private funds to cover design costs.

9. **Resolution Approving Initial Project Design for Billings Library Renovation**

WHEREAS, the administration today reported on the results of the preliminary study of the feasibility, programming and conceptual design of Billings Library Renovation;

THEN, BE IT RESOLVED, that the Committee hereby approves the programmatic conceptual design the administration presented on this date for Billings Library Renovation and refers the project to the Budget, Finance & Investment Committee for financial review and approval.

10. **Resolution Accepting Gift of Real Estate**

RESOLVED, that the Board of Trustees hereby accepts a gift of real estate from the Doris W. Maeck Revocable Trust in fulfillment of Mrs. Maeck’s $1.4 million estate commitment toward the funding of the John VanSicklen Maeck Chair in the Department of Obstetrics, Gynecology and Reproductive Sciences, namely: (1) a 38.85 Acre parcel in Charlotte, Vermont, and (2) an option to purchase a 10.2 Acre parcel in Charlotte, Vermont for the sum of $1.00.
11. **Resolution Approving Amendments to Educational Policy & Institutional Resources Committee Charge**

RESOLVED, that the Board hereby approves the amendments to the Educational Policy & Institutional Resources Committee charge appearing as Appendix E to the document.

**BUDGET, FINANCE AND INVESTMENT COMMITTEE**

12. **Resolution Approving Summer Session Tuition**

RESOLVED, that the Board of Trustees hereby approves the tuition rate for the Summer Session of $414 per credit hour for in-state students and $1,046 per credit hour for out-of-state students. The changes will become effective for the 2015 Summer Session.

13. **Resolution Approving Global Gateway International Student Tuition**

BE IT RESOLVED, that the following rates are established:

For students beginning the two-semester Global Gateway program in the spring 2015, the rate is $25,252 for the summer 2015 semester.

For students beginning the three-semester Global Gateway program in the spring 2015, the rate is $25,252 for the summer 2015 semester.

For students beginning the two-semester Global Gateway program in the summer 2015, the rate is $25,802 for the summer semester.

All entering students will also be assessed an additional $475 acceptance fee their first semester.

14. **Resolution Approving Graduate Tuition Rate for 2015-16 Academic Year**

RESOLVED, that the Board of Trustees hereby approves the establishment of variable tuition rates for graduate programs, to be competitive (on price) with other universities and to enable growth in selective graduate programs at UVM. Graduate tuition for Vermont residents (in-state) will be equal to that for Vermont resident undergraduates. Non-resident (out-of-state) graduate tuition rates will be no less than undergraduate tuition rates for Vermont residents and no greater than those for non-resident undergraduates and will be determined by the President, based on student demand and the national market for similar programs.

*(AS RECOMMENDED BY INVESTMENT SUBCOMMITTEE, September 24, 2014)*

15. **Resolution Reaffirming the Endowment Budget Policy**

RESOLVED, that the *Endowment Budget Policy* is reaffirmed as reads below:
BE IT RESOLVED, that the annual budget for spending from Endowment be set at 4.5 percent of the average market value for the previous thirteen quarters ending December 31 of the prior calendar year; and

BE IT FINALLY RESOLVED, that the Investment Subcommittee will review and make recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the Endowment Budget Policy each year no later than December 31.

Adopted by:   Board of Trustees - May 13, 1995
Reaffirmed:   Board of Trustees - September 8, 2007
Board of Trustees - September 5, 2008
Board of Trustees - October 24, 2009
Board of Trustees - October 30, 2010
Board of Trustees - October 22, 2011
Board of Trustees - November 8, 2012
Board of Trustees - October 26, 2013
Board of Trustees - October 17, 2014

16. Resolution Reaffirming Endowment Administration Fee Policy

RESOLVED, that the Endowment Administration Fee Policy is reaffirmed as reads below:

BE IT RESOLVED, that the Board of Trustees hereby approves a 0.25 percent fee applied to the University endowment for FY 2014 to cover reasonable costs associated with endowment administration, management and operation; and

BE IT FURTHER RESOLVED, that on a fiscal year basis, the fee will be reviewed and assessed annually as 0.25 percent of the average market value of the University endowment for the previous thirteen quarters ending December 31 of the prior calendar year; and

BE IT FINALLY RESOLVED, that the Investment Subcommittee will review and make a recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the Endowment Administration Fee Policy each year no later than December 31.

Adopted by:   Board of Trustees - September 13, 2003
Reaffirmed:   Board of Trustees - September 8, 2007
Board of Trustees - September 5, 2008
Amended:     Board of Trustees - October 24, 2009
Reaffirmed:   Board of Trustees - October 30, 2010
Board of Trustees - October 22, 2011
Board of Trustees - November 8, 2012
Board of Trustees - October 26, 2013

Board of Trustees -
17. Resolution Approving Amendments to the Budget, Finance and Investment Committee Charge

RESOLVED, that the Board hereby approves amendments to the Budget, Finance & Investment Committee charge appearing as Appendix F to this document.

18. Resolution Approving Revisions to the Energy Efficiency Revolving Loan Fund

WHEREAS, on February 3, 2012, the Board authorized the administration to create an energy efficiency revolving loan fund in order to reduce energy costs and UVM’s carbon output, and authorized the Vice President for Finance to draw from existing liquid assets up to $13 million to create an energy efficiency revolving loan fund;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves amendments to the Energy Efficiency Revolving Loan Fund appearing as Appendix G to this document.

19. Resolution Authorizing Initiation of Schematic Design Phase and Estimate of Project Cost for Billings Library Renovation

WHEREAS, the Educational Policy & Institutional Resources Committee has reviewed the preliminary study of the feasibility, programming and conceptual design of Billings Library Renovation and affirmatively referred the Billings Library Renovation to the Budget, Finance & Investment Committee for financial review; and

WHEREAS, the administration today asked the Committee to recommend initiation of the schematic design phase of Billings Library Renovation and generation of an associated project cost estimate and funding plan; and

WHEREAS, the administration today reported the estimated cost of completing the schematic design phase of the Project and generating a total Project cost estimate and funding plan;

THEN, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the administration to proceed with the schematic design phase of the Project and generate an associated project cost estimate and funding plan; and

BE IT FINALLY RESOLVED, that the funds for such expenditures be drawn from gift assets.

Executive Session

At 8:42 a.m., Chair McAneny entertained a motion to enter into executive session to consider contracts, civil action, collective bargaining and advice of legal counsel, premature general public knowledge of which would clearly place the University at substantial disadvantage. She noted that no action was anticipated following the session which was expected to last approximately thirty minutes. The motion was made, seconded and approved. Vice Presidents Rosowsky, Cate, Gustafson, and Bazlueke; Vice Provost Stevens; and Special Assistant to the President Clarence Davis were invited to remain.

Vice Provost Stevens was excused following the first topic.

At 9:55 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
The Audit Committee is responsible for overseeing the quality and integrity of the University’s financial statements including the selection of, and effective interaction with, the independent auditor; and promoting the development and monitoring the effectiveness of institutional systems of risk management, internal controls, accounting procedures, and compliance with laws and regulations.

The Audit Committee has full authority over the internal audit function including the appointment, evaluation, and termination of the chief internal auditor.

The Committee will review and monitor progress on annual plans for audits and related services ensuring that the plans encompass significant and material aspects of University operations; assess the quality and timeliness of management’s response to audit findings and investigations; and review and make recommendations to the Board regarding institutional policies relevant to the Committee’s charge, such as conflict of interest, fraudulent conduct, whistleblower protection, and documents retention.

A specification of Committee responsibilities shall be set forth in a Charter approved by the Board of Trustees. The Charter shall be revised from time to time in light of accounting industry and legal developments applicable to non-profit corporations and institutions of higher education.

The Board of Trustees shall annually appoint at least 52 of its members to the Audit Committee. Its members shall be independent of management and the University including its component units and affiliated organizations. Pursuant to the University Bylaws, the President shall not serve as an ex officio member of this Committee.

Approved by the Board of Trustees: September 9, 2006
Revised by the Board of Trustees: October 26, 2013
Approved by the Board of Trustees:
This Charter sets forth the responsibilities of the University Board of Trustees Audit Committee.

I. Principal Responsibilities

The principal responsibilities of the Committee shall include:

a. promoting the development and monitoring the effectiveness of an institutional system of risk assessment and internal controls. At least annually, reviewing with management the University’s processes for identifying, prioritizing, mitigating, and reporting institutional risks;

b. reviewing and, as appropriate, making recommendations to the Board, regarding institutional policies relevant to the scope of Committee responsibilities, including conflict of interest, ethical and fraudulent conduct, whistleblower protection, and documents retention;

c. ensuring that audit plans encompass significant and material aspects of University operations;

d. full authority and oversight of the internal audit function including appointment decisions, performance evaluations, and employment termination of the chief internal auditor;

e. implementing a selection process to retain the independent auditor and making a recommendation to the Board of Trustees for approval. Recommending such additional audits as the Committee and/or the Board must approve under the Board’s reserved authority;

f. maintaining direct and effective communication with independent auditors on behalf of the Board;

g. reviewing the results of internal and external audits (including the annually audited financial statements), and assessing the quality and timeliness of management’s response and corrective actions;

h. reviewing the effectiveness of the University’s practices related to monitoring its compliance with laws and regulations;

i. reviewing the results of management’s investigation and resolution of any reported, or otherwise discovered, significant instances of noncompliance;
j. evaluating the scope and quality of internal and independent audit services, and the
degree of coordination and appropriate degree of independence between them; and

k. reporting regularly and promptly to the Board regarding matters within the scope of the
Committee charge; and,

l. periodically reviewing expense reimbursements, or summaries thereof, that have been
submitted by the President and reviewed and certified by the Vice President for Finance
and Treasurer and Administration.

II. Membership

The University of Vermont Board of Trustees shall annually appoint at least 57 of its
members to the Committee. Its members shall be independent of management and the
University including its component units and affiliated organizations. For the purposes of
this charter, “independence” is defined as rendering a Trustee ineligible for Committee
service if he or she (1) is employed by the University; (2) is a partner or employee of a
firm retained to conduct an audit of the University; (3) held such University employment
or audit engagement at any time during the previous three years; or (4) is receiving
consulting, advisory, or other compensatory fees for services provided to the University.
Members of the Investment Subcommittee are eligible for appointment to the Audit
Committee, but no such member may serve as its Chair or Vice Chair. The University
President is ineligible for service as a member, ex officio or otherwise, of the Audit
Committee, as a University official and employee.

Committee members shall otherwise be subject to the Conflicts of Interest Policy in the
conduct of their work.

Members of the Committee shall receive orientation appropriate to their Committee
membership. They will have the goal of All members should have a general
understanding of general accounting, business and finance principles, including the
ability to read and understand institutional financial statements, whether gained preceding
service on this Board of Trustees or during Committee orientation. If possible, At least
one member of the Committee will possess accounting or financial expertise.

III. Authority

The Committee is authorized to investigate any matter within the scope of its Charter,
with full and direct access to all pertinent University records, personnel, independent
auditors and consultants.

IV. Adoption of Charter

This Charter shall be effective as of the date of its approval by the Board. The Committee
will annually review the Charter and recommend to the Board revisions thereto, in view
of evolving accounting standards, legal developments and experience gained.
Audit Committee Guidelines

These Guidelines serve as an operational supplement to the Audit Committee Charter. They are intended to reflect generally accepted accounting industry standards and practices applicable to non-profit corporations and higher education institutions.

The Guidelines shall be reviewed annually by management, and management shall report annually to the Committee regarding the status of the Guidelines. The Committee shall make revisions to the Guidelines as necessary or appropriate in view of evolving accounting standards and practices, legal developments and experience gained.

I. Retention of the Independent Audit Firm

a. The Committee shall annually authorize and direct the Committee Chair to retain the independent audit firm to conduct the mandatory annual audit of the financial statements and/or compliance audits. In conjunction with such retention, the Committee will assess the independence and objectivity of the firm by obtaining statements from the firm on relationships between the firm and the University. The Committee will review and assess any relationships disclosed that may impact auditor objectivity and independence.

b. The Committee shall solicit requests for proposals relative to the mandatory annual audit of the financial statements and/or compliance audits from qualified independent audit firms no less than once every five years.

c. In the event that an independent audit firm is retained to conduct the mandatory annual audit of the financial statements and/or compliance audit for seven or more consecutive years, the Committee shall, as a condition of retention of the firm, require rotation of the lead audit partner on the University engagement.

II. Retention of Other Audit Services

a. The independent audit firm retained to conduct the mandatory annual audit of the financial statements and/or compliance audits generally shall not be eligible for University engagements to perform non-audit services that would violate the U.S. Government Accountability Office Independence Standard, including bookkeeping; financial information systems design, implementation or operation; appraisal or valuation services; fairness opinions or contribution-in-kind reports; internal audit outsourcing services; management functions or human resources; broker or dealer, investment advisor, or investment banking services; legal services and expert services unrelated to the audit; or preparation of the indirect cost proposal or cost allocation plan. If, due to extenuating circumstances, and in the exercise of its reasonable discretion, management deems it to be in the best interests of the University to retain the independent audit firm for non-audit services, the proposed retention is subject to review and action by the Committee where the retention will result in fees of $10,000 or more.

b. Contracts for non-audit services with independent audit firms not already retained by the University to conduct the mandatory annual audit of the financial statements and/or
compliance audits are subject to review and recommendation by the Committee and subsequent Board consideration and action when such retentions will result in fees of $250,000 or more.

III. Oversight of Audits

The Committee will, no less than once annually, and otherwise periodically as necessary or desirable:

a. review annual audit plans developed by the Office of Audit Services, and receive regular progress reports relative to such plans;

b. review and approve audit plans developed in consultation with independent audit firms, including (i) the critical accounting policies and practices to be used; (ii) all alternative treatments of financial information discussed with management, ramifications of alternative treatment and the treatment preferred by the firm; (iii) other material communications between the firm and management; and (iv) required communications from the firm under Statement of Auditing Standards No. 114, as amended;

c. subject to subsequent Board consideration and action, review and accept the mandatory annual audit of the financial statements. Review the Office of Management and Budget Circular A-133 audit, and the financial agreed upon procedures report of institutional National Collegiate Athletic Association programs;

d. resolve disagreements between management and the independent audit firm regarding financial reporting;

e. review the independent audit firm management letter comments regarding institutional financial and information technology and security internal controls, accounting policies and procedures, and management’s response to those comments;

f. review with management, the Office of Audit Services, and the independent audit firm their respective judgments about the quality of University accounting principles; the consistency, and the degree of aggressiveness or conservatism, in the application of accounting principles; the reasonableness of significant accounting judgments; and the clarity and completeness of the financial statements and related disclosures;

g. confirm with management, the Office of Audit Services and the independent audit firm respectively that the annual financial statements disclose all material off-balance sheet transactions, arrangements, obligations, and other relationships of the University with unconsolidated entities or other persons that may have a material current or future effect on institutional financial condition, and the results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses;

h. receive reports from management, the Office of Audit Services and the independent audit firm, regarding new and significant accounting standards to understand their impact on institutional financial statements;
i. receive reports from the Office of Audit Services regarding any financial fraud which, in single incident or aggregate, results in an institutional uninsured or insured loss in excess of $10,000;

j. review the organizational structure, qualifications, independence, scope of services inclusive of office charter, and adequacy of resources of the University’s Office of Audit Services;

k. annually review the appointment, evaluate the performance and set the salary of the chief internal auditor;

l. identify and document specific administrative responsibilities relevant to the routine operations of the office of chief internal auditor that are assigned to the President;

m. ensure that regular quality assessment reviews of the internal audit operations are performed in accordance with Institute of Internal Auditors standards; and,

n. meet separately with both the internal and external auditors without management representatives present subject to the requirement of the Vermont open meeting laws.

IV. Internal Controls

The University’s executive management and the Board of Trustees Audit Committee have adopted the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to help assess and enhance its internal control systems.

a. Certifications

i. The Committee will receive periodic reports from management on representations it is rendering in conjunction with mandatory annual audit of the financial statements and/or compliance audits as well as significant and material debt financing, such as issuance of bonds.

ii. Without limitation on IV.a(i), the Committee will receive from the Vice President for Finance & Administration and University Treasurer a record of certification along with the annual financial statement report that:

   a. He/she has approved the financial statements,

   b. Based on his/her knowledge, the report does not contain any material errors or omissions,

   c. Based on his/her knowledge, the financial statements materially present the financial condition and result of operations,

   d. He/she is responsible for establishing and maintaining a system of internal controls over financial reporting, and that,
e. He/she has disclosed to the auditors and the Audit Committee all significant internal control deficiencies and changes that could materially affect financial data.

b. Policy Review.

The Committee will receive for its review and comment and, if necessary, its recommendation to the Board, institutional policies relevant to its scope of work, including conflict of interest, ethical and fraudulent conduct, whistleblower protection, and documents retention.

c. Required Disclosures and Compliance Monitoring.

The Committee shall oversee compliance with the Board Reserved Rights and Delegated Authority resolution. Violations of the Board Reserved Rights and Delegated Authority resolution identified by management or the internal audit office shall be reported to the Committee.

d. Confidential Reporting.

The committee will ensure that the University has a mechanism that permits confidential communications from employees and others regarding potential financial or accounting improprieties or nonfeasance.

V. Enterprise Risk Management

a. Oversee management’s enterprise risk management process on behalf of the Board.

b. Receive periodic updates on management’s process to identify, prioritize, mitigate, and report institutional risks including the process to map risks to relevant Board Committees.

VI. Compliance

a. Review with the Office of Compliance Services and management the effectiveness of the University’s practices related to monitoring compliance with laws and regulations;

b. Review with the Office of Compliance Services and management, the results of management’s investigation and resolution of any reported, or otherwise discovered, significant instances of noncompliance;

c. Review with the Office of Compliance Services and management, the findings of any compliance examinations by regulatory agencies and any auditor observations;

d. Review with the Office of Compliance Services and management, the process for communicating the code of business conduct to University personnel and for monitoring compliance therewith;
e. Receive **periodically, but not less than annually**, quarterly reports from the Office of Compliance Services on its activities;

f. Receive updates from the Office of Compliance Services and management on new and emerging compliance issues, including their impact to the University.; and,

g. Receive as needed, through the Audit Committee Chair, compliance matters communicated directly by the Chief Internal Auditor or Director of Compliance Services Chief Compliance Office (by virtue of the dotted line relationship).

*As approved by the Board of Trustee: November 13, 2004*
*Approved as amended by the Board of Trustees: September 8, 2007*
*Revised by the Audit Committee: November 12, 2007*
*Approved as amended by the Board of Trustees: December 1, 2007*
*Revised by the Audit Committee: April 28, 2009*
*Approved by the Board of Trustees: May 16, 2009*
*Revised by the Audit Committee: October 11, 2010*
*Approved by the Board of Trustees: October 30, 2010*
*Revised by the Audit Committee: November 14, 2011*
*Approved by the Board of Trustees: February 4, 2012*
*Revised by the Audit Committee: September 15, 2014*
*Approved by the Board of Trustees:*
COMMITTEE OF THE WHOLE

When so convened by the Chair of the Board of Trustees (“the Board”), or by the Board upon appropriate motion, all Trustees shall sit as a Committee of the Whole to enable the Board as a Board to give detailed consideration to a matter or matters under conditions approximating those of a Committee of the Board. The Chair of the Board shall preside over meetings of the Committee of the Whole.

The Committee of the Whole shall take no action on behalf of the Board other than the referral of recommendations for action to the full Board, which may include the recommendation that the Board authorize referral of a matter or matters for consideration by, and recommendations from, a Board Committee.

Approved by the Board of Trustees: September 9, 2006
Approved as amended by the Board of Trustees:
During intervals between meetings of the Board of Trustees ("the Board"), the Executive Committee shall have all the powers of the Board in management of the property and affairs of the University, and may exercise the authority of the Board except as may otherwise be provided by law or the University Bylaws. The Chair of the Executive Committee shall be the Chair of the Board ex officio.

The Executive Committee shall oversee the work of the Committees of the Board and the University planning process, and it shall assist the Board in the discharge of its responsibilities to support the President and to assess the President’s performance.

With respect to evaluation of presidential performance, the Chair shall annually appoint an Annual Review Subcommittee whose membership shall include members of the Executive Committee and such additional Trustees as the Chair may appoint with the approval of the Board. The subcommittee shall assess the performance of the President and convey its assessment and a compensation recommendation to the Executive Committee for its deliberations and referral by the Committee of a recommendation to the full Board. In conjunction with the presidential evaluation, the President will also provide a report on the status of the President’s direct reports, including their proposed compensation for the upcoming year.

Approved by the Board of Trustees: September 9, 2006
Approved as revised by the Executive Committee: March 9, 2009
Approved as revised by the Board of Trustees: November 8, 2012
Approved as revised by the Board of Trustees:
The Committee shall have responsibility for overseeing the development and status of strategic, long-range University programmatic and resource use plans and related plan objectives.

The Committee shall oversee matters relating to educational policies and programs, including student enrollment; rates and fees associated with enrollment, and financial aid; the quality of student and campus life; accreditation; academic programs; research and scholarship, instructional, and service activities; and faculty affairs.

The Committee shall further monitor the alignment of University Foundation fundraising goals and objectives to institutional strategic priorities.

The Committee shall oversee strategic planning relating to diversity and promote the achievement of diversity goals across a broad spectrum of University programs and activities.

The Committee shall oversee matters relating to the procurement, use, quality, condition, and disposition of the University’s buildings and other facilities, and its assets, infrastructure, technologies, and other institutional resources.

The Committee shall oversee the University’s development and advancement programs and campaigns.

The Committee will exercise its charge in a manner consistent with University governance, including the Board’s reserved rights and delegations of authority.

Approved by the Board of Trustees: September 9, 2006
Amended by the Board of Trustees: May 19, 2012
Amended by the Board of Trustees:
EPIR Committee Operational Elaboration of Charge

The subject matter of the Committee may include:

- Enrollment management policies, plans and programs, including admissions; student body enrollment and composition; and retention and graduate rates
- The University’s strategic diversity and campus climate priorities and initiatives
- Tuition and room and board rates, student fees, and financial aid
- Quality of student life, including policies and programs relating to academic excellence; the health, safety, and general welfare of students; residential life; and co-curricular activities, such as athletics
- University and academic program accreditation status
- Curriculum development and revision, and the creation or elimination of academic units and programs
- Faculty affairs, including faculty recruitment, composition, and retention
- Research and scholarship (including external support), instructional, and service activities
- Annual and special fundraising campaigns, and institutional advancement initiatives, including programs to foster productive relationships with alumni and other communities of friends of the University, as well as corporate and foundation, and governmental relations
- Alignment of University Foundation fundraising goals and objectives to institutional strategic priorities
- Campus master plans
- Quality, condition, and adequacy of the physical assets of the University, including real property, grounds, campus infrastructure and technologies, and equipment, and the acquisition, use, and disposition of such resources
- Construction and capital renovation or improvement projects
- Naming of, and name removal from, of campus facilities
- Such other matters consistent with its charge as may be referred to the Committee by the Board Chair with notice to the Board
The Committee shall have responsibility for overseeing the development of strategic, long-range institutional financial plans and related plan objectives. It shall engage in ongoing assessment of the current and long-range financial status of the institution.

The Committee shall oversee the formation and approval of annual budgets. It shall oversee the creation, implementation, and periodic review and revision of financial, treasury, investment and debt management policies.

The Committee shall review, and make recommendations to the Board regarding student tuition and fees.

The Committee shall retain investment managers and financial advisors as necessary and desirable in the conduct of its work.

The Committee will exercise its charge in a manner consistent with University governance, including the Board’s reserved rights and delegations of authority.

Approved by the Board of Trustees: September 9, 2006
Approved as amended by the Board of Trustees: November 8, 2012
Approved as amended by the Board of Trustees:
BFI Committee Operational Elaboration of Charge

The subject matter jurisdiction of the Committee may includes:

- Strategic financial planning, including short and long-range financial status assessment
- The annual capital and operating budgets, and quarterly institutional financial statements
- State appropriations and capital requests
- Receipt of periodic updates from the Foundation CEO regarding fundraising goals and progress
- Fund investment decisions (such as those relating to the endowment and similar funds, agency funds, trusts and, as lawfully available, funds from bonds, loans, and other sources in excess of immediate debt payment requirements), including assets management and allocation, and policies relating to socially responsible investment
- Debt management, including the adequacy of assets to meet external debt obligations, and issuance of debt
- Cash, central bank, and commercial paper policies
- Dissolution, merger, sale, pledge, or transfer of all or substantially all of institutional assets
- Such other matters consistent with its charge as may be referred to the Committee by the Board Chair with notice to the Board
Energy Efficiency Revolving Loan Fund

The administration is proposing to establish an energy efficiency revolving loan fund. Self-financing these projects will result in energy cost savings that will repay the loans, plus interest, so that additional projects can be funded. The first step to establishing the loan fund is to isolate available net assets in the amount of $13 million. This amount represents approximately 10% of the University’s minimum level (July and December, just prior to the next round of tuition receipts) of liquid assets. A list of potential projects will be developed and then prioritized based on their payback period, internal rate of return (IRR), and the availability of remaining funds in the revolving loan fund. Before a project is funded the payback period and the IRR calculations will be reviewed by Efficiency Vermont, a non-profit corporation that provides technical assistance to Vermont households and businesses in reducing their energy costs. Only projects with payback periods of no more than seven years and a total cost of less than $3 million will be funded. After a period of two years these criteria will be reviewed with the Board of Trustees BFI Committee to determine if they are still appropriate. The administration will also provide an annual report on the results of the program.

Examples of potential projects with estimated costs include:

- **Demand-controlled Ventilation Projects – $400,000+:** Projects could reduce excess ventilation energy by providing the ability to implement demand control ventilation, which will reduce energy costs and improve comfort levels.

- **UVM Campus Exterior Comprehensive Lighting Upgrade LED Project – $800,000:** A variety of projects to replace exterior light fixtures with energy efficient light emitting diode fixtures, which use far less energy.

- **Waterman Upgrades – Selected energy projects – $350,000:**
  - Ventilation Controls: $63,600 + $130,400

The calculated amount of annual savings from projects will be transferred each year out of the general fund utilities budget in an amount adequate to make the annual payment necessary in the form of interest and principal to repay the principal amount of the loan in full over the payback period. Interest in the amount of 5% of the outstanding principal will accrue to general fund revenue (operating investment income). The remainder will be transferred as a principal payment to the revolving loan fund account to be used for other projects. In order to maintain a conservative approach, if utility rates increase beyond those anticipated in the original pro forma for a project, the resulting increase in savings will not be factored into the repayment plan. The savings will therefore be primarily based on a reduction in energy usage.

Every precaution will be taken to avoid overestimating the savings from these projects but, if the savings do not accrue, the loans will be repaid by using a “waterfall” from our unrestricted net assets. If the expected savings do not accrue, the first $4.4 million of such “losses” would be covered by the $4.5 million unencumbered balance of the Unrestricted Loan fund; the next $4.3 million would be covered by the $36.5 million unencumbered (externally) balance of the General Fund Operations funds; and the last $4.3 million by the unencumbered $23.7 million balance of
the Treasury Operations fund. However, losses would not be allowed to accrue to this degree. If there are any such transfers for the purpose of covering nonperforming loans, a plan will be developed in each instance to reimburse the appropriate funds with savings from subsequent projects.

The chart below illustrates the repayment plan for a $1,000,000 loan for a project that has a five-year payback period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Paid to Investment Income Account</th>
<th>Minimum Principal Payment to Revolving Loan Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$50,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>$40,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>$30,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>$20,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Year 5</td>
<td>$10,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

Creating this revolving loan fund would help the University better control energy costs and meet its goal of being a leader in the area of sustainable energy production and efficient energy consumption.

Approved by the Board of Trustees: February 3, 2012
Revised by the Board of Trustees