A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, February 6, 2016, at 8:30 a.m. in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Debbie McAneny, Vice Chair David Daigle, Secretary Joan Lenes, Cynthia Barnhart, Bill Botzow, David Brandt, Robert Brennan, Frank Cioffi, Carolyn Dwyer, Richard Gamelli, Bernie Juskiewicz, Samantha Lucas, Ron Lumbra, Curt McCormack, Don McCree, Anne O’Brien, Ed Pagano, Kesha Ram, Dale Rocheleau, Tom Sullivan, Donna Sweeney, Tristan Toleno, Lisa Ventriss and Jeff Wilson

MEMBERS ABSENT: 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 President for Executive Operations Gary Derr, Vice Provost for Student Affairs Annie Stevens, Chief of Staff and Senior Counsel to the President Sharon Reich Paulsen, Director for Capital Planning and Management Bob Vaughan and incoming Trustee Soraiya Thura

Chair Debbie McAneny called the meeting to order at 8:36 a.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the October 3, 2015, meeting as presented.

Public Comment

Chair McAneny opened the public comment period and invited Felicia Kornbluh, President of United Academics and Associate Professor of History and Gender, Sexuality, and Women’s Studies, to address the Board.

Dr. Kornbluh expressed her appreciation for the opportunity to address the Board and said that she was joined this morning by members of the elected leadership bodies and other active members of the union.

Dr. Kornbluh reminded Trustees that United Academics has represented UVM since 2002 on. She then conveyed to the Board concerns shared by members of the union including disparities across colleges in terms of how chairs and deans are operating relative to IBB; increased class sizes; and the withdrawal of teaching assistants.
Dr. Kornbluh concluded her remarks by suggesting the following solutions, that:

1. The Board of Trustees hold the administration accountable and ensure that the Deans hold the faculty harmless in the face of the many remaining unknowns of the IBB budget model;
2. The letter and spirit of the collective bargaining agreement with the University be honored;
3. The Board of Trustees ensure that the administration work with faculty to establish new democratic procedures that give faculty the power to approve or reject decisions that affect their work lives;
4. If faculty are asked under IBB to become more entrepreneurial and engaged in seeking grant funding, the Board ensure more appropriate staffing in the Departments and Colleges, and compensation for staff; and
5. The public comment period be moved to Friday afternoon to enable more students and faculty to attend.

Committee Reports

Audit Committee

Audit Committee Chair Dale Rocheleau reported that the Committee received a status update on the CY 2015 Risk-Opportunity Portfolio-Register yesterday afternoon and invited Al Turgeon, Chief Risk Officer (CRO), to offer highlights.

CRO Turgeon began by thanking his colleagues Mary Dewy, Director of Risk Management, and Erica Heffner, Deputy Compliance Officer, for their assistance in preparing the annual risk assessment. He also acknowledged President Sullivan for his leadership in continuing to champion enterprise risk management (ERM).

CRO Turgeon then offered an overview of the history of ERM at UVM, which was initiated by the Board in early 2009 and developed jointly with Trustees and senior management. The program is modeled on ISO 3100 and Emory University. This is the third report to the Board since UVM’s first risk assessment in CY 2013.

He next offered highlights from the handout distributed to Trustees by describing the seven steps in UVM’s annual risk-opportunity management process and the stakeholders involved along the way. CRO Turgeon then explained the UVM risk-opportunity portfolio-register heat map, and the process for scoring risks and opportunities, while highlighting changes since last year.

CRO Turgeon concluded his remarks by calling attention to the last two pages of the handout, which include the CY 2015 risk-opportunity portfolio and registers, with responsible officials identified for each, and the last page, which records the schedule for responsible officials presenting their management response plans on risk and/or opportunities to Board Committees.

Chair Rocheleau offered that, during his tenure on the Board, this process has been developed and matured and continues to evolve, citing yesterday’s discussion at the Committee of the Whole regarding risks associated with student behavior. He further noted ERM is a tool for the
Board to determine where its focus should be relative to risks and opportunities, and said that he hopes the Board will continue to embrace this process.

Board Chair McAneny noted that she serves on a variety of other boards, and that she believes that this is one of the best ERM models as well as a critical function of this Board. She acknowledged Chair Rocheleau’s unique expertise in this area, and his work over the years with CRO Turgeon, and many others, in developing this process.

Trustee Rob Brennan inquired about next steps in the process.

CRO Turgeon referred Trustees to the last page of the handout for the schedule of risk and opportunities to come before the Board for discussion.

Chair Rocheleau advised Trustees that individual management response plans are included in the full report presented to the Audit Committee (attachment 8 in the Audit materials), and he encouraged all to read the report.

Trustee Gamelli inquired about the University’s process for preparing for a catastrophic event and how the campus community and the Board is notified.

Vice Provost for Student Affairs Annie Stevens, who serves as Co-Chair of the Emergency Operations Group (EOG), responded that the EOG is responsible for developing and implementing action plans to respond to, and recover from, a campus emergency. In emergency situations that involve the City of Burlington or surrounding communities, the EOG works with representatives from public emergency response agencies such as fire and police that serve the campus to expedite coordination. Communications are issued campus-wide through the CatAlert emergency notification system, which sends email, texts and voice messages to phone numbers designated by employees and students. Information is shared with the President and he determines how best to communicate with the Board in a timely manner. Vice Provost Stevens noted that internal drill practices are held annually and that, over the holiday break, local and state agencies utilized campus buildings for an active shooter drill.

Trustee Bill Botzow inquired about the CRO’s experience working with risk managers and the degree to which they have bought into the ERM process. CRO Turgeon shared that he believes the ERM/annual risk assessment process is understood and that there is a high degree of confidence in the results, although they may not be “perfect”. He said that he has conducted presentations at the unit level to ensure that managers understand the risk and opportunities in their areas, and stated that he is beginning to feel that ERM is becoming ingrained in the culture. He further offered that the process achieves its purpose of ensuring the Board that management is continuously identifying and responding the University’s risk and opportunities.

Trustee Donna Sweaney inquired if the University is involved with planning at the state level.

Vice Provost Stevens acknowledged that Bill Ballard, Co-Chair of the EOG, attends state planning meetings.

Chair Rocheleau thanked CRO Turgeon for presenting, and concluded the discussion on this
topic by reminding Trustees that the Audit Committee is responsible for oversight of the ERM process.

Chair Rocheleau continued his report noting that the Audit Committee also met in November, and offered highlights from that meeting, including the Committee’s review of the annual financial report, which was presented at the Committee of the Whole yesterday afternoon and appears on today’s consent agenda for approval. The Committee received an update on the compliance program and work plan activity since the last report in July. Audit and Compliance work plans were reviewed. Also, the Committee conducted its annual review of its Charter and guidelines, and concluded no revisions were necessary.

He added that topics covered at the Thursday afternoon meeting, in addition to the annual ERM status update, included review of the NCAA Agreed-Upon Procedures report, in which no significant findings were identified. External auditor Grant Thornton presented results of the OMB Circular A-133 Audit pertaining to federally sponsored programs. No findings related to compliance and internal controls were identified during the audit, and University management has successfully remediated the finding reported in last year’s audit. Chair Rocheleau commended members of the management team for their work on all audits.

Chief Internal Auditor Bill Harrison provided an update on internal activity. He noted that the Committee reviewed a draft document designed to provide guidance to the Audit Committee Chair and the University Compliance Director as to reporting on the status of internal compliance audits, and government agency audits investigations and reviews, to the Audit Committee.

Chair Rocheleau advised that the Committee reviewed results from the annual committee assessment survey and, that, overall, there was consensus that the Committee performs effectively.

Lastly, he stated, the Committee endorsed a proposed addendum to the external audit contract fee schedule for additional services required for mandatory annual OMB Circular A-133 compliance audit for referral to the Board for approval.

**Educational Policy and Institutional Resources Committee (EPIR)**

Committee Chair Bill Botzow reported that the Committee received a written report from Provost Rosowsky, which included academic excellence and student success highlights. At the meeting, he noted, the Provost offered comments from a briefing for academic leaders from the Educational Advisory Board, an advisory group that provides best practice research, data analytics, technology and consulting services to its members. After sharing excerpts from the briefing entitled *Breaking the Trade-Off Between Cost and Quality, Sustaining Mission in an Era of Constrained Resources*, the Provost reported that the University of Vermont is headed in the right direction.

Time was reserved for questions and comments on written annual reports provided by the Vice President for Human Resources, Diversity & Multicultural Affairs Report and the Vice Provost for Student Life Annie Stevens.
The Committee received a presentation by Michael Barnum, Director of Operations for UVM Rescue, who provided an overview of the strategic and operational needs for a new UVM Rescue Facility. He said that UVM Rescue, founded in 1972, is a totally student-run SGA-recognized club providing advanced life support ambulance services to the campus and greater Chittenden County. Director Barnum reported that the existing headquarters located in 284 East Avenue are undersized and inadequate, and he previewed plans for a new facility. The utilization of a combination of existing Rescue, SGA and plant funds is proposed for this project. The Committee endorsed the project for referral to the Budget, Finance & Investment Committee at a future meeting.

Director of Capital Planning and Management Bob Vaughan reviewed the following three proposed capital projects:

1. Taft School – includes renovation and rehabilitation of the facility for use by the UVM Art Department. The renovations will be performed in two phases. It is estimated that the Phase I renovation to the Taft School will cost $2.0 million. It is proposed to utilize existing gift funds that currently exist with the Foundation.

2. Bailey/Howe Library Addition – a bridge from the new residence hall to the Library will serve as a new north entry into an area that will be rearranged to accommodate additional seating capacity. Minor renovation work will be required within the existing library. It is estimated that the addition will cost $3.0 million and it is proposed to utilize existing unrestricted plant funds that currently exist with the library.

3. Votey Hall Infrastructure Deferred Maintenance – the scope of the work will address infrastructure and replacement of the roof, heating and cooling coils and antiquated systems, such as the fire alarm system. The project is estimated to cost $4.0 million and existing general plant funds that will be provided over the next three to four years are proposed to cover the cost.

All three projects were endorsed and referred to the Budget, Finance & Investment Committee for financial review and approval.

Cathy Paris, Chair of the Faculty Senate Curricular Affairs Committee, offered her routine report, which included three academic proposals. It was noted that this was her last Chair’s report, as she has been elected Faculty Senate President.

1. A new B.S. degree in Biomedical Engineering from the College of Engineering and Mathematical Sciences. This degree is a four-year degree program that seeks to train the next generation of problem solvers in the application of engineering methods in biomedicine.

2. A new B.S. degree in Data Science from the College of Engineering and Mathematical Sciences. This degree will allow students and faculty to create a synergistic mix of resources from Computer Science, Mathematics, and Statistics, which will provide students the knowledge and skills necessary to be successful in the field of Data Science.
3. A new minor in International Politics from the College of Arts and Sciences. This new minor will allow students to focus on both the domestic and transnational aspects of international politics.

The Committee endorsed all three proposed for recommendation to the Board.

Other action items presented and endorsed by the Committee for Board approval include:

- Creation of a new Faculty Scientist Pathway in the College of Medicine, which requires amending the College of Medicine Faculty Handbook as recommended and presented by the Dean of the College of Medicine Rick Morin and Associate Dean for Faculty Charlie Irvin.

- A proposal for adopting “Centers and Institutes” revisions of the University and University Officers’ Manual, which will provide the University with the flexibility necessary to optimize the role and function of Centers and Institutes at UVM, as recommended by Provost Rosowsky.

- Annual review and reaffirmation of the Equal Opportunity Policy Statements.

Provost Rosowsky, Dean of Continuing & Distance Education Cynthia Belliveau, Interim Dean of the College of Arts and Sciences Bill Falls, and Associate Dean for Public Health and Professor of Medicine Jan Carney, gave a presentation on the fifth academic excellence goal, which calls for expanding programmatic offerings to include distance & hybrid mode of instructional delivery. Interim Dean Falls presented an overview of an online course he built several years ago. Associate Dean Carney presented an overview of Graduate Public Health Programs. The Committee learned how the University is doing compared to peers with distance learning, which is a promising area that remains under development.

Dean Belliveau and Interim Dean Falls also reported on enhancements and innovations in summer programming as part of continuing efforts to maximize summer session opportunities.

Trustee Carolyn Dwyer, who serves as a member of the Career Advisory Board, offered a brief update on meetings held since October. She noted that programming opportunities continue to be enhanced and remain on an upward trajectory.

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

BFI Chair David Daigle reported that the Committee conducted its annual review of net assets, including the green revolving loan fund. At the end of FY 2015, net assets total $190.4 million. Regarding the $13 million green revolving loan fund, there is currently $670,480 in projects. Chair Daigle reminded Trustees that Board approved using $3 million of the fund to help finance the Chiller Plant Expansion.

The Committee also conducted its annual debt policy and ratio review. The University’s viability ratio is currently 0.72, as contrasted with the policy benchmark of 0.8. This is primarily
due to the GASB 45 liability. The Committee voted unanimously to reaffirm the Debt Policy with no changes.

Chair Daigle next reported that, rather than create a new policy, the Committee endorsed a recommendation by the ISC to amend the Cash Management Policy to the Cash Management and Liquidity Policy. Language was added to the policy to establish a minimum liquidity target of $30M to ensure that the University operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs.

UVM Foundation President and CEO Rich Bundy updated the Committee on fundraising progress for the STEM Facility and Alumni House. As to Alumni House, of the $11.2 million non-debt goal and total project cost, which is privately funded, $6.8 million has been raised. The Foundation continues to raise the remaining $2.2. Some of the current commitments are estate gifts, which may require some short term financing to bridge the gap.

Mr. Bundy explained that the STEM Facility will be funded by a mix of private gifts and non-debt funding. The Foundation has secured over $6 million in gift commitments. The remaining non-debt goal is $19 million, and the donor pipeline remains robust. The Foundation is confident that a high percentage of the non-debt goal will be achieved through donor funding.

Vice President Cate reported that the first-quarter General Fund budget-to-actuals report indicates that 88% of budgeted revenue has been received, and that 46% of budgeted expenses have been expended. The budget is on track to end the year with a modest positive fund balance. Chair Daigle thanked Vice President Cate on this achievement.

The Committee received a report from the Investment Subcommittee. As of December 31, 2015, the value of the University’s pooled endowment is $426.25 million. It was noted the markets in FY 2015 were volatile, and the University’s portfolio posted a small negative return.

The Committee endorsed for Board approval two additional recommendations by the ISC. The first resolution approves amendments to the Statement of Investment Policies & Objectives, and the second resolution on socially responsible investing is intended to clarify the Board’s intent regarding divestment decisions. Chair Daigle acknowledged the robust discussion regarding socially responsible investing at yesterday afternoon’s meeting, and thanked Trustees Jeff Wilson and Rob Brennan for all their time and research in preparing for the discussion.

The three capital projects referred by the EPIR Committee were endorsed and are recommended for Board approval. The projects include Phase I of the Taft School Renovation, Bailey/Howe Library Addition, and the Votey Hall Infrastructure Deferred Maintenance Project.

The meeting concluded with a review of the draft assumptions for the FY 2017 budget. The combined proposed room/meal rate increase is 3.8%. The maximum proposed comprehensive student fee reflects a 1.5% increase. This year, the SGA developed a proposal for a program called Peer Advising for Learning Success, which the students propose be supported by a $26 increase in the SGA fee. The students have asked to pay for this service, which they deem critical; the administration strongly endorses this effort. The administration is also proposing a $50 increase in the Athletics and Recreation Fee to strengthen these programs and to ensure their long-term financial stability.
The Committee also approved the resolution setting maximum room and meal plan rates and other fees for fiscal year 2017 for recommendation to the full Board.

**Board Governance Committee**

Chair Frank Cioffi reported that the Committee met twice since the last Board meeting. On November 10, 2015, the Committee met to initiate the nominations process for Board and University Officers and, following that meeting, Committee members solicited nominations from Trustees individually. The Committee reconvened on December 14, 2015 and, at the conclusion of that meeting, guided by the input of all participating Trustees, and its own deliberations, a memo was issued to Trustees advising of the following slate of Board officers:

- Chair: David Daigle
- Vice Chair: Ron Lumbra
- Secretary: Joan Lenes
- Assistant Secretary: Francine Bazluke

Following Committee reports today, the Board will vote on the slate for Vice Chair, Secretary and Assistant Secretary, along with the slate for University officers (Provost David Rosowsky and Treasurer Richard Cate). In accordance with the University Charter, the Chair is elected at the first meeting after new Trustees terms begin on March 1st. The election of Chair will occur at a special Board meeting scheduled on March 14 at 1:00 p.m.

**Vermont Agricultural College Board**

Chair Kesha Ram reported that the Board discussed the Legislative Summit held in November, which addressed the issue of economic development in Vermont and topics for next year’s summit. Having been inspired by yesterday’s presentation on the Wellness Environment, the Committee is considering health and wellbeing as a potential topic.

The Board spent some time discussing legislative priorities the President would like to see accomplished this session, including an increase in the University’s state appropriation; a one-time capital appropriation of $1.5M to support the STEM Facility; and a repeal of the 40% rule for undergraduate students. Chair Ram recognized President Sullivan and Wendy Koenig, Director of State and Federal Relations, for their work on these priorities, noting President Sullivan’s recent attendance at Committee meetings.

Chair Ram concluded her remarks by noting that members reviewed their work plan and were encouraged to send suggested topics to her.

**University of Vermont Board**

Chair Lisa Ventriss reported that the Board conducted its routine review of the Wilbur Trust Fund Financial Statement report and performed its annual review and acceptance of the Wilbur Trust Grant and Scholarship Awards report. She reminded Trustees that the Wilbur Trust Fund was established in 1928, and that it currently has assets totaling $20.5 million, from which a portion is used to help make tuition more affordable for Vermont high school students, male or
female, without regard to race or creed. Chair Ventriss noted that, in academic year 2014-2015, 216 Vermont residents received grants and awards totaling $1,060,172.

Questions were raised regarding the history and management of the Wilbur Trust along with the criteria for scholarship recipients. Vice President Bazluke offered to work with Vice President Cate to prepare a summary for distribution to the full Board.

Chair Ventriss next reported that Trustee Richard Gamelli was elected Secretary to succeed Dale Rocheleau.

She also reported that the Board appointed Briar Alpert and David Aronoff to the Board, effective March 1, 2016, each for a six-year term to succeed Trustees Dale Rocheleau and Board Chair Debbie McAneny.

Chair Ventriss concluded her report by sharing background information on each of the incoming trustees.

Briar Alpert is CEO and President of BioTek Instruments, Inc., a leader in the development, manufacture and sale of microplate instruments and software used in the advancement of life sciences research and to facilitate the drug discovery process. The company was founded by his late father Norman, in 1968. Dr. Alpert served as Chairman of the Physiology Department at UVM.

Mr. Alpert is an ’83 graduate of the UVM College of Engineering & Mathematical Sciences (CEMS) and received a Bachelor’s degree in mechanical engineering. He earned a Master’s degree in Business Administration from UVM in ’92.

Mr. Aronoff is a general partner at Flybridge Capital Partners, whose investment interests and experience include the semiconductor, internet & mobile infrastructure, data center, video and digital media sectors. He is an ’86 graduate of the UVM CEMS, with a Bachelor’s degree in computer science. He received his Master of Sciences degree in computer science from the University of Southern California in ‘88, and a Master’s in Business Administration from Harvard University in ’96.

Mr. Aronoff is on the Foundation Leadership Council and is a member of the Foundation Finance & Investment Committee.

**Election of Board Officers**

Chair McAneny 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, 2016. 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.

She 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: David Daigle [no action]
Vice Chair: Ron Lumbra
Secretary: Joan Lenes
Assistant Secretary: Francine Bazluke

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


The vote was unanimous to elect the proposed slate of Board officers.

In accordance with the Bylaws, Board Chair McAneny next entertained a motion for appointment of the following University officers by virtue of their office for a one-year term beginning March 1, 2016, or until their successors take office:

Provost: David Rosowsky
Treasurer: Richard Cate


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

**Retiring Trustees**

Chair McAneny recognized and thanked retiring trustees Samantha Lucas and Dale Rocheleau. She read resolutions in recognition of their service on the Board noting the resolutions have been added to the revised consent agenda handed out for approval later this morning.

Vice Chair David Daigle recognized and thanked retiring Chair Debbie McAneny and read her resolution in recognition of her service on the Board.
Each retiring trustee was presented with a framed copy of their resolution.

Approval of Consent Agenda

Chair McAneny presented the revised consent agenda noting that, in addition to the retiring trustees’ resolutions, the three resolutions endorsed following yesterday morning’s Committee of the Whole executive session discussions have been added. An opportunity for discussion on any of the action items coming before the Board was offered.

Trustee Lisa Ventriss disclosed that she will be recusing from voting on resolution #3.

Trustee Kesha Ram offered comments in follow up to yesterday’s discussion of the socially responsible investing resolution. She noted that she has witnessed the process of bringing ideas forward for the Board’s consideration and opined that she does not see an opportunity in the process for members of the campus community to have a meaningful voice. She expressed her hope that the process will continue to evolve and that all voices may be heard and community members’ hard work appreciated.

Vice Chair Daigle replied that the current process does not provide clarity regarding the outcome of decisions, and acknowledged the tensions between the ISC and the Socially Responsible Investing Advisory Council that exists due to the Trustees’ fiduciary responsibilities. He reminded Trustees that, as requested during yesterday’s discussion, the guidelines for proxy voting will be distributed to all Board members so they can better understand the process.

There being no further discussion, the following resolutions were presented for approval:

AUDIT COMMITTEE

1. Resolution Authorizing Amendment of the External Audit Contract Fee Schedule for FY 2015

WHEREAS, the Committee authorized and directed the Committee Chair to retain Grant Thornton LLP, Certified Public Accountants, to conduct the mandatory annual audit of the financial statements and compliance audits for the fiscal year ending June 30, 2015, in accordance with the fee schedule set forth in Grant Thornton’s proposal for services dated October 21, 2013.

WHEREAS, Grant Thornton has proposed an addendum to the fee schedule set forth in its proposal for services dated October 21, 2013, to conduct the mandatory annual OMB Circular A-133 compliance audit for the fiscal year ending June 30, 2015.

WHEREAS, Management has reviewed the proposed addendum to the fee schedule and recommends an adjustment to the fee schedule of $7,000 plus an administrative charge of 3.5 percent.

RESOLVED, the Committee authorizes the Committee Chair to amend the fee schedule set forth in Grant Thornton’s proposal for services dated October 21, 2013, to conduct the mandatory OMB Circular A-133 compliance audit in the amount of $7,245.
COMMITTEE OF THE WHOLE

(As recommended by the Audit Committee, November 9, 2015)

2. Acceptance of Fiscal Year 2015 Audited Financial Statements

WHEREAS, the financial Statements of the University of Vermont and State Agricultural College for the Fiscal Year ended June 30, 2015, have been audited by Grant Thornton LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

BE IT RESOLVED, that the Board hereby accepts the FY 2015 Audited Financial Statements as recommended by the Audit Committee and presented today and acknowledges receipt of the FY 2015 Financial Report.

3. Resolution Authorizing Amendment to Ground Lease

RESOLVED, that the Board hereby authorizes the Vice President for Finance to negotiate and execute a Second Amendment to the Ground Lease Agreement between the University and Vermont ETV, Inc., dated December 31, 1989, on the material terms and conditions reported on this date.

4. Resolution Authorizing Negotiations and Execution of the Sale of Certain Fort Ethan Allen Property (County Apartments)

WHEREAS, the University owns certain property at Fort Ethan Allen known as County Apartments (“the Property”) and

WHEREAS, the administration advised this Board previously of its intent to sell the Property; and

WHEREAS, the administration has now briefed the Board on the proposed material terms and conditions of the sale;

BE IT RESOLVED, that the Board authorizes the Vice President for Finance to enter into negotiations and conclude the sale of the Property subject to the material terms and conditions reported on this date.

5. Resolution Authorizing Approval of Revisions to the Bylaws of the University of Vermont Medical Group

WHEREAS, this Board previously authorized the University to enter into an Affiliation Agreement (“the Agreement”) with Fletcher Allen Health Care, Inc. (FAHC), University of Vermont Medical Group (UVMMG), Inc., and Fletcher Allen Partners, Inc.; and

WHEREAS, under the Agreement, the University recognizes UVMMG as the organization through which UVM College of Medicine faculty-physicians will engage in the clinical practice of medicine during the term of the Agreement; and
WHEREAS, under the Agreement, FAHC and UVMMG agreed that, as a material inducement to UVM to enter into the Agreement, neither FAHC nor UVMMG would seek to, nor shall UVMMG, adopt or implement subsequent changes to the governance, composition, or major organizational characteristics of UVMMG unless UVM approves such changes in accordance with the UVMMG Bylaws which, pursuant to Article 10.3, require prior approval of the changes by UVM; and

WHEREAS, UVMMG now has under active review proposed changes to its Bylaws; and

WHEREAS, the UVM administration has briefed the Board Work Group on Medical, Nursing and Health Sciences Education and Research regarding the proposed changes; and

WHEREAS, the Work Group convener, with the administration, has reported to this Board on the material proposed changes;

BE IT RESOLVED, that the Board hereby authorizes the administration to approve the proposed material changes, provided that such changes are, and will remain upon adoption of the Bylaws, consistent with this report.

EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

6. Resolution Approving Taft School Renovation (Phase I) Project

WHEREAS, the administration today reported on the strategic and operational need for the Taft School Renovation (Phase I) Project and the associated program scope;

THEREFORE, BE IT RESOLVED, that the Committee hereby approves the conceptual scope that the administration presented on this date and refers the Project to the Budget, Finance & Investment Committee for financial review and approval.

7. Resolution Approving Bailey/Howe Library Addition Project

WHEREAS, the administration today reported on the strategic and operational need for the Bailey/Howe Library Addition Project and the associated program scope;

THEREFORE, BE IT RESOLVED, that the Committee hereby approves the conceptual scope that the administration presented on this date and refers the Project to the Budget, Finance & Investment Committee for financial review and approval.

8. Resolution Approving Votey Hall Infrastructure Deferred Maintenance Project

WHEREAS, the administration today reported on the strategic and operational need for the Votey Hall Infrastructure Deferred Maintenance Project and the associated program scope;
THEREFORE, BE IT RESOLVED, that the Committee hereby approves the conceptual scope that the administration presented on this date and refers the Project to the Budget, Finance & Investment Committee for financial review and approval.

9. **Resolution Approving UVM Rescue Facility Project**

WHEREAS, the administration today reported on the strategic and operational need for the UVM Rescue Facility Project and the associated program scope;

THEREFORE, BE IT RESOLVED, that the Committee hereby approves the conceptual scope that the administration presented on this date and refers the Project to the Budget, Finance & Investment Committee for financial review and approval.

10. **Resolution Approving the Creation of a B.S. Degree Program in Biomedical Engineering in the College of Engineering & Mathematical Sciences**

RESOLVED, that the Board of Trustees approves the creation of a B.S. degree program in Biomedical Engineering in the College of Engineering & Mathematical Sciences, as approved and advanced by the Provost on November 18, 2015, and the President on November 30, 2015.

11. **Resolution Approving the Creation of a B.S. Degree Program in Data Science in the College of Engineering & Mathematical Sciences**

RESOLVED, that the Board of Trustees approves the creation of a B.S. degree program in Data Science in the College of Engineering & Mathematical Sciences, as approved and advanced by the Provost and President on January 12, 2016.

12. **Resolution Approving the Creation of a New Minor in International Politics in the College of Arts & Sciences**

RESOLVED, that the Board of Trustees approves the creation of a new minor in International Politics in the College of Arts & Sciences in the College of Sciences, as approved and advanced by the Provost and President on January 12, 2016.

13. **Resolution Adopting “Faculty Scientist Pathway” Amendment to the College of Medicine Faculty Handbook**

RESOLVED, that the Board hereby authorizes an amendment by the University, through its College of Medicine, to the College of Medicine Faculty Handbook. The amendment will establish a new Faculty Scientist Pathway and remove the Research Associate rank in the Research Scholars Pathway. The specific provisions as hereby adopted are set forth in Appendix A.
14. Resolution Adopting “Centers and Institutes” Revisions of the University and University Officers’ Manual

RESOLVED, that the Board hereby authorizes the revision by the University, through the Office of the Provost, of Section 204.5 of the University and University Officers’ Manual. The revisions will update and clarify the Manual provisions governing centers and institutes and eliminate Section 204.5.2 regarding matrix centers. The new Section 204.5 as hereby adopted was approved and advanced by the Provost following consultation with the Faculty Senate and is attached hereto as Appendix B.

15. Resolution Reaffirming the Equal Opportunity Policy Statements

RESOLVED, that the Board reaffirms the Equal Opportunity in Educational Programs and Activities and Non-Harassment Policy Statement with no changes, attached here as Appendix C; and

BE IT FURTHER RESOLVED, that the Board reaffirms the Equal Employment Opportunity/Affirmative Action Policy Statement as amended and attached here as Appendix D, both effective as of February 6, 2016.

BUDGET, FINANCE & INVESTMENT COMMITTEE

16. Resolution Reaffirming Debt Policy with No Changes

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 February 2015;

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

(ASS RECOMMENDED BY INVESTMENT SUBCOMMITTEE, December 16, 2015)

17. Resolution Amending the Cash Management Policy to the Cash Management and Liquidity Policy

WHEREAS, the University’s Cash Management Policy governs the investment of UVM pooled cash; and

WHEREAS, the Board of Trustees wishes to establish a minimum liquidity target to ensure that the University operates with an adequate level of institutional liquidity to minimize risk associated with unforeseen liquidity needs; and
WHEREAS, the maintenance of a sufficient amount of liquidity to ensure the financial sustainability of the University is consistent with historical financial management practices of the University;

BE IT RESOLVED, that the Cash Management Policy be amended and retitled as the Cash Management and Liquidity Policy to establish a minimum liquidity target for the University comprised of liquid funds that are unrestricted, unencumbered general fund net assets, appearing as Appendix F to this document.

(AS RECOMMENDED BY INVESTMENT SUBCOMMITTEE, November 18, 2015)

18. Resolution on Socially Responsible Investing

WHEREAS, the University’s Policy Statement on Moral, Social and Ethical Considerations in Investment and Shareholder Resolutions holds that the primary objective of investment by the University is to provide a satisfactory return on investment for the support of University operations based upon the Prudent Investor Rule; and

WHEREAS, the Board of Trustees in August 2000 passed a resolution to adopt a tobacco-free mandate for its endowment wherever possible; and

WHEREAS, the Board of Trustees in May 2006 passed a resolution to adopt and implement a policy of targeted divestment from companies doing business with or otherwise aiding the governing regime of Sudan; and

WHEREAS, the Board of Trustees in May 2009 passed a resolution to divest from companies that are materially engaged in the manufacture of cluster munitions as defined by the Oslo Treaty of December 2008 and military equipment and/or weapons containing depleted uranium; and

WHEREAS, after careful review the Investment Subcommittee is seeking clarity as to the current intent of these resolutions;

BE IT RESOLVED, that divestment from companies in the tobacco industry, companies doing business with or otherwise aiding the governing regime of Sudan, and companies that are materially engaged in the manufacture of cluster munitions as defined by the Oslo Treaty of December 2008 and military equipment and/or weapons containing depleted uranium will be only from those investments that are directly or separately managed within the pooled endowment, and;

BE IT FURTHER RESOLVED, that the Budget, Finance and Investment Committee will review this resolution at least once every five years.
(AS RECOMMENDED BY INVESTMENT SUBCOMMITTEE, January 28, 2016)

19. Resolution Approving Revisions to the 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 Investment Subcommittee is charged with an annual review of the Statement of Investment Policies and Objectives; and

WHEREAS, the Investment Subcommittee reviewed revisions to the Statement of Investment Policies and Objectives, as appended;

NOW, THEREFORE, BE IT RESOLVED, that the Budget, Finance & Investment Committee hereby recommends that the Board adopt the amended Statement of Investment Policies and Objectives, appearing as Appendix G to this document.

20. Resolution Approving Taft School Renovation (Phase I) Project

WHEREAS, the administration today reported on the estimated cost for the completion of the Taft School Renovation (Phase I) Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorizes the Vice President for Finance and Treasurer or his designee to expend $2,000,000 for project costs, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $2,000,000 of funds for such expenditures be drawn from the gift funds.

21. Resolution Approving Bailey/Howe Library Addition Project

WHEREAS, the administration today reported on the estimated cost for the completion of the Bailey/Howe Library Addition Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorizes the Vice President for Finance and Treasurer, or his designee, to expend $3,000,000 for project costs, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $3,000,000 of funds for such expenditures be drawn from the unrestricted plant funds of the Library.

22. Resolution Approving Votey Hall Infrastructure Deferred Maintenance Project

WHEREAS, the administration today reported on the estimated cost for the completion of the Votey Hall Infrastructure Deferred Maintenance Project and presented a funding plan,
THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorizes the Vice President for Finance and Treasurer, or his designee, to expend $4,000,000 for project costs, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $4,000,000 of funds for such expenditures be drawn from the general plant funds.

23. Resolution Setting Maximum Room and Meal Plan Rates and Other Fees, Fiscal Year 2017

RESOLVED, that the Board of Trustees hereby sets the maximum room and meal plan rates and other fees for Fiscal Year 2017 as follows:

<table>
<thead>
<tr>
<th>Room (Standard Double)</th>
<th>$7,634</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominate Meal Plan</td>
<td>$3,944</td>
</tr>
<tr>
<td>UG Student Government Association (SGA) Fee</td>
<td>$200</td>
</tr>
<tr>
<td>UG Inter Residence Association (IRA) Fee</td>
<td>$30</td>
</tr>
<tr>
<td>Total Comprehensive Fee</td>
<td>$1,974</td>
</tr>
</tbody>
</table>

FULL BOARD

24-26. Retiring Trustee Resolutions

Samantha W. Lucas (2014-2016)

WHEREAS, Samantha W. Lucas is nearing the completion of her term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Samantha Lucas has participated actively and offered insightful viewpoints and useful ideas to the Board in membership on the Audit Committee, the Committee on Board Governance, the Budget, Finance & Investment Committee, and the Educational Policy & Institutional Resources Committee, with additional service to the University as a member of the UVM AdvoCats and a cadet in the ROTC program;

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 Samantha Lucas.

Dale A. Rocheleau (2010-2016)

WHEREAS, Dale A. Rocheleau is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Dale Rocheleau has provided frank, constructive, and insightful viewpoints and sound leadership during his service as Vice Chair and Chair of the Audit Committee and Secretary of the University of Vermont Board; and in his membership on Board Committees including the Budget, Finance & Investment Committee, the Educational Policy & Institutional...
Resources Committee, and the Executive Committee, and through his service on the Presidential Housing Work Group and the Vermont Law School Work Group;

WHEREAS, Dale Rocheleau has further helped to advance the University through his service to the Alumni Association over many years in a variety of capacities including membership on committees and leadership of the Board of Directors;

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 Dale A. Rocheleau.

**Deborah H. McAneny (2004-2016)**

WHEREAS, Deborah H. McAneny is nearing the completion of her second consecutive term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Debbie McAneny has served with distinction and vigorously supported the University of Vermont and enriched the Board with resolute, patient and effective leadership as Board Chair for the last two years, discharging her responsibilities with respect, determination and exceptional dedication to her alma mater and the well-being of UVM;

WHEREAS, Debbie McAneny led the Board in her service as Vice Chair and Chair of the Executive Committee, Chair of the Annual Review Subcommittee, and Chair and Vice Chair of the Budget, Finance & Investment Committee and has further served the University through her service on Board Committees, including the Audit Committee, the Committee on Board Governance, the Debt Subcommittee, the Facilities & Technologies Committee, the Joint Committee on Honorary Degrees, the Nominating Committee, and the University of Vermont Board, with additional service as Chair of the ad hoc Labor Advisory Group, Leader of the Presidential Housing Work Group, Leader of the Vermont Law School Work Group, and Leader of the Work Group on Medical, Nursing and Health Sciences Education and Research;

WHEREAS, Debbie McAneny has further assisted the University generously as a member of the UVM Foundation Board of Directors, the UVM Foundation Leadership Council, and as an active volunteer in the Boston area for a number of years in a variety of capacities;

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 Deborah H. McAneny.

At 10:10 a.m. the Chair called for a brief break.

**Executive Session**

At 10:20 a.m., Chair McAneny entertained a motion to enter into executive session to consider contracts, student discipline, and the appointment or employment of a public officer, 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 30 minutes. The motion was made, seconded and approved.

Incoming Trustee Soraiya Thura, Provost Rosowsky; Vice Presidents Cate, Gustafson, Derr and Bazluke; Vice Provost for Student Affairs Annie Stevens; Chief of Staff and Senior Counsel to the President Sharon Reich Paulsen, and Director of Capital Planning & Management Bob Vaughan were invited to remain.

After the first item, Vice Provost Annie Stevens was excused. Director for Capital Planning and Management Bob Vaughan was excused following the second item. Trustee Dale Rocheleau was excused for the last item.

At 11:20 a.m., the meeting was re-opened to the public.

**Adjournment**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Debbie McAneny, Chair
Proposed Changes to COM Faculty Handbook

PART THREE – Faculty Appointments, Reappointments, …
SECTION 2 Faculty Appointments.

2. Full Time Renewable Appointments

Page 11

A faculty member shall be initially appointed to a Tenure Pathway, a Research Scholar Pathway, Faculty Scientist Pathway, an Education Scholar Pathway, a Clinical Scholar Pathway, a Clinical Practice Physician Pathway or a Volunteer Pathway position.

Page 14

2. Full Time Renewable Appointments

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

a. Research Scholar Pathway

The Faculty Titles are Assistant Professor, Associate Professor and Professor.

Page 15-Delete the following:

A Research Associate is initially appointed for one year by the Chair with the prior approval of the Dean and Provost and may be reappointed for additional one-year terms by the Chair with the prior approval of the Dean, provided the appointments and reappointments of faculty who hold salaried positions are contingent upon the availability of restricted funding. Appointment requires that the individual hold a graduate degree in his/her field except under extremely unusual circumstances as resolved by the Dean in consultation with the Chair. Reappointment requires the candidate meet all applicable standards and criteria as described in the COM Faculty Handbook and additionally in the College of Medicine Standards and Guidelines.

Page 15- Replace with:

e. Faculty Scientist Pathway

Faculty Scientist Pathway includes individuals who whose predominant effort is dedicated to the generation of new knowledge. Those appointed to the rank of Faculty Scientist must have a terminal degree in his or her field of study and demonstrate a high degree of technical expertise. Indeed it is this technical expertise, research skills and attended research productivity that will justify this faculty appointment. Appointment as a Faculty Scientist is usually on a full-time basis, but may be on a part-time basis with the approval of the Senior Associate Dean for Research. All appointments of Faculty Scientist require the recommendation of the Chair of the applicable department and approval by the
Senior Associate Dean for Research and the Dean of the College. No further approval shall be required by any other University official.

Appointment at the rank of Faculty Scientist are for a five-year term and may be made after completion of doctoral training and postdoctoral fellowship, except under very unusual circumstances with the approval of the Dean. A Faculty Scientist is appointed by the Department Chair in consultation with the Dean. Appointments as Faculty Scientist, which are contingent on restricted funding, shall be for terms of up to five years depending on individual circumstances and shall be renewable following a standardized reappointment process.

The initial appointment in this Pathway is considered opportunity hires for faculty who are currently at the rank of Research Associate or other Research Pathway rank. If a Faculty Scientist develops substantial, independent and funded, or evidence of the likelihood to be funded, research program after two or more years of employment, he or she may then be considered for Assistant Professor on the Research Scholar Pathway as an opportunity hire.
Proposed Revision of University and University Officers’ Manual

The revised text is designed to be simple and straightforward and to provide flexibility in the configuration of centers and institutes. It will allow the terms “center” and “institute” to be used interchangeably; either entity can be broad or narrow in the scope of its activities and in its administrative model.

The subsections that define each term have been eliminated in favor of a combined description. However, those centers and institutes that perform academic functions must be identified as such. The revision makes clear that academic centers and institutes must be approved by the Faculty Senate, as well as the Board, and are subject to review by the Faculty Senate.

The revision also eliminates the reference to matrix centers, which no longer exist at UVM.

The complete text of the newly-proposed version is set forth below, followed by the old version that it replaces.

NEW VERSION of Section 204.5

204.5 Academic Centers and Institutes

Centers and institutes facilitate the performance of interdisciplinary or focused research or other scholarly or creative activities not otherwise conducted within the structure of Programs, Departments, Schools, or Colleges. Centers and institutes that involve any or all of the following are considered academic centers and institutes: curriculum or instruction, research, scholarship or creative arts. Proposals to establish, substantially change or eliminate academic centers and institutes must be approved by the Board of Trustees, upon recommendation of the President and Provost following application of appropriate governance protocols, the latter to include Faculty Senate approval. Academic centers and institutes are subject to regular review by the Faculty Senate.

The scope of academic centers and institutes can vary from a sharply defined focus within a school or college to an interdisciplinary subject or specialized field of study spanning two or more academic units. The terms can be used interchangeably according to preference. Other synonymous terms may be used in the working title in order to best reflect current practice in a field.

Academic centers and institutes do not grant degrees or appoint faculty, nor do they offer credit-bearing courses except in cooperation with the academic unit(s) that constitute their participants.
In general, a University-wide or cross-college center or institute will be hosted in one of the participating colleges or schools. Its Director will be appointed by and report to the Provost or the Vice President for Research. Academic centers or institutes that are housed within a single college or school will typically have a Director who is appointed by and reports to the Dean or other designated college administrator.

OLD VERSION of Section 204.5

204.5 Centers and Institutes

Centers and Institutes facilitate the performance of interdisciplinary or focused research not otherwise conducted within the structure of Departments, Schools, or Colleges. The establishment, and substantial changes in status, of Centers and Institutes must be approved by the Board of Trustees, upon recommendation of the President, following application of appropriate governance protocols, the latter to include Faculty Senate approval.

204.5.1 Center.

A Center is an administrative unit coordinating research, instruction, or service activities established to focus upon an interdisciplinary subject or specialized field of study or to bring multidisciplinary perspectives to a problem of common interest. Faculty participants are drawn from two or more Colleges or Schools or, in rare instances, from two or more Departments within a College. A Center does not grant degrees or appoint faculty, nor does it usually develop formal course offerings except in cooperation with the academic units that constitute its participants.

In general, Centers principally obtain resources from state, federal, or other external sources and are not substantially dependent upon the University General Fund. Due to this funding mechanism, a proposal to establish a Center must include a statement of the expected duration of its activities and a description of funding resources.

The chief administrative officer of a Center is a Director appointed by the Provost. The responsibilities of the Director are coordinated through the Provost and an advisory committee whose members are appointed by the Provost and selected from the Deans of the academic units involved.

Faculty with responsibilities to a Center must hold faculty appointments in one of the Colleges or Schools participating in Center activities.
204.5.2 Matrix Center

A Matrix Center is an academic unit whose faculty are engaged in conducting research and/or educational activities that focus upon a multidisciplinary field or area of study involving faculty from at least two college or schools. A Matrix Center may sponsor graduate programs leading to the award of graduate degrees through the Graduate College. Center faculty shall be drawn from and hold a primary appointment in a Department from any College or School and a secondary appointment in the Center. All matters concerning appointment, reappointment, promotion, and tenure decisions shall be made by the Department and the Center. The chief academic officer of a Matrix Center is the Director, whose appointment and responsibilities, administrative and fiscal, are coordinated through the Provost or his/her designee. An Advisory Committee, whose members, appointed by the Provost, are drawn from the Deans or their designees of the academic units involved, serves to counsel the Provost regarding matters of Matrix Center management and operation. The creation of a Matrix Center is dependent upon an initial determination by the Faculty Senate that the proposed Center meets the established criteria for consideration of Matrix Center status, and subsequent approval of establishment of the Matrix Center by the Provost, the President, and the Board of Trustees. To commence operations after approval, a Matrix Center must have external funds committed and currently available for its use, whether in the form of grants or philanthropy, such funds being adequate to enable the Center to be financially self-supporting. If the Matrix Center proposal seeks transitional start-up or secondary support from the General Fund, the proposal must also contain a General Fund commitment made by the Provost in writing, the commitment to encompass the nature, extent, and duration of such support. Indirect costs generated from research sponsored by extramural funding will be shared by both administrative units. Matrix Centers will undergo review every five years under the procedures and criteria and established by the Faculty Senate and approved by the Provost.

204.5.3 Institute.

The designation “Institute” is reserved for activities within a College, School, or Center that have a more sharply defined mission than that implied by the word “center.” In general, Institutes principally obtain resources from state, federal, or other external sources and are not substantially dependent upon the University General Fund. Due to this funding mechanism, a proposal to establish an Institute must include a statement of the expected duration of its activities and a description of funding resources. Institute administration will ordinarily be conducted through the appropriate Dean; however, an Institute may also be directed by a board or other mechanism appropriate to its objectives, subject to academic oversight by the Dean, Chairs, and faculty of participating academic units.
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.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior 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 laws.
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

University of Vermont
428 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.

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

Title IX Coordinator

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

Section 504 Coordinator

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/studenthalaras.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 the President February 6, 2016
Approved by the Chair of the Board of Trustees February 6, 2016
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, 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, 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 or protected veterans; or exercising any other rights protected by VEVRAA or the Rehabilitation Act. Additionally, the University will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant.

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 laws.

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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

Procedures for Investigating and Resolving Discrimination Complaints

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

Effective Date

Approved by the President February 62, 2015
Approved by the Chair of the Board of Trustees February 67, 2015
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
Revised, February 2015
Reaffirmed, February 2016

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Portfolio Management of Debt ............................... 7
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**

<table>
<thead>
<tr>
<th>Purpose</th>
</tr>
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<tbody>
<tr>
<td>1. Articulate UVM’s philosophy regarding debt.</td>
</tr>
<tr>
<td>2. Establish objectives for debt policy.</td>
</tr>
<tr>
<td>3. Provide for regular review and potential update of policy to reflect evolving needs.</td>
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</tbody>
</table>

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.
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 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.

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.

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

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 0.8 to ensure that sufficient balance sheet strength is maintained at all times.

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

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 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.
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

## Purpose

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

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.

### Variable Rate and Liquidity Exposure

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.

<table>
<thead>
<tr>
<th>Variable Rate and Liquidity Exposure</th>
<th>Total Long-Term Debt Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;35%</td>
<td>&lt;35%</td>
</tr>
<tr>
<td><strong>GLOSSARY</strong></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td><strong>Annual Debt Service</strong> – refers to the principal and interest due on long-term debt in a fiscal year.</td>
<td></td>
</tr>
<tr>
<td><strong>Bridge Financing</strong> – 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.</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Project</strong> – refers to physical facilities or equipment or software that may be capitalized.</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial Paper</strong> – 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.</td>
<td></td>
</tr>
<tr>
<td><strong>Derivative Products</strong> – 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.</td>
<td></td>
</tr>
<tr>
<td><strong>GAAP</strong> – refers to Generally Accepted Accounting Principles.</td>
<td></td>
</tr>
<tr>
<td><strong>Leverage</strong> – 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.</td>
<td></td>
</tr>
</tbody>
</table>
CASH MANAGEMENT AND LIQUIDITY POLICY

Introduction

This Cash Management and Liquidity Policy governs the investment of UVM pooled cash and sets the minimum liquidity target for the University. The pooled cash includes all funds of the University other than the funds that are held in the University endowment and certain plant, restricted and loan reserves, for which separate investment guidelines have been established. This statement will be subject to periodic review and possible modification by the Budget, Finance and Investment Committee as the Committee considers necessary to achieve cash management and investment and liquidity requirements.

I. Cash Management

Investment Objectives

University pooled cash for purposes of investment allocation shall be divided into three asset groups as follows:

Short-term pool: Cash that is expected to be needed for normal operating expenditures within a one-year period. The primary objective is preservation of principal and liquidity. Maximization of investment income without undue exposure to risk is a secondary objective.

Intermediate-term pool: Cash that is expected to be needed within a period of one year to six years. The primary objectives are preservation of principal and maximization of investment income without undue exposure to risk.

Long-term pool: Cash that is not expected to be needed for operational purposes for a period exceeding six years and/or that may be designated as a permanent core. The primary investment objective is to achieve consistent long-term growth of the pool with limited exposure to risk.

Allocation Guidelines

Short-term pool: The average weighted maturity for a short-term portfolio shall be between one day and one year.
Intermediate-term pool: The average weighted maturity for intermediate-term portfolio shall be between one year and six years.

Long-term pool: Permanent core cash may be invested in any investment that is allowable under the University’s Statement of Objectives and Policies for the Endowment Fund and that meets the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Performance Objectives

Short-term pool: The benchmark for the short-term portfolio shall be total return that meets or exceeds the yield of three-month U.S. Treasury securities.

Intermediate-term pool: The benchmark for intermediate-term portfolio shall be total return that meets or exceeds the Barclays Capital U.S. Treasury Index (3-5 Year).

Long-term pool: The benchmark for the investment of the long term pool shall correspond to the benchmarks for each asset class as specified in the University’s Statement of Objectives and Policies for the Long Term Investment Pool, including the Endowment Fund.

Allowable Investments for Asset Groups

For all of the asset groups described below, the Treasurer will develop in conjunction with the Board of Trustees Investment Subcommittee (ISC) a list of approved funds and fund managers from which the Treasurer may select managers as appropriate. This list will be reviewed and approved annually by the ISC.

Short-term pool: Investments in the short-term portfolio are restricted to U.S. Treasury and government agency securities, money markets, high quality corporate securities, and commercial and bank paper. Investments shall be in marketable securities of the following types and with the noted credit ratings:

1. Debt securities rated Aaa, Aa, A or Baa by Moody’s Investor’s Service, Inc. or AAA, AA, A or BBB by Standard & Poor’s Corporation.

2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.

3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated B or better. No more than 20%
of the funds held in the cash pool shall be invested in obligations of the institutions within any single holding company.

4. Commercial paper rated A-1 or higher by Standard and Poor’s or Prime-1 (P1) by Moody’s Investor’s Service, Inc.

5. Bankers’ acceptances or negotiable certificates of deposit issued by banks rated B or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers’ acceptances or floating rate notes of the institutions within any single holding company.

6. Repurchase agreements of banks having Fitch ratings no lower than B secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.

7. Commingled funds may be used if they are in compliance with the above guidelines.

8. The Commonfund, a non-profit provider of investment products for colleges and universities.

Intermediate-term pool: Investments in the intermediate-term portfolio are restricted to securities rated Aaa, Aa, A or Baa by Moody’s Investor’s Service, Inc. or AAA, AA A or BBB by Standard & Poor’s Corporation.

Long-term pool: Investment of the long term pool shall be restricted to those that are allowable under the University’s Statement of Objectives and Policies for the Endowment Fund and that meet the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Moral, Ethical and Social Considerations

Cash balances will be invested consistently with the moral, social and ethical criteria adopted by the Board of Trustees on recommendation of its Budget, Finance and Investment Committee as related to the Long Term Investment Pool, including the Endowment Fund. Criteria for socially responsible investing shall include, where advisable and consistent with investment quality, return, and safety guidelines, the use of community and State institutions for investment purposes. Where returns are reasonably equal (within 10 basis points), preferences will be given to Vermont-based financial institutions.
Investment Management Responsibility and Structure

Cash management and investment responsibility resides with the Vice President for Finance and Treasurer through the Controller.

1. Investments may be made internally using allowable instruments and institutions; OR,

2. Investment managers may be engaged to invest University assets consistent with this Policy. Subject to this Policy and a written agreement between the University and the investment manager, the investment manager will be given discretion to select individual securities and to make adjustments to the structure of the portfolio.

I. Liquidity

This Cash Management and Liquidity Policy establishes a Minimum Liquidity Target for the University of $30 million, subject to future modification by the Budget, Finance, and Investment Committee. Liquid funds that are unrestricted, unencumbered General Fund Net Assets (as such capitalized term is used in the audited financial statements of the University) shall be used to satisfy the Minimum Liquidity Target. For the purposes of this Policy, General Fund Net Assets that are restricted in their use, or otherwise encumbered by Board or administrative action, shall not be available to satisfy the Minimum Liquidity Target. The objective of this policy is to ensure that the University operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs.

II. Administration and Reporting

A. The Treasurer will report to the Budget, Finance and Investment Committee annually, the following:

1. Balances-Cash balances in each asset group;

2. Investments in each asset group by manager and investment type or fund; and

3. Performance of each individual investment type within each asset group.

4. A schedule of unrestricted, unencumbered General Fund Net Assets compared to the Minimum Liquidity Target.

B. As delegated by the Board of Trustees through its resolutions, specified University officials, including the Treasurer, are authorized to open accounts with banks, investment firms, or commercial paper institutions, and/or to execute purchases and sales, in order to implement this investment policy-Cash Management and Liquidity Policy.

C. This Cash Management and Liquidity Policy will be subject to annual review by the Investment Subcommittee and the elements of the policy related to liquidity will be subject to annual review by the Budget, Finance, and Investment Committee.
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 appropriate 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 that 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.
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- Achieving an optimum level of return within appropriate 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 that 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 Statement of Investment Policies and Objectives requires the Board, the Investment Subcommittee (ISC) of the Board Budget, Finance and Investment Committee, the Treasurer, and third parties such as investment managers, to exercise their responsibilities with respect to the Long-Term Investment Pool, including Endowment Fund assets, in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

In accordance with UPMIFA, key facets of the Responsible Parties’ roles, as paraphrased below, 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.

Achieving the Financial and Investment Objectives of the Fund is essential to provide resources to fulfill the institutional mission of the University. The core responsibility of the ISC is to achieve the Financial and Investment Objectives of the fund in a manner consistent with the requirements of UPMIFA and prudent fiduciary practices.

The primary objective of achieving the Financial and Investment Objectives of the Fund does not preclude consideration of moral, ethical and social criteria in selecting investments or participating in
shareholder resolutions that address moral, ethical or social issues. However, the core responsibility of the Board is to steward University assets in a manner consistent with prudent fiduciary practices.

V. VI. FINANCIAL & INVESTMENT OBJECTIVES

The overall financial objective of the Fund is to provide a stable and consistent level of ongoing support for the University’s programs through a reasoned spending policy consistent with preserving and 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 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.

VI. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

This Statement of Investment Policies and Objectives requires the Board, the Investment Subcommittee (ISC) of the Board Budget, Finance and Investment Committee, the Treasurer, and third parties such as investment managers, to exercise their responsibilities with respect to the Long Term Investment Pool, including Endowment Fund assets, in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

Achieving the Financial and Investment Objectives of the Fund is essential to provide resources to fulfill the institutional mission of the University. The core responsibility of the ISC is to achieve the Financial and Investment Objectives of the Fund in a manner consistent with the requirements of the UPMIFA and prudent fiduciary practices.

The primary objective of achieving the Financial and Investment Objectives of the Fund does not preclude consideration of moral, ethical and social criteria in selecting investments or participating in shareholder resolutions through proxy voting that address moral, ethical or social issues.

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

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.
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>International Developed Equity</td>
<td>MSCI EAFE Index</td>
<td>Portfolios are expected to focus on the world’s developed markets, excluding the U.S.</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>MSCI Emerging Markets Index</td>
<td>Portfolios are expected to focus on the world’s developing equity markets.</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>Private Investments (Private Equity and Venture Capital)</td>
<td>2/3 C</td>
<td>A Private Equity FOF (Fund of Funds) / 1/3 C</td>
</tr>
<tr>
<td>Real Estate (private)</td>
<td>NCREIF Property Index</td>
<td>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.</td>
</tr>
<tr>
<td>Natural Resources and Timber (private)</td>
<td>CPI-U + 5%</td>
<td>Investments will be in private oil and gas transactions and in timberland, possibly including related logging operations.</td>
</tr>
</tbody>
</table>

2 Indices used in Target Benchmark are effective as of March 25, 2015.
TIPS, Commodities, and Natural Resource Equities | Blended Benchmark of Public Real Asset Manager Specific Benchmarks, one-half each; DJ UBS Commodities Index; S&P NA Natural Resources Sector Index | 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.

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
Approved as revised by the Board of Trustees: February 6, 2016
### APPENDIX A

**ASSET ALLOCATION POLICY TARGETS**

*Revised, as of February 2014*

<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>20.0</td>
<td>15-30</td>
</tr>
<tr>
<td>Global ex U.S. Equity</td>
<td>25.0</td>
<td>15-45</td>
</tr>
<tr>
<td>International Developed Equity</td>
<td>12.0</td>
<td>10-25</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>13.0</td>
<td>5-20</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>22.0</td>
<td>15-25</td>
</tr>
<tr>
<td>Real Assets (Inflation Hedging)</td>
<td>12.0</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>90.0</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Income Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>10.0</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>10.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Appendix A Targets revised by Investment Subcommittee: February 26, 2014*