A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, October 22, 2016, at 8:00 a.m. in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair David Daigle, Vice Chair Ron Lumbra, Secretary Joan Lenes, Briar Alpert, David Aronoff*, Cynthia Barnhart, Bill Botzow, David Brandt, Robert Brennan, Frank Cioffi, Carolyn Dwyer, Richard Gamelli, Bernie Juskiewicz, Curt McCormack, Don McCree*, Anne O’Brien, Ed Pagano, Kesha Ram, Soraiya Thura, Tom Sullivan, Donna Sweaney, 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 President for Human Resources, Diversity and Multicultural Affairs Wanda Heading-Grant, Chief of Staff and Senior Counsel to the President Sharon Reich Paulsen, Director of Athletics Jeff Schulman, Special Advisor to the President John Evans, and Chief Internal Auditor Bill Harrison

*participated via conference phone

Chair David Daigle called the meeting to order at 8:04 a.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the May 21, 2016, meeting as presented.

Public Comment

Chair Daigle opened the public comment period by inviting Meaghan Emery, Associate Professor of French and representative of United Academics (UA), to address the Board.

Associate Professor Emery outlined concerns regarding unanticipated consequences of the new Incentive Based Budgeting model (IBB). She stated that a goal of IBB was to bring increased transparency and decentralization of control over how departments and other units spend their money. From the faculty perspective, IBB has increased competition among units. She added that many conversations are being shaped by the imperative to maximize enrollment to raise more money, rather than to improve curriculum.

Associate Professor Emery moved on to state that IBB was to assign greater control over resource decisions to deans. However, she feels that the statement is misleading and that greater
control does not mean complete control. She added that IBB can only be more effective if it enables better resource management to ensure that the University fulfills its key educational goals and mission.

Associate Professor Emery stated that increasing revenue is the implicit goal of IBB and that that job is being passed to the academic units. If the academic units are raising the revenue, she inquired, what justifies the administration taking a large portion of the revenue for the Strategic Reserve Fund? She stated that, although the administration has promised to return needed dollars to the Colleges each year, it has suggested that it will reduce this “subvention” by 1-4% each year to increase the size of its own strategic fund.

Associate Professor Emery commented that faculty are rarely included in the budget decisions of deans. As a result, changes are being dictated in some departments and programs, without faculty input. Additionally, part-time faculty are being calculated into algorithms as costlier than full-time colleagues now that units are being charged for benefits per faculty member even though part-time members are not entitled to the same benefits. She opined that such a calculation is artificially inflating the cost of courses taught by part-time faculty, undermining the valued academic diversity and faculty, as well as creating hiring freezes and larger class sizes in spite of personnel cuts through attrition.

Associate Professor Emery concluded that she anticipates that these negative impacts will increase over time and she urged that IBB be restructured or replaced.

Committee Reports

Audit Committee

Chair Bernie Juskewicz offered highlights from the Audit Committee meetings held on July 11 and September 12, 2016. At both meetings, the Committee received brief status reports on the FY 2016 financial statements and OMB Circular A-133 audits, with Grant Thornton reporting no significant findings or internal weaknesses. University Controller Claire Burlingham informed the Committee of Government Accounting Standards Board (GASB) pronouncements for this year, and subsequent periods, and how each will affect the University’s financial statements.

The Committee was briefed by management on enterprise risk management risks related to research and sponsored project compliance and personal protected information breaches. Management also updated the Committee on the Information Security Officer recruitment process, noting that top candidates were invited to campus last month with a finalist anticipated to be recommended by the end of this month.

Chief Internal Auditor Bill Harrison provided updates regarding internal audit activity and the status of internal audit recommendations since the last report in February 2016.

Director of Compliance Tessa Lucey presented the first Office of Compliance Services’ annual report, to coincide with the new reporting guidelines accepted by the Audit Committee in February 2016. The report format provides a direct correlation between the University’s
compliance program and the seven elements of an effective compliance program identified in the Federal Sentencing Guidelines.

In September, the Committee conducted its annual review of the Audit Committee Charter and endorsed recommended revisions to ensure consistency between the newly approved reporting guidelines and the Committee’s principal responsibilities. Those revisions were presented at yesterday’s Committee of the Whole meeting and are included on today’s consent agenda.

Lastly, in September, the Committee received annual reports on FY 2016 Presidential housing budgeted expenditures, which totaled $78,604, and Presidential expense reimbursements and travel expenses, which totaled $9,186.97.

Chair Daigle pointed out that Englesby House is used for much more than presidential housing: many events utilize the location throughout the year, driving up the amount of the housing budget.

Trustee Lisa Ventriss asked if all the renovations that were to be made to Englesby House had been completed. Vice President for Finance and Treasurer Richard Cate replied that the original renovation plan referenced by Trustee Ventriss was completed. He further noted, however, Englesby is a 100-year-old building and there will continue to be updates necessary.

Regarding GASB, Chair Daigle reiterated that the changes will dramatically impact UVM’s financial statements. He also stated that the Board will need to consider amending the debt policy as a result.

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

Committee Chair Bill Botzow offered highlights from the meeting held yesterday afternoon. He began by reporting that Provost David Rosowsky gave an overview of his written report highlighting the UVM’s Teacher-Scholar model; Student Success and Global Educational initiatives; *Innovation and Entrepreneurship Ecosystem*; a University and Capital Projects update; new leadership appointments; and his challenge to faculty and students to come together to address climate change following his reading of this year’s first-year reading selection, *The Sixth Extinction*. Chair Botzow encouraged the Trustees to read the Provost’s report.

Chair Botzow noted that questions and comments from the Committee were invited on the following reports:

- Annual UVM Foundation Report, with input from Rich Bundy, UVM Foundation CEO and President
- Annual Enrollment Report, with input from Vice President for Enrollment Management Stacey Kostell.
- Annual Career Success Action Plan Progress Report, with input from Vice Provost for Student Life Annie Stevens and Career Services Director Pamela Gardner.
- Annual Information Technology Report, with input from Mara Saule, Chief Information Officer and Dean of Libraries, and Julia Russell, Associate Chief Information Officer.
• Capital Projects Progress Report, with input from Bob Vaughan, Director of Capital Planning and Management.

Director of Capital Planning and Management Bob Vaughan reviewed a proposal for the Phase II deferred maintenance of Converse Hall for referral to the Budget, Finance & Investment Committee, which would utilize existing unrestricted plant funds that currently exist in residential life.

Laura Almstead, Faculty Senate Curricular Affairs Committee Chair, provided an overview of the academic proposal to terminate the Continuing and Distance Education Certificate of Health Care Management, as well as a proposal from the Graduate College, in conjunction with the College of Medicine, and Continuing and Distance Education, to create a new Certificate of Graduate Study in Health Care Management and Policy.

Provost Rosowsky introduced a resolution approving the establishment of an Institute for Environment at the University of Vermont. He reiterated that the development of the Institute was a faculty-led initiative that began in 2012, and that a University-wide Institute will reduce fragmentation, and encourage and support cross-disciplinary collaboration among the broad and active UVM community of environmental researchers and scholars.

The Committee approved the following action items for referral to the Budget, Finance & Investment Committee and recommendation to the Board:

- A resolution approving Residential Life FY 2017 Deferred Maintenance (Converse Hall, Phase II).
- A resolution approving the termination of the Continuing and Distance Education Certificate of Health Care Management and the creation of a new Certificate of Graduate Study in Health Care Management and Policy in the Graduate College.
- A resolution approving the establishment of an Institute for Environment at the University of Vermont.

Vice President for Human Resources, Diversity and Multicultural Affairs Wanda Heading-Grant provided a report on major institutional diversity initiatives and accomplishments, as well as significant upcoming projects. Highlights included the relocation and proposed renaming of the ALANA Student Center, efforts to provide more gender-inclusive restrooms at UVM, professional development for UVM’s senior leaders, implementation of the Framework for Inclusive Excellence, and the 10th Annual Blackboard Jungle symposium. Vice President Heading-Grant also identified national recognitions for UVM’s diversity and equity work.

Director of Global Educational Initiatives Gayle Nunley presented the second annual international opportunities report, providing an update on three key areas of campus internationalization: the Global Gateway Program; the fall 2016 launch of a Pre-Master’s Program to support graduate-level international enrollment; and study abroad and international affiliations.
Vice President for Enrollment Management Stacey Kostell gave a presentation on the seventh academic excellence goal to *increase domestic diversity and grow international student enrollments across the University*. Vice President Kostell provided:

- Enrollment data trends in international student and underrepresented student populations
- National demographics of high school graduates
- An update of the Global Gateway Program (GGP), along with the opportunities and challenges for the GGP
- Recruitment strategies for underrepresented students, including Vermont ALANA outreach initiatives.

Chair Botzow suggested that Trustees consider inviting international students to visit their homes, in an effort to make them feel more welcome and to teach them more about Vermont.

Regarding the Institute for Environment, Trustee David Brandt asked if any discussions occurred during Committee meeting different from those that took place at Committee of the Whole. Provost Rosowsky replied that EPIR discussed ways it would impact students, and the relationship of the new Institute to the Gund Institute.

Trustee Soraiya Thura commented on the annual diversity report, noting her full support for all diversity initiatives. She added that UVM’s priority for diversity inclusion influenced her decision to attend UVM.

*Budget, Finance and Investment Committee* (BFI)

Vice Chair Rob Brennan began by thanking Vice President for Finance and Treasurer Richard Cate, Budget Director Alberto Citarella, University Controller Claire Burlingham, and their teams, for all they do for the University. He moved on to report that, at yesterday’s meeting, the Committee voted unanimously to approve tuition rates for summer session and the total cost of attendance fees for the Global Gateway Program and Pre-Master’s Program for recommendation to the full Board.

He next reported that the endowment as of August 31, 2016, was at $451 million. Chair Brennan explained that, at the end of FY 16, the endowment was down due to market conditions, but that it has since recovered. He added that UVM tends to perform as well as schools with much larger endowments, which is an impressive accomplishment. At the recommendation of the Investment Subcommittee, the following resolutions were approved for recommendation to the full Board:

1. Reaffirmation of the Annual Approval of the Endowment Budget Policy (4.5%)
2. Reaffirmation of the Annual Approval of the Endowment Administration Fee (0.25%)
3. A resolution which restructures the oversight and broadens the role of the Socially Responsible Investing Advisory Council. This includes recommendations on the administration of the Clean Energy Fund and support the activities of the Association for the Advancement of Sustainability in Higher Education (AASHE) Stars Initiative.
Additionally, the Committee approved project expenditures for the Larner Learning Commons Project. The estimated budget is $2,100,000, which will be entirely supported by College of Medicine gift funds.

Chair Brennan stated that, as referred by EPIR, the Committee approved Phase II of the Residential Life FY 2017 deferred maintenance (Converse Hall) project. Phase I was approved for $2.0 million in October 2015 and the Committee will be asked to approve the spending of an additional $2.0 million for Phase II. The proposal calls for the use of unrestricted plant funds that currently exist in Residential Life.

He further reported that the Committee authorized the estimated total cost of renovations of the Billings Library of $8.5 million. The UVM Foundation has garnered commitments of $8.5 million for this project, but $4.3 million of that amount will not be available until some years after the proposed construction time frame. Therefore, the administration will utilize $4.3 million from the recent sale of County Apartments for this purpose. Once the gifts are received, the resources will be replenished and available for other such strategic initiatives.

The Committee also authorized project expenditures of the Kalkin Hall expansion project, at a cost of $11.0 million. Monies for these expenditures will be drawn from gift funds and general reserves of the University, and University funds will be reimbursed by future gift receipts. The breakdown of funding sources are: $1.25 million from gift receipts, $5.9 million from donor commitments, $2.75 million from future rents, and $1.1 million from the Capital Projects Pre-Funding Account. With the construction documents completed and previously bid, the regulatory process will proceed in order to begin construction in the spring of 2017.

As part of the Vice President for Finance and Treasurer’s report, the following updates were provided:

- The University received a clean audit for FY 2016 from Grant Thornton, which issued its opinion on October 17th, 2016.

- In FY 2016, 405 high school students took classes at UVM through the Dual Enrollment Voucher program, mostly during summer 2016. This compares to 358 and 406 Dual Enrollment students in FY 2015 and FY 2014 respectively.

- Vice President Richard Cate took a number of previously approved revenue contracts, each of which had a value in excess of $1 million, to the Executive Committee for ratification in September. The Controller’s Office is working with the Office of General Counsel to develop procedures regarding tracking, monitoring, and reviewing revenue contracts to ensure that they are appropriately routed in the future Vice President Cate will be requesting a policy change from the Committee on Board Governance, which would eliminate the need to bring to the Board revenue contracts that have values of less than $1 million.
• Budget Director Alberto Citarella reported on the FY Budget-to Actuals. The year-end results were positive, with units spending $9.3 million less than budgeted and actual revenues $8.1 million over budget.

• Vice President Cate provided an annual update on the President’s Strategic Initiatives Fund, noting that funds are generally spent soon after they are realized.

CEO and President of the UVM Foundation Rich Bundy updated the Committee on the progress in fundraising for Capital Projects, including the STEM Facility and Alumni House. As to the Alumni House, of the $11.2 million non-debt goal, $9.9 million has been raised in non-debt funding. The Foundation is using $1.8 million of its own resources, and is continuing efforts to raise the remaining $1.2 million.

The STEM Facility will be funded by a mix of private gifts and non-debt funding. As of October 18, 2016, the Foundation had already secured $9.3 million in non-debt funding commitments; the remaining non-debt goal is $16.7 million. The donor pipeline remains robust, and the Foundation remains confident that a high percentage of the non-debt goal will be achieved through donor funding.

Claire Burlingham, University Controller, updated the Committee on changes in Government Accounting Standards. Noting that the University operates under the Government Accounting Standards Board (GASB), she reported that there are new standards that the University has to implement over the next several years, specifically GASB 72 and GASB 75. She further noted that the University’s Statement of Net Position will be negatively impacted (Unrestricted Net Assets will be below negative $200 million) even though the true financial condition of the University will remain unchanged. The Committee will have to consider changes to policies related to financial ratios so as to ensure that the ratios are meaningful after these changes.

Last, per the Board leadership’s request, Vice President Cate presented an option for addressing the current facilities and infrastructure deferred maintenance backlog, estimated at $350 million, as well as future repair and maintenance needs. The proposed option calls for incrementally increasing funding for facilities and infrastructure improvements by $1.5 million per year for the first three years and by $2 million per year for the subsequent years. Additionally, a total of $20 million would be borrowed on a short-term basis and eventually refunded with long-term debt. If this option were implemented, at the end of five years the University would be providing base funding for facilities needs at a rate of $18 million per year, bringing the University much closer to the funding level recommended by Sightlines, a campus asset management firm.

Trustee Curt McCormack asked if the Billings Library Renovation Project will include A/C and energy efficiency measures. Vice President Cate confirmed that the project will include both.

Trustee Botzow added that, in the Information Technology (IT) report presented to EPIR, there were measures outlined to catchup relative to technical services. He asked if such measures should be included in the overall plan to address deferred maintenance. Vice President Cate replied that IT-related resources are included in the deferred maintenance plan as a capital asset.
Trustee Anne O’Brien asked what factors are driving increases in UVM’s revenue. Vice President Cate replied that the biggest influence is that the ratio of out-of-state to in-state students was more than calculated and out-of-state students bring more revenue. He added that another source is related to a growth in graduate student programs that create revenue.

Referencing the issue of climate change, Trustee O’Brien stated that she keeps returning to the idea of divestment and investments in fossil fuels. She feels strongly that the Board has a responsibility to make a difference in this area. Chair Daigle replied by providing a brief history of discussions concerning divestment of fossils fuels, noting that it has been discussed by the Board at length multiple times. He encouraged all Trustees to read statements made by former Investment Subcommittee (ISC) Chair Samuel Bain and current ISC Chair Robert Brennan regarding the Board’s decisions to not divest from coal and fossil fuels.

ISC Chair Brennan added that the Board must maintain separation of environmental stewardship when conducting their fiduciary responsibilities in managing the endowment. He stated that the evidence around divestment affecting behavior of companies is inconclusive. Chair Daigle added that the decision to divest is not an easy one and that it is complicated by the fact that most of the University’s investments are in commingled funds.

Trustee Botzow questioned whether the Board needs to start considering investing proactively towards a solution. Chair Daigle agreed that proactive investments are a great way to address climate change and that the ISC is amenable to considering proposals of positive investments rather than divestment. ISC Chair Brennan added that the University’s investment advisors, Cambridge Associates, are asked to find proactive investments in renewables and clean energy, and they screen for investments in both categories. He stated that, at this time, there are not a lot of such opportunities, but that should change over time.

Trustee Jeff Wilson added that the issue of climate change is not going to go away and that it is changing constantly. He asked that the Board continue to be vigilant in reviewing policy that can address this issue.

Trustee Curt McCormack stated that divestment from stocks and holdings is strictly symbolic. He urged that the University consider to continue decreasing its use of fossil fuels.

Trustee Ed Pagano suggested that the Board use the Socially Responsible Investing Advisory Council as a resource regarding learning more about the topic of addressing climate change.

Trustee Frank Cioffi suggested that perhaps all Trustees could be invited to a future ISC meeting that could focus on these issues.

Chair Daigle concluded the BFI report by summarizing topics the Board will discuss further. He stated that deferred maintenance and revenue contracts will be included on the February agenda, and that GASB changes will be further discussed in detail at a future meeting. He noted that capital projects fundraising will be an ongoing agenda item.
**Vermont Agricultural College Board**

Chair Tristan Toleno reported that the Board discussed the upcoming November 16th Legislative Summit, which will focus on health care issues and opportunities. Planning for the Summit includes a streamlined number of breakout groups, which was part of the learning from the last few Summits. He added that the panels look compelling and useful. He also stated that there was much discussion on how to generate participation from the legislature.

Chair Toleno also reported that the Board discussed the opportunity the University has to share the Economic and Community Impact Study as a way of establishing the context for the University’s appropriation requests. The Board also discussed the opportunity to share the STEM project with the legislative committees of jurisdiction on the capital budget, which had an appropriation supporting the project.

President Sullivan thanked Trustee Anne O'Brien for taking the lead on the Legislative Summit planning, noting that there is a lot that goes behind the scenes to prepare for it.

**University of Vermont Board**

Chair Lisa Ventriss reported that the Board conducted its quarterly review of the Wilbur Trust financial report. She shared information about James Benjamin Wilbur, whom founded the Wilbur Trust. Mr. Wilbur was born in Cleveland, Ohio and after he retired, he settled in Manchester, Vermont. When he died in 1929, his estate came to UVM, including the Wilbur Trust and many memorabilia around campus. Chair Ventriss noted that Mr. Wilbur was fascinated with Ira Allen, and many items related to Ira Allen located throughout campus, were part of the Wilbur estate. Chair Ventriss moved on to report that the remainder of the meeting was held in executive session to discuss the appointment of public officers. She added that three self-perpetuating Trustees will retire from the Board in 2018.

**Approval of Consent Agenda**

Chair Daigle presented the revised consent agenda noting that the resolution accepting the proposed donor gift agreement and proclamation the Committee of the Whole endorsed following yesterday afternoon’s executive session has been added. An opportunity for discussion on any of the action items coming before the Board was offered.

Trustee Carolyn Dwyer noted that she is a tuition paying student and asked if she should abstain from voting on summer tuition. Vice President for Legal Affairs and General Counsel Fran Bazluke stated that there is no requirement that she abstain, unless the Board feels she should. The Board stated that they do not feel that Trustee Dwyer, or any of the other tuition-paying Trustees, need to abstain from voting on the summer tuition resolution.
There being no further discussion, the following resolutions were presented for approval:

**COMMITTEE OF THE WHOLE**

1. **Resolution Approving Power Purchase Agreement with Greenskies Renewable Energy, LLC.**

   BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is authorized to enter into four fifteen-year power purchase agreements with Greenskies Renewable Energy, LLC for solar array installations on Mason/Simpson/Hamilton Residential Complex, Harris/Millis Residential Complex, Living/Learning Residential Learning Community and the Bailey/Howe Library. The term of the agreement is October 2016 through December, 2031, in an amount not to exceed $1,800,000.

2. **Resolution Approving Amendment for Ground Maintenance Contracts**

   BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is hereby authorized to execute contracts for the University’s grounds maintenance services with Landshapes Landscape Design and Installation, Levinsky Landscaping and Property Management, Inc., ML Scapes, Inc., Pleasant Valley, Inc., A. Marcelino and Company, Inc., and Cedar Glen Property Maintenance, Inc. Each contract will cover services from January, 1, 2013 through December 31, 2017, for an amount not to exceed $3,400,000 in aggregate.

   This resolution replaces and supersedes the resolution approved by the Executive Committee on December 10, 2012.

3. **Resolution Approving Revenue Contract with Vermont Chamber Music Festival**

   BE IT RESOLVED, that the Vice President for Finance and Treasurer, or his successor or designee, is authorized to enter into a four-year revenue contract from October 2016 to October 2020 with the Vermont Chamber Music Festival for the Festival to be held at UVM for each of the next four years with total estimated revenue to the University of $1,200,000.

   *(As recommended by the Audit Committee, September 12, 2016)*

4. **Resolution Approving Audit Committee Charter Revisions**

   WHEREAS, the Audit Committee has decided to ensure that its Charter and Guidelines are consistent with the Board’s reserved rights and delegated authority and the Committee’s principal responsibilities;

   WHEREAS, the Audit Committee has decided to ensure that its Charter and Guidelines are consistent with previously approved guidance related to reports made to the Audit Committee on the status of internal compliance audits and government agency audits, investigations and reviews;
BE IT RESOLVED, that the Audit Committee hereby approves the revisions to the Audit Committee Charter and Audit Committee Guidelines, as included in Appendix A, for recommendation to the Board.

5. Resolution Accepting Proposed Donor Gift Agreement

RESOLVED, that the Committee hereby authorizes the President to complete discussions with a donor regarding naming of the Kalkin Hall expansion, on the terms and conditions described on this date.

6. Proclamation Regarding the Naming of the College of Medicine in Recognition of Robert Larner, M.D.

WHEREAS, on September 12, 2016, the Executive Committee authorized the President to accept the naming request of a donor’s proposed gift to the University of Vermont Foundation, Inc.; and

WHEREAS, on September 23, 2016, the University announced a $66 million gift from UVM alumnus and Vermont native Robert Larner, '39, M.D. ’42 and his wife, Helen; and

WHEREAS, in recognition of the Larners’ lifetime giving and estate commitments totaling $100 million, the College of Medicine was named The Robert Larner, M.D. College of Medicine;

THEREFORE, BE IT RESOLVED, that the Board hereby expresses it deepest gratitude and heartfelt appreciation to Robert and Helen Larner for their outstanding philanthropy and extraordinary commitment to medical education at the University of Vermont.

EDUCATIONAL POLICY & INSTITUTIONAL RESOURCES COMMITTEE

5.7. Resolution Approving Residential Life FY 2017 Deferred Maintenance (Converse Hall, Phase II)

WHEREAS, the administration today reported on the strategic and operational need for the Converse Hall (Phase II) 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.

6.8. Resolution Approving the Termination of the Continuing and Distance Education Certificate of Health Care Management and the Creation of a New Certificate of Graduate Study in Health Care Management and Policy in the Graduate College
RESOLVED, that the Board of Trustees approves the termination of the Continuing and Distance Education Certificate of Health Care Management and the creation of a new Certificate of Graduate Study in Health Care Management and Policy as offered by the Graduate College, in conjunction with the College of Medicine, and Continuing and Distance Education, and as approved and advanced by the Provost and President on September 28, 2016.

7.9. **Resolution Approving the Establishment of an Institute for Environment at the University of Vermont**

RESOLVED, that the Board of Trustees approves the establishment of an Institute for Environment at the University of Vermont as recommended by the Faculty Senate on September 26, 2016 and approved by the President and Provost on September 28, 2016.

**BUDGET, FINANCE & INVESTMENT COMMITTEE**

8.10. **Resolution Approving Summer Session Tuition**

RESOLVED, that the Board of Trustees hereby approves the tuition rate for the Summer Session of $440 per credit hour for in-state students and $1,113 per credit hour for out-of-state students. The changes will become effective for the 2017 Summer Session.

9.11. **Resolution Setting Total Cost of Attendance Fees for the Global Gateway and the Pre-Master’s Programs (Summer and Fall 2017, Spring 2018)**

WHEREAS, the University, after a request-for-proposal process, entered into an agreement with Study Group to provide services to UVM in support of the University’s Global Gateway Program; and

WHEREAS, in January 2016, the Board approved amendments to the agreement with Study Group, which included additions to the Study Group Agreement to create a Pre-Master’s Global Gateway Program;

THEREFORE, BE IT RESOLVED, that for the 2017 Summer Semester, the tuition component of the total cost-of-attendance fee charged to Global Gateway Program students and Pre-Master’s Program student will be set at the same tuition rate as the prior Spring semester.

FURTHER RESOLVED, for those Global Gateway students whose program includes a semester of non-credit coursework, that the tuition component of their total cost-of-attendance fee for that semester shall be set at $6,900 per semester for Fall 2017 and Spring 2018.
(AS RECOMMENDED BY INVESTMENT SUBCOMMITTEE, July 1, 2016)

40.12. **Resolution Reaffirming Endowment Administration Fee Policy**

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

BE IT RESOLVED, that the Board of Trustees hereby approves a 0.25 percent fee applied to the University endowment for FY 2017 to cover reasonable costs associated with endowment administration, management and operation; and

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

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

*Adopted by: Board of Trustees - September 13, 2003*  
*Reaffirmed: Board of Trustees - September 8, 2007*  
*Board of Trustees - September 5, 2008*  
*Amended: Board of Trustees - October 24, 2009*  
*Reaffirmed: Board of Trustees - October 30, 2010*  
*Board of Trustees - October 22, 2011*  
*Board of Trustees - November 8, 2012*  
*Board of Trustees – October 26, 2013*  
*Board of Trustees - October 18, 2014*  
*Board of Trustees – October 3, 2015*  
*Board of Trustees – October 22, 2016*

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

RESOLVED, that the *Endowment Budget Policy* is reaffirmed as reads below:

BE IT RESOLVED, that the annual budget for spending from Endowment be set at 4.5 percent of the average market value for the previous thirteen quarters ending December 31 of the prior calendar year; and

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

*Adopted by: Board of Trustees - May 13, 1995*

WHEREAS, the Board on November 8, 2012, established the Socially Responsible Investing Advisory Council (SRIAC), whose charge was to consider specific investment policy proposals based on moral, ethical or social criteria; review the impact of any such proposal on current and potential University investments; solicit input on policy proposals from the campus community at large; and forward its investment policy recommendations to the Investment Subcommittee, which in turn shall report its recommendations to the Budget, Finance and Investment Committee; and

WHEREAS, the Investment Subcommittee in January 2016, instructed the administration to restructure and broaden the role of SRIAC at the University to better serve the University in its commitment to be a responsible and proactive institution; and

WHEREAS, the Socially Responsible Investing Advisory Council made a formal recommendation in July 2016 to the Vice President for Finance and Treasurer, specifically, that the Socially Responsible Investing Advisory Council broaden its role to support the Vice President for Finance and Treasurer in fulfilling his/her responsibilities related to the administrative oversight of the Clean Energy Fund, and any other issues as determined by the Vice President for Finance and Treasurer; and

WHEREAS, the Budget, Finance and Investment Committee, following a favorable recommendation from the Investment Subcommittee, recommends that the Board accept the Advisory Council’s recommendations;

THEREFORE, BE IT RESOLVED, that the Board hereby accepts the recommendation of the Socially Responsible Investing Advisory Council and delegates responsibility for the Socially Responsible Investing Advisory Council to the Vice President for Finance and Treasurer.
13.15. **Resolution Approving Larner Learning Commons Project**

WHEREAS, the administration today reported on the estimated cost for the completion of the Larner Learning Commons Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $2,100,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $2,100,000 of funds for such expenditures be drawn from the College of Medicine gift funds.

14.16. **Resolution Approving Residential Life FY 2017 Deferred Maintenance (Converse Hall, Phase II)**

WHEREAS, the administration today reported on the estimated cost for the completion of the Converse Hall (Phase II) Deferred Maintenance Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $2,000,000 project expenditures, 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 unrestricted plant funds from Residential Life.

15.17. **Resolution Authorizing Billings Library Renovation Project Expenditures**

WHEREAS, the administration today reported on the estimated cost for the completion of the Billings Library Renovation Project and presented a funding plan,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $8,500,000 project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that the $8,500,000 of funds for such expenditures be drawn from the gift funds and general fund assets allocation.

16.18. **Resolution Authorizing Kalkin Hall Expansion Project Expenditures**

WHEREAS, the administration today reported on the estimated cost and a funding plan for the completion of the Kalkin Hall Expansion Project,

THEREFORE, BE IT RESOLVED, that the Committee hereby recommends to the Board that it authorize the $11,000,000 project expenditures, to be expended in a manner consistent with the report made on this date; and
BE IT FURTHER RESOLVED, that the $11,000,000 of funds for such expenditures be drawn from gift funds and general reserves of the University, which will be reimbursed by future gift receipts.

A motion was made, seconded, and the consent agenda was unanimously approved as presented.

President Sullivan took an opportunity to thank Vice President for Executive Operations Gary Derr, Trustee Coordinator Corinne Thompson, and Assistant Trustee Coordinator Erin Dickinson for all of their support in ensuring the Board meeting ran smoothly amidst many large logistical challenges that occurred as a result of Vice President Biden’s visit to campus.

At 9:14 a.m., the Chair called for a brief break.

**Executive Session**

At 9:23 a.m., Chair Daigle entertained a motion to enter into executive session to consider contracts, and the appointment or evaluation of a public official, premature general public knowledge of which would clearly place the University at substantial disadvantage, to receive advice of counsel; and collective bargaining. He noted that no action was anticipated following the session, which was expected to last approximately 60 minutes. The motion was made, seconded and approved.

Vice Presidents Rosowsky, Cate, Gustafson, Derr, Bazluke; Chief of Staff and Senior Counsel to the President Sharon Reich Paulsen and Chief Internal Auditor Bill Harrison, were invited to remain.

After the second item, Chief Internal Auditor Harrison was excused and Special Advisor to the President John Evans and Director of Athletics Jeff Schulman were invited to join.

Following the third item, Special Advisor Evans and Director Schulman were excused and Vice President for Human Resources, Diversity and Multicultural Affairs Wanda Heading-Grant was invited to join for the next three topics then excused.

At 10:55 a.m., the meeting was re-opened to the public.

**Adjournment**

There being no further business, the meeting was adjourned.

Respectfully submitted,

David A. Daigle, Chair
Appendix A

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

AUDIT COMMITTEE

Charter

This Charter sets forth the responsibilities of the University Board of Trustees Audit Committee.

I. Principal Responsibilities

The principal responsibilities of the Committee shall include:

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

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

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

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

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

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

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

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

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

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

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

II. Membership

The University of Vermont Board of Trustees shall annually appoint at least 5 of its members to 
the Committee. Its members shall be independent of management and the University including 
its component units and affiliated organizations. For the purposes of this charter, 
“independence” is defined as rendering a Trustee ineligible for Committee service if he or she 
(1) is employed by the University; (2) is a partner or employee of a firm retained to conduct an 
audit of the University; (3) held such University employment or audit engagement at any time 
during the previous three years; or (4) is receiving consulting, advisory, or other compensatory 
fees for services provided to the University. Members of the Investment Subcommittee are 
eligible for appointment to the Audit Committee, but no such member may serve as its Chair or 
Vice Chair. The University President is ineligible for service as a member, ex officio or 
otherwise, of the Audit Committee, as a University official and employee.

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

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

III. Authority

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

IV. Adoption of Charter

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

**Audit Committee Guidelines**

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

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

**I. Retention of the Independent Audit Firm**

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

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

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

**II. Retention of Other Audit Services**

a. The independent audit firm retained to conduct the mandatory annual audit of the financial statements and/or compliance audits generally shall not be eligible for University engagements to perform non-audit services that would violate the U.S. Government Accountability Office Independence Standard. If, due to extenuating circumstances, and in the exercise of its reasonable discretion, management deems it to be in the best interests of the University to retain the independent audit firm for non-audit services, the proposed retention is subject to review and action by the Committee where the retention will result in fees of $10,000 or more.

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

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

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

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

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

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

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

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

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

h. receive reports from management, the Office of Audit Services and the independent audit firm, regarding new and significant accounting standards to understand their impact on institutional financial statements;

i. receive reports from the Office of Audit Services regarding any financial fraud which, in single incident or aggregate, results in an institutional uninsured or insured loss in excess of $10,000;
j. review the organizational structure, qualifications, independence, scope of services inclusive of office charter, and adequacy of resources of the University’s Office of Audit Services;

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

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

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

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

IV. Internal Controls

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

a. Certifications

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

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

   a. He/she has approved the financial statements,

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

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

   d. He/she is responsible for establishing and maintaining a system of internal controls over financial reporting, and that,

   e. He/she has disclosed to the auditors and the Audit Committee all significant internal control deficiencies and changes that could materially affect financial data.
b. Policy Review.

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

c. Required Disclosures and Compliance Monitoring.

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

d. Confidential Reporting.

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

V. Enterprise Risk Management

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

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

VI. Compliance

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

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

c. Review with the Office of Compliance Services and management, the findings of government agency audits, investigations, reviews; any compliance examinations by regulatory agencies and any auditor observations; monitoring activities that the Director considers significant, that are initiated by a government agency as a result of a whistleblower report, or on a for-cause basis, or that result in a fine, penalty, refund, disallowance or questioned cost in excess of $10,000;

d. Review with the Office of Compliance Services and management, the process for communicating the code of business conduct, code of ethical behavior or other such code to
University personnel and for monitoring compliance therewith;

e. Receive periodically, but not less than annually, reports from the Office of Compliance Services on its activities;

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

g. Receive as needed, through the Audit Committee Chair, compliance matters communicated directly by the Chief Internal Auditor or Director of Compliance Services.

As approved by the Board of Trustees: November 13, 2004
Approved as amended by the Board of Trustees: September 8, 2007
Revised by the Audit Committee: November 12, 2007
Approved as amended by the Board of Trustees: December 1, 2007
Revised by the Audit Committee: April 28, 2009
Approved by the Board of Trustees: May 16, 2009
Revised by the Audit Committee: October 11, 2010
Approved by the Board of Trustees: October 30, 2010
Revised by the Audit Committee: November 14, 2011
Approved by the Board of Trustees: February 4, 2012
Revised by the Audit Committee: September 15, 2014
Approved by the Board of Trustees: October 18, 2014
Revised by the Audit Committee: September 12, 2016
Approved by the Board of Trustees: October 22, 2016