A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, May 22, 2004 at 8:45 a.m. in Memorial Lounge, room 338 Waterman Building.

MEMBERS PRESENT: Chair James Pizzagalli, Vice Chair Martha Heath, Secretary Margaret Hummel, Edwin Amidon, James Betts, Frank Cioffi, Robert Cioffi, Daniel Fogel, Christine Hertz, Kathleen Hoyt, Alysia Krasnow-Butler, Carl Lisman, Thomas Little, Dean Maglaris, Raymond Pecor, Colin Robinson, Malcolm Severance, Helen Spaulding, John Snow, and Robert Young

MEMBERS ABSENT: Governor James Douglas, Richard Hube, James Leddy, and Mark Young

Chair James Pizzagalli called the meeting to order at 8:50 a.m.

Faculty Senate Report

Professor Gurdon reported that since he was not able to be at the Board of Trustees’ meeting in February, he would provide the Board with more of an annual overview of the Senate’s activities. His message was that “The state of the Senate is sound.” He reported that one revealing indicator of interest and involvement in the second year of the representative Senate is an attendance rate of 85%. He stated that the Faculty Senate passed and had approved by President Fogel the following legislative actions:

1. A new Format for Proposals to Terminate an Academic Program.
2. Setting the ground rules for a Certificate of Graduate Study, directed especially at those pursuing professional career developments.
3. Amendments to the Undergraduate Transfer Credit Policy.
4. Procedures permitting faculty action to disenroll students who do not possess the appropriate prerequisites for the course.

However, the monthly Senate meetings were just the tip of the iceberg of faculty participation in the management of the institution. The five standing committees of the Senate invest impressive energy dealing with everyday activities which few others get to see. For instance, the Professional Standards Committee meets weekly and over the course of this year evaluated 96 reappointment, tenure and promotion dossiers and 59 sabbatical proposals. At another level, there are individual faculty members appointed by the Senate who lend their expertise to arising projects such as the Administrative Systems Replacement Project or the Intellectual Property Committee. Likewise, Professor Gurdon himself was invited by the Provost to sit on the University Budget Hearing Panel. He mentioned the Senate’s initiative in organizing the University Fora held on 3/31 and 4/1. Professor Gurdon had felt that it was essential to allow for a more complete understanding of and unequivocal buy-in by faculty to the Vision Statement and
associated growth strategy. He judged the sessions as having contributed to these objectives.

There also been continuing challenges to the work of the Senate, particularly in the new unionized environment. He stated that everyone is still going up the learning curve in sorting out academic matters that may have working conditions implications, that is, over what are bargainable and therefore discussable issues. Nonetheless, the overall relationship between the President, Provost and the Senate leadership remains very positive.

**Committee Reports**

*Facilities and Technologies Committee*

Chair Robert Young reported the University will receive a State Capital Appropriation of $2.6M. The Committee reviewed the emphasis of the Comprehensive Master Plan and discussed the appointment of a special sub-committee to monitor and work with the administration on the Plan. The financing plan for the Gutterson Parking Structure was discussed and the Committee endorsed reallocating funds from the Catamount Project, which is delayed, to the construction of the Gutterson Parking Garage.

The Committee heard from Hank Colker, of WTW Architects, that the University Commons project is on-time and on budget. A proposal to move forward with this project is expected to be presented to the Board by September.

The Committee endorsed a resolution to approve the implementation of an Enterprise Resource Planning (ERP) system at a cost not to exceed $26M. Additionally, two project budget approvals were endorsed; a $1.4M project to convert the old carriage house adjacent to 194 South Prospect Street into a much-needed welcome center for Admissions, and an increase in the project budget for the Residential Learning Center from $47M to $53M necessitated by unanticipated site and utility infrastructure costs, modifications to accommodate the honors college, and market pressures.

The Committee will be scheduling an all-day meeting this summer.

Upon motion made and seconded, the Committee’s report was accepted.

*Academic and Student Programs Committee*

Chair Martha Heath reported that the Committee was updated on completed actions and ongoing activities of the Curricular Affairs Committee and received a summary report of their actions during 2003-2004. Bryant Jones, newly elected President of the Student Government Association, reported on plans for the upcoming academic year. She encouraged all Trustees to read the written reports included in the Committee materials.
The Committee’s annual work plan was also discussed and is included for reference in the Board book.

The Committee received a report on Spring 2004 enrollment. There has been little change since the February meeting. 11,368 applications from first-year students for Fall 2004 have been received and it was noted this is the second highest number in UVM history. ALANA deposits have increased 20%.

Highlights of grants and contracts received so far for FY 04 were reviewed. The University continues to be ahead of last year both in number submitted and amount received ($22,592,473 from January 1 to March 31, 2004). Invention disclosures increased from 16 in FY 02 to 29 so far for FY 04.

The majority of the meeting was spent discussing undergraduate financial aid. The Committee received an overview of how undergraduate financial aid is distributed specifically focusing on the split between grants and scholarships and loans. The differences between in-state and out-of-state financial packages were discussed. Chair Heath encouraged all members to read the materials in the Board book.

Chair Heath concluded by noting that there are six action items for approval on the consent agenda as endorsed by the Committee.

Upon motion made and seconded, the Committee’s report was accepted.

Investment Committee

Chair Robert Cioffi reported that Cambridge Associates reviewed the performance numbers for the consolidated endowment through March 31, 2004. The portfolio for that ending date totaled $235.2 million. Diversification of the portfolio was discussed and the Committee will consider real estate at the September meeting as another possibility for diversification.

The Committee performed an annual review of the Wilbur Trust, a separately managed piece of the endowment. They approved a motion to cut $1.0M from Davidson Kempner and $500,000 from Iridian and invest $1.5M with Och Ziff (OZ) to increase the commitment to marketable alternative and move the equities allocation closer in line to the Consolidated Endowment.

After much discussion regarding changes to the University’s investment policy for fixed income that would be required to allow investment in the Core Plus product, the Committee decided to defer the decision to the next meeting, allowing for a more thorough review of certain parts of the proposed policy revision.

The Committee heard a report on the March 22, 2004 meeting of the Committee on Socially Responsible Investing. Two resolutions were presented and endorsed by the
Committee. The first added clarity to the tobacco advertising policy plus broadened its scope. The second regarded discrimination in employment based on sexual orientation.

The Committee also endorsed a resolution renewing the contract with Cambridge Associates for the period of July 2004 through June 2005.

Upon motion made and seconded, the Committee’s report was accepted.

*University Advancement Committee*

Chair Carl Lisman reported that Dale Rocheleau, who is completing his two-year term as Alumni Council President, reported on the strides made by the Council in the last few years. Most notably are the expanded regional board activities and increased alumni participation. Trustee Frank Cioffi will be taking over as President of the Alumni Council in June.

The Committee followed-up on a discussion held in February about the UVM website. Results of a study conducted were presented. Results are positive for the website’s effectiveness.

A total of $26,461,997 in total commitments has been received as of April 30, 2004, up by 15% year-to-date. The Campaign total through April is $153,153,810, or 61% of goal. The Campaign was successfully launched in Boston on May 3, 2004. The primary focus for the staff and volunteers over the next three years will be scholarship support.

Committee priorities were discussed for 2004. The Committee would like to see more action items and less routine reporting at meetings.

Upon motion made and seconded, the Committee’s report was accepted.

*Finance and Budget Committee*

Chair Kathleen Hoyt reported that the Committee received a report on the FY 04 budget status for the third quarter. Estimated resource and expenditure changes were discussed. The net result of current year projections is a contingency balance of $766,000.

Changes to the FY 05 budget since March were reviewed. Both revenue and expense increased by 0.2M. The Committee endorsed the general fund budget of $200.9M. Tuition (4.5%), room and meal (5.0%) and student fee (21.1%) increases were approved for recommendation to the full Board as was the FY 05 budget for the Morgan Horse Farm.

The University’s key financial performance ratios, indicators, and statistics were provided to identify fiscal and enrollment trends in University performance.
The University has selected Prager Sealy as independent debt advisor. A long-term sub-committee was appointed which will work directly with the advisor. Sub-committee members include: Chair, Kathy Hoyt, Vice Chair, Malcolm Severance, Robert Young, Margaret Hummel, John Snow and Alumni Representative Thomas Leavitt.

The Committee reviewed the annual work plan and will revise it to include quarterly review of the Strategic Financial Plan.

Staff Representative Stephen Chant read a statement from Staff Council regarding their concerns over the proposed staff wage and salary pool of 4% for FY 05.

Upon motion made and seconded, the Committee’s report was accepted

Diversity Committee

Chair Thomas Little reported that the Committee discussed the idea of a Committee workshop, to be held before the September meeting, to talk about the role of the Committee.

While there were no students present from Students Promoting and Exercising Ethnic Diversity, due to the timing of the meeting, the Committee discussed the program and other ways by which students on campus are engaged with the community.

The Committee continues to discuss its charge and the appropriateness of including Human Resource issues. Chair Little will be further researching this issue with the goal of drafting a revised charge to share with the Committee and eventually the Board.

Upon motion made and seconded, the Committee’s report was accepted

Committee on Health Education

Chair Robert Young reported that John Evans, Dean of the College of Medicine, presented an update regarding the college’s work in preparation for its accreditation site survey visit in April 2005. The college’s last site visit was eight years ago, at which point the college received a full seven-year accreditation decision.

Betty Rambur, Dean of the College of Nursing and Health Sciences, presented the results of a research literature review that examined the potential effect of Vermont’s healthcare profession shortages, especially nurses, on patient safety and survival. The study also focused on how the curriculum and programs available within the college are designed to produce graduates who can improve the quality of healthcare in the state.

The Committee discussed the on-going process with regards to the affiliation agreement with Fletcher Allen Health Care and endorsed a resolution extending the agreement. Upon motion made and seconded, the Committee’s report was accepted
Audit Committee

Chair Margaret Hummel reported that the Committee reviewed the NCAA Audit and A133 Audit with KPMG, both received as reports and not requiring any action.

KPMG reported on their preliminary audit observations which have been reported to management and presented an overview of the audit plan for FY 04 highlighting the areas of emphasis for the coming audit cycle, the general audit approach, and the planned timeline for the 2004 audit. The Committee will meet in September at which time a progress report will be provided.

The Committee discussed the University’s plan to implement an institution–wide business risk management program and encouraged adoption of this action plan requesting Vice President Gower and Charles Jefferis of Audit Services develop a draft charter for the Committee and a financial plan for this initiative. Due to the lack of time, this topic will be further discussed at the September meeting.

The Committee discussed, in executive session, investigative audits which are on-going.

Upon motion made and seconded, the Committee’s report was accepted

University of Vermont Board

Chair Robert Cioffi reported that the Wilbur Trust scholarship awards were accepted and approved and that the Board met in executive session to discuss the appointment and evaluation of public officers.

Vermont Agricultural College Board

Secretary Martha Heath reported on behalf of Chair Richard Hube that the Board’s meeting on April 28, 2004 was an informational meeting held in Montpelier. Provost Bramley attended the meeting and reported on the construction delays as a result of the failure of the state to issue stormwater permits for University projects also resulting in the payment of additional interest on bonded indebtedness.

It was reported that recent negotiations with federal research agencies had resulted in a half percent increase in the indirect reimbursement rate for federally-funded research for the next three years (FY 05-07).

Consent Agenda

Chair Pizzagalli inquired whether any resolutions on the consent agenda needed to be voted on separately. Trustee Margaret Hummel requested a separate vote for resolution numbers 18, 19, 20, and 21. Chair Pizzagalli requested resolution number 5 also be voted on separately.
The Chair entertained a motion to approve the remainder of the consent agenda:

**COMMITTEE OF THE WHOLE**

(1) Resolution regarding Long-Range Vision and Strategic Financial Plan

WHEREAS, at the February 6, 2003 meeting of the Board, President Fogel and the administration articulated a long-range vision, based upon a growth and investment model; and

WHEREAS, at its May 16, 2003 meeting, the Board acknowledged with enthusiasm the articulation of a long-range vision and the continuing development and implementation of the University Strategic Plan (Attachment A), as well as directed development of a multi-year Strategic Financial Plan; and

WHEREAS, the administration subsequently produced a Strategic Financial Plan (Attachment B), dated May 13, 2004, that incorporated and analyzed the premises of the long-range vision and Strategic Plan; and

WHEREAS, the Strategic Financial Plan is intended to serve as a template for reviewing future University financial performance and will aid the trustees in making decisions regarding the future of the institution as strategic issues arise from time to time; and

WHEREAS, a qualified, independent financial consultant, PricewaterhouseCoopers (PwC), has since reviewed and analyzed the Strategic Financial Plan, and issued a report containing its analysis and related recommendations; and

WHEREAS, the Board and the administration recognize and agree that:
- By its very nature, a long-range strategic and associated financial plan are subject to changing conditions,
- The long-range plan must be adaptable to such conditions and contingency adjustments must be made, and
- There is accordingly need for monitoring of all aspects of the Strategic Financial Plan and its implementation, and ongoing progress assessment.

THEN, BE IT RESOLVED, that the Board accepts receipt of the PricewaterhouseCoopers Evaluation of the Strategic Financial Plan; and

BE IT FURTHER RESOLVED, that the Board authorizes the President and the administration to commence implementation of the long-range vision and strategic plan, subject to the monitoring plan and also subject to early development of contingency plans as necessary and desirable to adapt to changing conditions, and periodic reporting to the Board on the results of the implementation, monitoring, assessment, and contingency plan formulation; and
BE IT FINALLY RESOLVED, that the Board thus adopts a Monitoring Plan to guide the process, as follows:

1. Quarterly, the Administration shall present to the Board’s Finance Committee financial performance data for the University compared to this plan or the latest revision thereof.

2. Annually, the Administration shall revise and update the Strategic Financial Plan by adding an additional year to the projections and by revising the projections for the other years to reflect actual results and then-available data. Such revisions shall be presented to the Board for its review and approval in a manner congruent with the annual budget approval process.

3. The University shall retain an independent consultant to assist the University in establishing a debt policy and to study the University’s ability to service the level of debt contemplated by the Strategic Financial Plan. The consultant shall also make recommendations on financing instruments and the sequencing and timing of these instruments, and shall study the impact of such additional debt on the University's credit rating.

The consultant shall engage the administration and a Debt Subcommittee of the Finance and Budget Committee in this work. The initial report of the debt adviser shall be presented to the Finance and Budget Committee in advance of its September, 2004 meeting, with subsequent reports to the Finance and Budget Committee and to the Board in advance of the decision points on major capital investments.

4. The approval of this long-range vision and the Strategic Financial Plan does not constitute the approval of any program, initiative or capital expenditure contemplated thereby. All such programs, initiatives and capital expenditures shall be subject to trustee review and approval according to customary practices and procedures.

5. For this monitoring plan, the Strategic Financial Plan is defined as comprising:

- projected statements of operations and assumptions
- projected balance sheets, including cash flow, investments, debt, etc.
- capital construction plans
- performance indicators
- academic growth projections

6. Pro forma balance sheets and statements of cash flow to be included in the Strategic Financial Plan shall be prepared for the September 2004 Board meeting.
FACILITIES & TECHNOLOGIES COMMITTEE

(2) Gutterson Parking Structure Financing Resolution

WHEREAS, in May 2002 the University of Vermont Board of Trustees authorized the issuance of General Obligation Bonds for various capital projects; and,

WHEREAS, in February 2004 the Board authorized the construction of a parking structure east of the PFG Complex with the understanding that the Vice President for Finance and Administration would provide a financing plan at the May 2004 meeting; and,

WHEREAS, the previously authorized Catamount Apartment Project has been indefinitely delayed due to unresolved regulatory issues; and

WHEREAS, the administration wishes to utilize existing bond proceeds before seeking Board authorization to issue new bonds;

NOW, THEREFORE, BE IT RESOLVED, that the Board authorizes the reallocation within the 2002 Bond Issue of $12,500,000 from the Catamount Apartments Project to the Gutterson Parking Structure Project; and,

BE IT FURTHER RESOLVED, that should all necessary permits be received for the Catamount Apartments Project, the President or Vice President for Finance and Administration, or their successors or designees, are hereby authorized to utilize internal or obtain external interim financing until the University obtains new bond funding for the project; and,

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and, further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

(3) ERP Project Resolution

WHEREAS, through review of options available to the University, it has been demonstrated that implementation of an Enterprise Resource Planning (ERP) system for the University will assist the University in advancing its strategic objectives, including productivity and service improvements; compliance with federal and other laws, rules, and regulations; and support for the University’s mission; and

WHEREAS, the Board has been presented the complete description and financing plan for the project;

NOW, THEREFORE, BE IT RESOLVED, that the President, Vice President for Finance and Administration, or their successors or designees, are hereby authorized to commence
implementation and to execute any and all contracts and documents necessary to
undertake the ERP Systems Project at a total cost not to exceed $26,000,000; and

BE IT FURTHER RESOLVED, that the President or Vice President for Finance and
Administration, or their successors or designees, are hereby authorized to obtain internal
or external interim financing until bonds can be issued at the appropriate time for the
project; and,

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide
certificates of incumbency, as required, showing the names and signatures of those
persons appointed to any of the positions heretofore mentioned and, further, that any
officer of this corporation is hereby authorized to certify this resolution to whom it may
care.

(4) Admissions Carriage House Project

WHEREAS, plans have been developed to renovate and expand the former carriage
house adjacent to 194 South Prospect Street into an Admissions Welcome Center;

NOW, THEREFORE, BE IT RESOLVED that the President or Vice President for
Finance and Administration, or their successors or designees, are hereby authorized to
execute any and all contracts and documents necessary to undertake the Admissions
Carriage House Project at a total project cost not to exceed $1,400,000; and,

BE IT FURTHER RESOLVED, that $340,000 remaining unspent in the Trinity
Communications Project, and $6,862 remaining from the Perkins Geology Project,
funded through the 2002 General Obligation Bond Issue be reallocated to this project, to
be combined with $1,053,138 identified from internal sources; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide
certificates of incumbency, as required, showing the names and signatures of those
persons appointed to any of the positions heretofore mentioned, and, further, that any
officer of this corporation is hereby authorized to certify this resolution to whom it may
care.

(6) Resolution Authorizing Right of Way and Deed of Easement to City of Burlington
through its Electric Department for Electrical Lines and Transformer at 1 South Prospect
Street

WHEREAS, the University is the owner of a building located at 1 South Prospect Street
in the City of Burlington; and

WHEREAS, the University desires and is willing to grant a right of way and easement
ten feet wide for the installation of electrical lines and cables and fourteen feet by
fourteen feet for the installation of a transformer at 1 South Prospect Street to upgrade the
electrical service to DeGoesbriand and Jeanne Mance buildings;
THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby authorizes the President or Vice President for Finance and Administration, or their successors, to grant a Right of Way and Deed of Easement for Electrical Lines and Transformer to the City of Burlington, and to execute any and all instruments necessary to accomplish that purpose.

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned and, further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

ACADEMIC & STUDENT PROGRAMS COMMITTEE

(7) Approval to Establish the Bachelor of Science Degree Athletic Training Education

RESOLVED, that the Board of Trustees approves the establishment of the Bachelor of Science Degree Athletic Training Education as approved by the Provost on March 24, 2004 and by the President on March 26, 2004.

(8) Approval to Establish the Joint Doctorate of Philosophy Degree in Animal Sciences and Food and Nutrition Sciences

RESOLVED, that the Board of Trustees approves the establishment of a joint Doctorate of Philosophy Degree in Animal Sciences and Food and Nutrition Sciences as approved by the Provost on March 24, 2004 and by the President on March 26, 2004.

(9) Approval to Establish the Bachelor of Science Degree in Early Childhood Special Education

RESOLVED, that the Board of Trustees approves the establishment of the Bachelor of Science Degree in Early Childhood Special Education as approved by the Provost on April 2, 2004 and by the President on April 6, 2004.

(10) Approval to change the name of the degree from “Bachelor of Science, major in Computer Science” to Bachelor of Science in Computer Science”

RESOLVED, the Board of Trustees approves changing the name of the degree from “Bachelor of Science, major in Computer Science” to Bachelor of Science in Computer Science”
(11) Approval to change the name of the minor in Sociolinguistics in Anthropology to Linguistic Anthropology

RESOLVED, that the Board of Trustees approves changing the name of the minor in Sociolinguistics in Anthropology to Linguistic Anthropology.

(12) Approval of the Certificate of Graduate Study in Ecological Economics

RESOLVED, that the Board of Trustees approves the establishment of the Certificate of Graduate Study in Ecological Economics.

INVESTMENT COMMITTEE

(13) Resolution Regarding Shareholder Proposals and Tobacco Products

BE IT RESOLVED that the University will vote in favor of shareholder proposals that restrict the use of advertisements for the sale of tobacco products via any medium, including but not restricted to television, print, or the internet; and

BE IT FURTHER RESOLVED, that the University will vote in favor of shareholder proposals that are introduced for the purpose of ensuring that companies not engage in illegal activities through the sale of tobacco products to minors via the internet.

(14) Resolution Regarding Shareholder Proposals and Discrimination in Employment

BE IT RESOLVED, that the University will vote in favor of shareholder proposals that bar discrimination in employment based on sexual orientation.

(15) Resolution Regarding Investment Advisory Services

BE IT RESOLVED, that the President, Provost, Vice President for Finance and Administration, Associate Vice President for Finance and Controller, or any officer holding the above positions on an interim basis, singly is authorized to enter into a contract with Cambridge Associates LLC for the purpose of serving as an investment advisor to the University for the period July 1, 2004 to June 30, 2005 at a fee to be determined by the Investment Committee Chair.

This resolution supersedes all previous authorizations.

(16) Resolution Revising University Statement of Investment Objectives and Policies – Section E and Exhibit 1

RESOLVED, that Section E .2. and Exhibit 1 of the University Statement of Investment Objectives and Policies, shall hereafter read as follows, until further revised by this Board:
E. Guidelines for the Fixed Income Fund

2. Money market instruments as well as fixed income securities may be used in the Fixed Income Fund, but equities and convertible bonds are excluded. The fixed income fund manager(s) may employ either a passive, index-driven, or so-called active management techniques that exercise interest rate anticipation and intersectoral arbitrage. For the active style of investment, changes in average duration should usually be moderate and incremental. Since the fund is designed as a deflation hedge, an average (See Section J - Definitions) duration within one year of the Lehman Aggregate Index should be maintained.

EXHIBIT 1
UNIVERSITY OF VERMONT
ASSET ALLOCATION STRATEGY

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Implementation</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S Equity</td>
<td>Core exposure to passive index complemented by one or more satellite managers</td>
<td>39.5%</td>
<td>30-50%</td>
</tr>
<tr>
<td>Non-U.S. Equity</td>
<td>One or more managers investing in developed and emerging markets</td>
<td>12%</td>
<td>10-14%</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>A group of complementary managers with a distinct approach to investing, each offering attractive levels of expected returns while not being fully correlated with major equity and debt markets</td>
<td>17.5%</td>
<td>16-24%</td>
</tr>
<tr>
<td>Real Estate/Inflation Hedges</td>
<td>If real estate investments are undertaken, exposure will be achieved by investing in one or more commingled funds, offering broad diversification</td>
<td>5%</td>
<td>3-10%</td>
</tr>
<tr>
<td>Non-marketable/Alternatives</td>
<td>Focus will be on high quality of funds, providing a broad range of diversification</td>
<td>5%</td>
<td>0-10%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>One or more managers will be used to provide broad diversification to high quality domestic fixed income</td>
<td>20%</td>
<td>15-30%</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>Small amounts of cash may be held for purposes that the Investment Committee deems necessary</td>
<td>1%</td>
<td>0-3%</td>
</tr>
</tbody>
</table>

1 Alternative Assets include: Distressed Securities, Arbitrage and Hedge Funds
FINANCE & BUDGET COMMITTEE

(17) Acceptance of Gifts and Grants

RESOLVED, that the Board of Trustees hereby accepts gifts in the amount of $2,985,979.76 for the period January 1, 2004 through April 2, 2004 and grants and contracts in the amount of $22,592,473 for the period January 1, 2004 through March 31, 2004.

(22) Fiscal Year 2004 Operating Budget: Morgan Horse Farm

RESOLVED, that the Board of Trustees approves the recommended operating budget for the Morgan Horse Farm for Fiscal Year 2005 in the amount of $408,000.

COMMITTEE ON HEALTH EDUCATION

(23) Resolution regarding the Affiliation Agreement

RESOLVED, that the Board authorizes the President and/or the Provost to execute, on behalf of the University, an agreement again extending the otherwise governing contractual deadline for providing notice to Fletcher Allen Health Care ("FAHC") of any intent not to renew the Affiliation Agreement between the parties; and

BE IT FURTHER RESOLVED, that the deadline shall be extended to December 31, 2004, in the absence of further action by this Board; and

BE IT FINALLY RESOLVED, that the Board directs the administration, prior to such deadline, to continue its review of the affiliation, internally and in consultation with FAHC and, in the review, to consider such revisions as may best advance the missions of the organizations individually and collectively through their academic medical center.

The motion was seconded and it was voted to approve the resolutions as presented. The vote carried 20-0.

Due to a conflict of interest Chair Pizzagalli turned the meeting over to Martha Heath and abstained from voting on resolution number 5. Vice Chair Heath entertained a motion to approve the following resolution as presented:

(5) Residential Learning Center Project Revisions

WHEREAS, at its May 2002 meeting the Board approved the construction of up to 600 additional residence hall beds at a cost not to exceed $34,000,000; and,

WHEREAS, at its May 2003 meeting the Board increased the scope of the project to approximately 800 beds with an increase in the project budget to $47,000,000; and,
WHEREAS, unanticipated site and utility infrastructure costs, modifications to accommodate the Honors College, LEEDS certification expenses and market pressures in the cost of materials have increased the overall cost of the project to $53,100,000; and,

WHEREAS, a reduction in project scope and/or construction quality is not in the best long-term interests of the University;

NOW, THEREFORE, BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to increase the project budget from $47,000,000 to $53,100,000; and,

BE IT FURTHER RESOLVED, that the President or Vice President for Finance and Administration, or their successors or designees, are hereby authorized to utilize internal or obtain external interim financing above the $34,000,000 previously allocated from the 2002 General Obligation Bond Issue until the University reallocates existing, or obtains new bond funding for the balance of the project; and

BE IT FINALLY RESOLVED, that the Secretary or Assistant Secretary will provide certificates of incumbency, as required, showing the names and signatures of those persons appointed to any of the positions heretofore mentioned, and, further, that any officer of this corporation is hereby authorized to certify this resolution to whom it may concern.

The motion was seconded and it was voted to approve the resolutions as presented. The vote carried 19-0.

The meeting was turned back over to Chair Pizzagalli who entertained a motion to approve resolution number 18:

(18) Fiscal Year 2005 Budget Premises: General University

RESOLVED, that the Board of Trustees hereby approves the budget premises for Fiscal Year 2005 which lead to a General Fund operating budget for the University of $200,900,000 and authorizes the President to proceed with detailed budget preparation in accordance with these premises.

The motion was seconded and it was voted to approve the resolution as presented. The vote carried 19-1.

Chair Pizzagalli entertained a motion to approve resolution number 19:
(19) Tuition Charges for Fiscal Year 2005

RESOLVED, that the Board of Trustees hereby approves increases in the following tuition rates effective with the 2004-2005 academic year:

a. In-state tuition from $8,696 to $9,088 per year, or $379 per credit hour.
b. Out-of-state tuition from $21,748 to $22,728 per year, or $947 per credit hour.
c. Medical student in-state tuition from $22,300 to $23,080 per year for first-year students; from $22,300 to $22,860 for second-year students; from $21,660 to $22,200 for third-year students; and from $21,560 to $22,100 for fourth-year students.
Medical student out-of-state tuition from $39,020 to $40,390 per year for first-year students; from $39,020 to $40,000 for second-year students; from $37,920 to $38,870 for third-year students; and from $37,720 to $38,660 for fourth-year students.

The motion was seconded and it was voted to approve the resolution as presented. The vote carried 19-1.

Chair Pizzagalli entertained a motion to approve resolution number 20:

(20) Room and Meal Plan Rates, Fiscal Year 2005

RESOLVED, that the Board of Trustees hereby approves room and meal plan rates for Fiscal Year 2005 as follows:

per year

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Single room</td>
<td>$5,700</td>
</tr>
<tr>
<td>Single room</td>
<td>$5,386</td>
</tr>
<tr>
<td>Double room</td>
<td>$4,710</td>
</tr>
<tr>
<td>Triple room</td>
<td>$3,766</td>
</tr>
<tr>
<td>Basic meal plan</td>
<td>$1,812</td>
</tr>
<tr>
<td>Average meal plan</td>
<td>$2,306</td>
</tr>
<tr>
<td>Carte Blanche meal plan</td>
<td>$2,576</td>
</tr>
</tbody>
</table>

The motion was seconded and it was voted to approve the resolution as presented. The vote carried 19-1.

Chair Pizzagalli entertained a motion to approve resolution number 21:

(21) Fees for Fiscal Year 2005

RESOLVED, that the Board of Trustees approves increases to student fees from $940 to $1,138 effective with the 2004-2005 academic year.
The motion was seconded and it was voted to approve the resolution as presented. The vote carried 19-1.

**Other Business**

At 10:00 a.m. a motion was entertained and it was voted to enter into executive session to consider contracts and the evaluation of a public officer.

The meeting was re-opened to the public at 11:10 a.m. Chair Pizzagalli presented the following resolution for approval:

**Resolution regarding Presidential Compensation and Contract**

WHEREAS, the Executive Committee subcommittee on presidential evaluation and compensation (“the subcommittee”) during the past year engaged in work consistent with its charge; and

WHEREAS the subcommittee reported its findings and deliberations to the Executive Committee on May 17, 2004; and

WHEREAS, on this date, the Executive Committee reported its associated findings and deliberations to this Board, and the Board has now received such report and itself deliberated;

BE IT RESOLVED, that the Board hereby directs and authorizes the Executive Committee hereafter to finalize and approve a presidential salary award for FY05 and otherwise effect mutually acceptable presidential contract adjustments, in a manner consistent with such deliberations.

The motion was seconded and it was voted to approve the resolution as presented. The vote carried 20-0.

**Adjournment**

There being no further business, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Margaret P. Hummel, Secretary