A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, November 13, 2004 at 8:30 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, Richard Hube, James Leddy, Carl Lisman, Thomas Little, Deborah McAneny, Raymond Pecor, Colin Robinson, Malcolm Severance, Helen Spaulding, John Snow, and Mark Young

MEMBERS ABSENT: Governor James Douglas, Alysia Krasnow-Butler, Dean Maglaris and Mark Young

ALSO PARTICIPATING: Faculty Senate President Michael Gurdon

Chair James Pizzagalli called the meeting to order at 8:40 a.m.

Approval of Previous Meeting Minutes

A motion was made, seconded and it was voted to approve the minutes from the September 11, 2004 meeting as presented.

Faculty Senate Report

Professor Michael Gurdon reported that the Senate has met three times since his last report in September. Two meetings were unusual in that they were not devoted to reviewing and voting action items but focused on the UVM Vision. One forum encouraged brainstorming over the meaning of UVM being “pre-eminent in liberal education” and how that might be implemented. Some very creative ideas were generated, especially where these linked multiple disciplinary perspectives in the analysis of a contemporary problem. The second forum involved an exchange of views regarding the role of UVM in contributing to the economic health of the State. This vigorous discussion touched on the Land Grant mission, the future of the Extension Service in the context of declining funding support from Federal and State governments relative to costs, and the creation of a business incubator for emerging technologies. It is Professor Gurdon’s hope that Senators will be motivated to continue to engage in contributing their ideas to the application of the Vision.

Three Faculty Senate representatives (Vice President Judy Cohen, Curricular Affairs Chair Jim Burgmeier, and Professor Gurdon) attended the Senior Leadership Retreat last month which was designed to focus in great depth on the Vision and to developing a consensus on priorities. Professor Gurdon concluded by reporting on two notable recent developments. The more frequent and comprehensive Deans’ performance evaluation process, envisioned by the Senate in procedures passed last year and designed as a developmental tool, is now operational. The
confidential electronic survey based on software created by Professor Burgmeier has been sent out to faculty and staff of one unit in which the dean has reached the third year of appointment. The same instrument will be used to collect feedback in the more intensive five-year reviews which take place in the spring. Six members of the Executive Council (three in each case) have been appointed as the Senate’s representatives to the membership of these two Dean review committees.

He further reported that a process is being initiated that will substantially revise and restructure the Officers’ Handbook. The probable outcome is a new Handbook customized for faculty within the College of Medicine and covering those aspects of employment that distinguish non-bargaining unit faculty from those represented within the United Academics’ contract. Another outcome is likely to be a policies and procedures document that applies to all faculty. The Senate can expect to receive these draft documents before the end of this academic year if the current timetable is adhered to.

Committee Reports

Diversity Committee

Chair Thomas Little reported that the Committee heard a presentation by McNair Scholar Evan Litwin on Chittenden County’s changing racial and class demographics. The McNair Scholars program, in its first year at UVM, is highly competitive, admitting only ten students from dozens of applicants. The program offers first generation, lower income and students from underrepresented groups an opportunity for critical academic, research, and professional experiences in order to enhance their competitiveness in gaining admission to doctoral programs.

Annie Stevens, Assistant Vice President of Student and Campus Life, presented highlights of the Diversity Initiative started by the division four years ago and reported on success in many areas, including increases in staff, graduate assistants and student affairs leadership of color.

Willi Coleman, Vice Provost for Multicultural Affairs, updated the Committee on ALANA student enrollment for fall of 2004. Student applications increased by 38.5% over fall 2003; the number of admits increased by 29.4%; the number of enrollments increased by 9.5%. The total number of ALANA students enrolled for fall 2004 is 728, an increase of 6.6%.

The Committee spent the balance of the meeting reviewing a resolution to amend the charge of the Committee and an accompanying statement entitled “Why Diversity is an Academic and Institutional Strategic Priority for the University of Vermont”. There was a thorough and detailed discussion on the statement.

The Committee endorsed the resolution along with the statement which was amended to reflect changes consistent with the Committee discussion. Both are included on the consent agenda for the Board’s consideration.

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

Chair Margaret Hummel reported that the Committee passed resolutions to accept the audited FY 2004 financial statements and approved contracting with KPMG for FY 2005. Both resolutions are included on the consent agenda for the Board’s consideration.

Additionally, the Committee reviewed and finalized proposed amendments to its Charter. A resolution regarding the Audit Committee’s Charter appears on the consent agenda for the Board’s approval with the amended Charter appended.

The Committee reviewed a draft Trustee Conflict of Interest Policy prepared by Vice President Francine Bazluke. Vice President Bazluke will make minor changes suggested by Committee members and circulate the draft policy to members of the Committee for their review. The intent of the Committee is that the revised policy be brought to the Board for consideration at the February 2005 Board meeting. The Committee would like for the draft policy to be distributed to all Trustees in advance of the February meeting, and separate from the Board book.

Board Chairman James Pizzagalli stressed that the conflict of interest policy affects all Board members and encouraged everyone to review it and offer comments before it is brought to the Board for approval.

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

Debt Subcommittee

Chair Kathleen Hoyt began by expressing her appreciation to members of the Subcommittee for their hard work over the summer and fall. The Subcommittee met on Thursday afternoon with bond counsel and reviewed the commercial paper documents. The Subcommittee approved recommending to the Finance and Budget Committee adoption of the following resolutions: (1) Commercial Paper Note Resolution; (2) Resolution Relating to the Appointment of Certain Agenda and the Approval of Certain Documents; (3) Resolution Relating to the Financing of the Wing-Davis-Wilks Residence Complex Renovation Plan; and (4) Resolution Relating to the Financing of Certain Projects.

All four resolutions, along with a one page summary of the commercial paper program were reviewed on Friday afternoon by the Finance and Budget Committee. The summary outlines the rationale for establishing the commercial paper program, characteristics and limitations of the program, and the process for review. A copy of the commercial paper program summary is included with the committee meeting summary report. The Finance and Budget Committee unanimously approved all four resolutions for recommendation to the full Board.

Chair Hoyt presented the commercial paper program resolutions for the Board’s consideration, noting that they do not appear on the consent agenda but, rather, can be referenced in the Debt Subcommittee section of the Board book. It was noted that the documents were prepared using a “boiler plate” language with some modifications specific to the University of Vermont.
A motion was made, seconded and it was unanimously voted to approve all four resolutions as presented. Copies of the resolutions will be appended to these minutes.

**Finance and Budget Committee**

Chair Kathleen Hoyt reported that the Committee briefly discussed the current budget projections for FY 2005, based on results through the first quarter of the fiscal year. At this time, there is approximately $2.2 million available for contingency purposes. The Committee also reviewed the FY 2006 planning process. Projected expenditures currently exceed projected revenues by $4.6 million. Adjustments to revenue and expense will continue to be explored to eliminate this variance.

Vice President Gower provided a quarterly status report on the Strategic Financial Plan. Work continues to transition the Plan into Hyperion Strategic Finance (HSF). The areas in which new data or assumptions are available are fall 2004 undergraduate enrollment, capital projects, and sponsored activity. The Committee plans to meet again, before February, to look at the Plan.

The Committee approved a resolution authorizing a state appropriation request of $40,834,388 for FY 2006, representing a 5% increase in base appropriation plus a supplemental request of $1 million. The Committee also approved a resolution authorizing a $5000 State appropriation request for general operations of the Morgan Horse Farm.

Additionally, the Committee approved a resolution providing for interim financing of up to $2 million for planning costs for the Wing-Davis-Wilks Residence Hall renovations and the recommended increase for summer session tuition rates. The increase, per credit hour, increases $25 (7.5%) for in-state students and $76 (9.8%) for out-of-state students. The increase is keeping with the Division of Continuing Education’s recommendation for continuation of a multi-year plan to move summer session tuition to equal academic year tuition.

All resolutions approved by the Committee are included on the consent agenda for the Board’s consideration.

Upon motion made and seconded, both the Debt Subcommittee and Finance and Budget Committee reports were accepted.

**Investment Committee**

Chair Robert Cioffi reported that the endowment began the fiscal year with solid results on both an absolute and relative basis. The total portfolio for the University as of September 30, 2004, including the consolidated endowment, Wilbur Trust, and separately invested funds is $232.5 million.

The Committee discussed the portfolio’s historical exposure to emerging markets, real assets and the Hedge Fund portfolio. Discussion of more exposure to emerging markets will continue at the next meeting.
Trustee Margaret Hummel, Chair of the Committee on Socially Responsible Investing, reported on its meeting on October 21, 2004. The topics of construction contracting and the performance of funds with socially responsible mandates were raised. The Facilities and Technologies Committee discussed construction contracting at its meeting yesterday and the Committee followed up with Associate Vice President Michael Schultz and learned that no donors to date have asked about a choice of a socially responsible vehicle for their gift.

Chair Cioffi concluded by reporting that a task force has been assigned to review the Hedge Fund Portfolio and come back to the Committee with recommendations at the February meeting. Members of the task force are Chair Cioffi, Vice Chair John Snow and Committee member Thomas Little.

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

**Academic and Student Programs Committee**

Chair Martha Heath reported that the Committee received reports from James Burgmeier, Chair of the Faculty Senate Curricular Affairs Committee, and Bryant Jones, President of the Student Government Association (SGA). The Curricular Affairs Committee has been active working on curricular cohesiveness and writing across the disciplines. Chair Heath noted that it was helpful to receive a written report on SGA activities. Trustee Robert Cioffi also acknowledged SGA’s professionalism.

Vice President Lauck Parke reported on the University’s efforts to expand and improve enrollment management efforts to meet goals of the strategic financial plan. His report included a review of the Black consulting report and the University’s actions to date in response to the recommendations. All Trustees were encouraged to read the summary report included in the Board book.

Vice President Parke also updated the Committee on the progress made in the last year to achieve predictable growth in financial aid while seeking to support both need and merit-based aid priorities.

Donald DeHayes, Dean of the Rubenstein School of the Environment and Natural Resources, reported on the School’s approaches and success in advising, with particular emphasis on first-year advising, resulting in an increase in student retention.

Vice President Frances Carr reported on research and scholarship providing an overview of ongoing planning with respect to the future creation of the Vermont Advanced Computing Center.

The Committee approved a resolution to establish the Bachelor of Science Degree in Public Communication which is included on the consent agenda for the Board’s consideration.

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

Chair Robert Young reported that representatives from Hargreaves Associates presented a
detailed overview of the Campus Master Plan, highlighting what the master plan will, and will
not, be when completed.

Mara Saule, Chief Information Officer and Dean of Libraries, reviewed initiatives of the
information technology vision being developed as part of Information Technology master
planning.

Sal Chiarelli, Director of Physical Plant, discussed the Utilities Master Planning work currently
under way. A multi-phased utilities system improvement proposal, which would include
developing a tri-generation system for the campus to generate steam, electricity, and chilled
water at the Center Heating Plant was reviewed. Phase One will be brought to the Committee for
review and approval at its February meeting.

The Committee reviewed and approved the recommended State Capital Request for FY 2006 of
$4,087,500 toward the construction of the Plant Sciences Building that will replace the Hills
Agricultural Sciences Building. The resolution is included on the consent agenda for full Board
approval.

The Committee reviewed project planning and endorsed a resolution authorizing the
development of plans and estimates for the renovation of the Wing-Davis-Wilks Residence
Complex and a resolution to commence planning for a Plant Sciences Building. It was noted that
architectural and financing plans will be brought to the Committee for approval before the
projects proceed further. Both resolutions are included on the consent agenda for full Board
approval.

As noted in the Investment Committee report earlier, the Committee discussed the issue of
construction contracting. Vice President Gower indicated that UVM is currently following
guidelines set by the Board of Trustees, and nearly three-quarters of the contractors working on
campus are Vermont-based. Trustee Margaret Hummel spoke at the meeting on behalf of the
Committee on Socially Responsible Investing. Chair Young requested the administration
provide the Committee with more information so that it can further discuss the issue at the next
meeting. Trustees Margaret Hummel and Colin Robinson both stated they were pleased that the
issue is being addressed and that further discussions will occur.

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

University Advancement Committee

Chair Carl Lisman reported that Vice President Karen Meyer educated the Committee on the
work of the Office of State and Federal Relations, which connects UVM to State and national
leaders, government officials, and private and public organizations.
The Committee continued to discuss its oversight role in enrollment management, specifically the areas on which this Committee should focus. Several areas were discussed under the main themes of recruitment, retention and engagement. In February, the Committee will address further refinement of its role in advancing the Vision.

Rise Drake, Director of Campaign Programs, reported that the Lintilhac Foundation Scholarship Challenge featured in the last issue of Vermont Quarterly has been extremely successful. All scholarships for FY 2005 have already been committed. Development and Alumni Relations (DAR) is beginning to take pledges for this Challenge that will be paid in FY 2006. DAR staff members continue to look for donors who may be able to offer similar challenges. The campaign total is at $174 million, 70% of goal.

Director of Athletics Robert Corran attended the meeting and provided additional information on the purpose, objectives and success of the Victory Club.

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

Committee on Health Education

Chair Robert Young reported that the Committee met in executive session to discuss contracts and the appointment of public officers.

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

Finance and Budget and Investment Committees – Joint Meeting

Kathleen Hoyt, Chair of the Finance and Budget Committee, reported that the Committees met jointly to discuss debt management and short-term investments.

Lorrie Dupont, of UBS and Chris Cowen, from Prager Sealy, presented an overview of the utilization of self-liquidity for the commercial paper program.

Vice President Gower presented a report on FY 2004, including an overview of the University’s audited financial statements and a presentation of that information re-cast into an operational view. In addition, he presented a view of appropriation commitments reconciled to the financial statements and a comparison of actual to budget. He is currently working with the Provost on developing a revised budget management model.

Vice President Gower also provided the Committee a summary of principles, objectives and transaction flows for the internal bank. Principles include efficient management of internal and external obligations, minimizing net cost to the institution, optimizing cash balances, and achieving the goals of the capital investment plan. Objectives included managing debt as a portfolio in the context of the whole balance sheet, continual access to funding for capital projects, minimizing external cost of capital within appropriate risk parameters, stabilizing the
cost of funds and achieving budget predictability, and maximizing investment returns by optimizing cash reinvestment strategies.

*University of Vermont Board*

Chair Robert Cioffi reported that the Board reviewed and approved the work plan through November 2006 and met for the remainder of the meeting in executive session to discuss the appointment and evaluation of public officers.

*Vermont Agricultural College Board*

Chair Richard Hube reported that the Board received an update on the activities of the Commission on Higher Education Funding (CHEF) in preparing a report for the 2005 Legislature that will review and revise the State’s critical needs in higher education and update the benchmarks used to evaluate performance in meeting those needs.

Vice President Karen Meyer reported that CHEF also was preparing to make its recommendation to the Governor on funding levels for higher education in FY 2006. The CHEF proposal is expected to reflect the recommendation made by the Business Roundtable (BRT) in its report, *Becoming the Knowledge State—The Vital Importance of Higher Education in Vermont’s 21st Century Economy*. The BRT urged that Vermont’s ranking among the 50 states for state funding for higher education be at 40th within five years.

*Consent Agenda*

Chair James Pizzagalli presented the consent agenda for approval.

Trustee Thomas Little requested that resolution #3, amending the Charge of the Standing Committee on Diversity and Restating the Commitment of the Board of Trustees on Diversity, be removed from the consent agenda for further discussion.

Trustee Margaret Hummel requested that resolution #9, approving Summer Session Tuition Rates, be voted separately from the consent agenda.

Trustee Thomas Little acknowledged and thanked President Fogel, Provost Bramley and Vice President Bazluke for their collaboration and assistance in preparing the ‘Why Diversity’ statement.

Trustee Little reviewed the resolution and statement, noting that both documents reflect the consensus of the Committee. The resolution and statement were presented for approval:
(3) Resolution Amending the Charge of the Standing Committee on Diversity and Restating the Commitment of the Board of Trustees on Diversity

WHEREAS, on February 5, 1999, the University of Vermont Board of Trustees established the Standing Committee on Diversity, following several years of active Board and University-wide discussion, debate and deliberation on the value and importance of diversity; and

WHEREAS, diversity is a core educational value essential to advancement of the University’s mission, and is prominent in the University’s Strategic Plan; and

WHEREAS, the Committee on Diversity has examined the Committee’s charge to clarify the focus of the Committee’s work and responsibilities, to help the Board and the University to make further progress in this area; and

WHEREAS, The Board of Trustees finds that continuing progress in achieving the University’s strategic diversity goals will be fostered by making a clear and persuasive statement articulating the reasons why diversity is a critically important strategic priority for the University, and supporting the Board’s own commitment to diversity;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Trustees adopts and affirms the ‘Why Diversity’ statement attached to this Resolution as a statement of fundamental University policy and values.

2. That the Committee on Diversity’s charge be hereby amended to read as follows:

   The charge of the Standing Committee on Diversity shall be to review and monitor the progress of the University’s ongoing and strategic efforts to (i) attract a diverse student body, faculty and staff; (ii) foster a climate that promotes success for students, faculty and staff from diverse backgrounds; and (iii) develop curricula and programs, for the benefit of the University community and beyond, that educate and inform about the challenges and opportunities of a diverse country and world. The Committee shall also review and examine the University’s Strategic Plan in this area, recommending changes as and when appropriate.

3. That, realizing that each Committee of the Board has opportunities to advance the University’s diversity initiatives, the Board recognizes that progress toward them is a responsibility of each Board Committee, and of the Board as a whole.

4. That this Resolution inform the President’s continuing work in (a) promoting vigorous University discussion and dialogue about the importance of diversity as expressed in the ‘Why Diversity’ statement, as set for the in Attachment A to this resolution, and (b) achieving the University’s strategic diversity goals.
Why Diversity is an Academic and Institutional Strategic Priority
For the University of Vermont
November 13, 2004

The University of Vermont holds that diversity and academic excellence are inseparable. An excellent university, particularly one that is a public land grant, needs to actively seek to provide access to all students who can excel at the institution, without respect to their backgrounds and circumstances, including, among other differences, those of race, gender, sexual orientation, ethnicity, socio-economic status, cultural and/or geographic background, religious belief, age, and disability. There is, moreover, a compelling national interest in a higher education sector rich in diversity and opportunity, and a clear state interest in making the educational benefits of this diversity and opportunity accessible to Vermonters.

The nation’s economic success depends upon global networks and markets, and our future security and prosperity require us to be a respected partner with diverse countries and communities across the globe. Research and scholarship are increasingly international and co-operative enterprises that require team building and collaborative skill sets. Many of the most pressing problems our graduates will face in their lifetimes are regional or global in nature, including war and terrorism, disease, poverty, global warming, and an intense competition for diminishing resources. An education grounded in diverse perspectives will better enable our graduates to confront these problems. Likewise, the social, economic and political challenges of our increasingly diverse state and nation require leaders well educated in, and respectful of, the nature and complexities of diversity and differences.

The compelling interest of public universities in creating and supporting diversity was cited in the majority decision of the U. S. Supreme Court in 
*Grutter v. Bollinger*, decided June 23, 2003:

"the Court endorses Justice Powell’s view that student body diversity is a compelling state interest in the context of university admissions."

Our mission as a public research university is to educate students and to create and disseminate knowledge. Consequently, we must strive to educate our students about the world that they live in and help them acquire the information and skills they need for successful and productive lives. It is not possible to accomplish this without the strong presence of three critical things. The first is maintaining a safe and respectful climate for all members of our University community. The second is achieving diversity among the university community of faculty, staff and students. The third is providing a curriculum that is rich in multicultural perspectives across our various programs and disciplines.

We must recognize, however, that diversity goes well beyond curriculum. In 1852, Cardinal Newman, in seeking to explain the effectiveness of British universities in forming successful students, said:

"When a multitude of young men [add, of course, "young women" for the modern public university], keen, open-hearted, and observant, as young men are, come together and freely mix
with each other, they are sure to learn from one another, even if there be no one to teach them; the conversation of all is a series of lectures to each, and they gain for themselves fresh matter of thought, and distinct principles for judging and acting day by day. Such teaching," Cardinal Newman adds, "is necessary for our social being, and it is secured by a large school or a college . . . for the pupils come from very different places, and with widely different notions."

Thus Cardinal Newman recognized that much student learning comes from personal and group interactions inside and outside the classroom and that those interactions need to be enriched by a diversity of experiences, opinions and views. Many of the most able and gifted students actively seek such a diversity of people and ideas. Without this type of multicultural experience and the depth of understanding and the skills it helps develop, our students will lack a very significant dimension of educational preparation as they leave to pursue their chosen careers and take their place as leaders in a state, a nation and a world that are increasingly diverse.

It is also clear that academic excellence goals cannot be met without a diverse professoriate. A diverse faculty is necessary not only for the variety of ideas and experiences that it brings to the creation of a truly excellent curriculum but also for the intellectual and social vibrancy that marks a vital academic community. Likewise, diversity among our staff enhances the safe and respectful climate that is essential to achieving the University’s educational goals.

For these reasons, therefore, a diverse UVM community is a compelling institutional interest that is indispensable to achieving our goal of academic excellence. If we are unsuccessful, the academic quality of the institution will be compromised, we will become less competitive for the best students, staff and faculty, and we will find ourselves increasingly isolated from the ever more diverse world in which our graduates will live and work.

A motion was entertained to approve the resolution and an opportunity for comment and discussion offered.

Trustee Little reported that the statement now reflects the amendments discussed by the Committee including reference to Vermont and the nations, as well as the global perspective. He further noted the excitement and enthusiasm of not only committee members but the faculty, staff, students and alumni who contributed to the discussions and shared the excitement of the campus community about having a statement adopted at the Board level.

President Fogel commended Chair Little on his leadership of this value of the institution.

Trustee Christine Hertz added that as a member of the Committee she is pleased to have been part of the process and excited that the Board has restated its commitment to diversity.

Trustee Margaret Hummel noted that the statement is beautifully written and that she fully supports the work of the administration on this initiative.

Trustee Malcolm Severance inquired about the University’s efforts in recruitment and retention of faculty. President Fogel responded that the University is conducting a survey to be done by the end of the spring semester and also updating long-term faculty/staff retention studies done
through 1996-1997. It was concluded that an interim report would be provided at the February meeting.

Trustee James Leddy praised Chair Little for his leadership and focus and agreed that the amendments made to the statement strengthened the document.

The discussion concluded with Chair Little addressing the subject of human resources which was assigned to the Diversity Committee in 1999. It is the sense of the Committee that human resource issues can be addressed through the current committee structure although he is not certain this is happening and suggests it be re-visited in the not to distant future.

A motion was made, seconded and it was unanimously voted to approve the resolution and statement as presented.

Chair Pizzagalli presented resolution #9 for approval:

(9) **Summer Session Tuition Rates**

RESOLVED, that the Board of Trustees hereby approves increases in tuition for the Summer Session from $332 to $357 per credit hour for in-state students and from $779 to $855 per credit hour for out-of-state students. The increases are to become effective with the 2005 summer session.

A motion was made, seconded and it was voted to approve the resolution as presented by a vote of 20-1.

Chair Pizzagalli presented the remainder of the consent agenda for approval:

**COMMITTEE OF THE WHOLE**

(1) **Resolution in Memoriam of Dean Joan Smith**

WHEREAS, Dr. Joan Smith served the University with distinction and dedication since 1995 as the Dean of the College of Arts and Sciences, and as a Professor of Sociology since 1990, and

WHEREAS, Joan had a substantial, visible, and positive impact upon the students, faculty and staff to whom her profound and abiding commitment was felt and known; and

WHEREAS, Joan demonstrated exceptional visionary leadership and tenacious fidelity to the academic and intellectual mission of the College of Arts and Sciences, and

WHEREAS, Joan was an accomplished and recognized scholar, initially focusing on the U.S. prison system and later chronicling the struggles of working class women, and
WHEREAS, Joan was a deeply valued, compassionate colleague and friend to so many members of the University community and beyond;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont expresses its deep appreciation for Joan’s service, and sends heartfelt condolences and this remembrance to the family of Dr. Joan Smith.

(2) Authorization for President to Confer Honorary Degrees

RESOLVED, that the President be and hereby is authorized to offer and confer honorary degrees at the 2005 Commencement to the individuals recommended by the Joint Committee on Honorary Degrees.

AUDIT COMMITTEE

(4) Resolution Regarding the Audit Committee Charter

WHEREAS, the Board has established a standing Audit Committee; and

WHEREAS, the Board seeks an appropriate venue for its consideration of (1) the integrity of the University’s financial statements, (2) the systems of internal control, (3) sound business risk practices, (4) sound business ethical behavior, (5) the performance of the independent auditor and internal audit function, and (6) the independent audit firm’s independence; and

WHEREAS, consideration of these topics by the Committee is both appropriate and desirable given its purpose;

THEREFORE, BE IT RESOLVED, that the charge of the Committee be amended as set forth in Attachment B to this resolution.

(5) Acceptance of Fiscal Year 2004 Annual Audit

WHEREAS, the books and accounts of the University of Vermont and State Agricultural College for the Fiscal Year ended June 30, 2004, have been audited by KPMG Peat Marwick, Certified Public Accountants, under the supervision of the Auditor of Accounts, State of Vermont, and the report of such audit published in detail in accordance with 16, V.S.A., Section 2281(a);

BE IT RESOLVED, that in accordance with authorization contained in the Bylaws, the Board hereby accepts such audit in lieu of the annual audit, and that the same be considered as the report of the Audit Committee.
(6) **Audit Firm for Fiscal Year 2005 Audit**

RESOLVED, that the Board of Trustees authorizes the President and/or Provost to enter into a contract with KPMG, Certified Public Accountants, to conduct the annual audit of the University and other related audits for and during the fiscal year ending June 30, 2005, under the terms and conditions of KPMG’s proposal dated November 1, 2002, and contingent upon receipt of a confirmation letter from KPMG, consistent with the terms and conditions of said proposal. The annual audit shall be conducted in compliance with the requirements of the University Bylaws and State and Federal law.

**FINANCE AND BUDGET COMMITTEE**

(7) **Acceptance of Gifts and Grants**

RESOLVED, that the Board of Trustees hereby accepts gifts in the amount of $3,331,561.64 for the period July 1, 2004 through October 1, 2004 and grants and contracts in the amount of $34,824,270 for the period July 1, 2004 through September 30, 2004.

(8) **General University and Morgan Horse Farm FY 2006 State Appropriation Request**

RESOLVED, that the President be and hereby is authorized to request from the Governor and the Legislature of the State of Vermont an appropriation for general operations of The University of Vermont in the amount of $40,834,388 for Fiscal Year 2006, representing a 5% increase in base appropriation and a supplemental request of $1,000,000.

BE IT FURTHER RESOLVED, that the President be and hereby is authorized to request an appropriation for general operations of the Morgan Horse Farm of $5,000 for Fiscal Year 2006.

(10) **Resolution Relating to the Financing of the Wing-Davis-Wilks Residence Complex Renovation Plan**

WHEREAS, the Wing-Davis-Wilks Residence Complex (the “Project”) at the south end of Redstone Campus is in need of renovation and rehabilitation; and

WHEREAS, such renovations have been anticipated, and are included in both the Residential Life Master Plan and the Strategic Financial Plan; and

WHEREAS, it may be beneficial to obtain internal or external interim financing, including the use of commercial paper, until bonds can be issued at the appropriate time 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 retain at a cost not to exceed $2,000,000 various architects, engineers and a construction manager to develop plans and estimates for the renovation of the Wing-Davis-Wilkes Residence Complex and to execute any and all contracts and documents necessary to undertake this planning.

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, including the use of commercial paper, until bonds can be issued for the project.

BE IT FURTHER RESOLVED, that a complete plan and budget for this project will be brought to the Facilities and Technologies Committee for review and approval at its February 2005 meeting.

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.

Declaration of Official Intent of The University of Vermont to Reimburse Certain Expenditures from Proceeds of Indebtedness

WHEREAS, the University expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project before the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the University reasonably expects that debt obligations in an amount not expected to exceed $2,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the University of Vermont declares:

Section 1. The University of Vermont finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the University to make any expenditure, incur any indebtedness, or proceed with the Project.
Section 3. The University hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption.

ACADEMIC AND STUDENT PROGRAMS COMMITTEE

(11) Approval to Establish the Bachelor of Science Degree in Public Communication

RESOLVED, that the Board of Trustees approves the establishment of the Bachelor of Science Degree in Public Communication as approved by the Provost on November 10, 2004 and by the President on November 10, 2004.

FACILITIES AND TECHNOLOGIES COMMITTEE

(12) State Capital Request FY 2006

RESOLVED, that the President be and hereby is authorized to request $4,087,500 from the Governor and Legislature of the State of Vermont toward the proposed Plant Sciences Building that will replace the Hills Agricultural Sciences Building.

(13) Wing-Davis-Wilks Renovation Planning

WHEREAS, the Wing-Davis-Wilks residence complex at the south end of Redstone Campus is in need of renovation and rehabilitation; and
WHEREAS, such renovations have been anticipated, and are included in both the Residential Life Master Plan and the Strategic Financial Plan;

NOW, THEREFORE, BE IT RESOLVED, that the President, Vice President for Finance and Administration, or their successors or designees are hereby authorized to retain at a cost not to exceed $2,000,000 various architects, engineers and a construction manager to develop plans and estimates for the renovation of the Wing-Davis-Wilkes Residence Complex and to execute any and all contracts and documents necessary to undertake this planning; and

BE IT FURTHER RESOLVED, that a complete plan and budget for this project will be brought to the Facilities and Technologies Committee for review and approval at its February 2005 meeting; 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.
(14) **Plant Sciences Building Planning**

WHEREAS, the Board of Trustees authorized at its September 2003 meeting a site analysis, schematic design drawings, and a financial plan for a combined life sciences facility to replace the Hills building, provide additional research space for the College of Medicine and provide co-location of State Health Department and Public Safety forensic laboratories; and,

WHEREAS, the State of Vermont subsequently decided to move forward with its portion of the proposed project independent of the University; and,

WHEREAS, further financial analysis confirmed the best solution for the College of Medicine was to acquire the currently leased Aquatec property in Colchester which the Board of Trustees authorized at its September 11, 2004 meeting; and

WHEREAS, the needs of the Plant and Soil Science and the Botany and Agricultural Biochemistry departments can best be met by construction of a Plant Sciences building on the main campus; and,

WHEREAS, the General Assembly has appropriated $3,912,500 toward the replacement of the Hills Agricultural Sciences Building;

NOW, THEREFORE, BE IT RESOLVED, that the President, Vice President for Finance and Administration, or their successors or designees are hereby authorized to retain at a cost not to exceed $3,912,500 various architects, engineers and a construction manager to develop plans and estimates for the construction of a Plant Sciences Building and to execute any and all contracts and documents necessary to undertake this planning; and BE IT FURTHER RESOLVED, that a complete architectural and funding plan for this project will be brought to the Facilities and Technologies Committee for review and approval prior to commencing construction; 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.

A motion was made, seconded and it was unanimously voted to approve the remainder of the consent agenda as presented.

**Other Business**

At 10:20 a.m. a motion was entertained and it was voted to enter into executive session to consider contracts and the appointment of public officers. The meeting was re-opened to the public at 10:45 a.m.
Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Margaret P. Hummel, Secretary
Attachment B

The University of Vermont
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;

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. approving the selection and retention of the independent auditor and recommending such additional audits as the Committee and/or the Board must approve under the Board’s reserved authority;

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

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

g. evaluating the scope and quality of internal and independent audit services, and the degree of coordination and appropriate degree of independence between them; and

h. reporting regularly and promptly to the Board regarding matters within the scope of the Committee charge.
II. Membership

By resolution, the University of Vermont Board of Trustees shall annually appoint members to the Committee who are independent of management and the University. Members of the Committee shall be considered independent as long as they do not directly or indirectly accept any consulting, advisory, or other compensatory fees from the University and are not affiliated persons of the University, its subsidiaries or management.

Members of the Committee shall receive orientation appropriate to their Committee membership. They will have the goal of understanding general accounting, business and finance principles, including the ability to read and understand institutional financial statements. If possible, at least one member of the Committee will possess accounting or financial expertise.

III. Authority

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

IV. Adoption of Charter

This Charter shall be effective as of the date of its approval by the Board. The Committee will periodically 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 select and retain an independent audit firm to conduct mandatory annual financial attestation and/or compliance audits. In conjunction with such selection, the Committee will assess the independence and objectivity of the firm by reviewing and assessing the letter the firm issues under Independence Standards Board Standard No. 1. 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 mandatory annual financial attestation 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 a mandatory annual financial attestation 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 mandatory annual financial attestation and/or compliance audits generally shall not be eligible for University engagements to perform non-audit services, including bookkeeping; financial information systems design, implementation or operation; appraisal or valuation services, fairness opinions or contribution-in-kind reports; internal audit outsourcing services; management functions or human resources; broker or dealer, investment advisor, or investment banking services; legal services and expert services unrelated to the audit; preparation of the indirect cost proposal or cost allocation plan; or other services that would violate the U.S. General Accounting 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 mandatory annual financial attestation 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 Institutional Risk Assessment and Audit Services, and receive periodic progress reports relative to such plans;

b. review and approve audit plans developed in consultation with independent audit firms, including (i) the critical accounting policies and practices to be used; (ii) all alternative treatments of financial information discussed with management, ramifications of alternative treatment and the treatment preferred by the firm; (iii) other material communications between the firm and management; and (iv) required communications from the firm under Statement of Auditing Standards No. 61, as amended;

c. review and approve mandatory annual financial attestation and/or compliance audit reports, including the annual audit reports on federal awards received as required by Office of Management and Budget Circulars (e.g., A-133) and the financial audit 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 internal controls, accounting policies and procedures, and management’s response to those comments;

f. review with management, the Office of Institutional Risk Assessment and Audit Services, and the independent audit firm their respective judgments about the quality of University accounting principles; the consistency; and the degree of aggressiveness or conservatism, in the application of accounting principles; the reasonableness of significant accounting judgments; and the clarity and completeness of the financial statements and related disclosures;
g. confirm with management, the Office of Institutional Risk Assessment and Audit Services and the independent audit firm respectively that the annual financial statements disclose all material off-balance sheet transactions, arrangements, obligations, and other relationships of the University with unconsolidated entities or other persons that may have a material current or future effect on institutional financial condition, and the results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses;

h. receive reports from management, the Office of Institutional Risk Assessment and 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 Institutional Risk Assessment and 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, and independence of the University’s Institutional Risk Assessment and Audit Services Office; and

k. review and take action regarding recommendations from the President to the Committee regarding the appointment, reassignment or employment termination of the University’s Associate Vice President for Institutional Risk Assessment and Audit Services.

IV. Internal Controls

a. Certifications

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

ii. Without limitation on 4.a(i), the Committee will receive from the Chief Financial Officer record of certification along with the annual financial statement report that:

   a. He/she has approved the audit report,
   b. Based on his/her knowledge, the report does not contain any material untrue statements 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 financial internal controls, 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. 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.