The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday, February 11, 2005 at 8:00 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, Dean Maglaris, Deborah McAneny, Malcolm Severance, John Snow, and Mark Young, Robert Young

MEMBERS ABSENT: Governor James Douglas, Alysia Krasnow-Butler, Raymond Pecor, Colin Robinson, and Helen Spaulding

ALSO PARTICIPATING: Provost A. John Bramley, Vice President and General Counsel Francine Bazluke, Vice President for Finance and Administration J. Michael Gower, Vice President for Student and Campus Life Thomas Gustafson, and Associate Vice President for Budget and Resource Management Ted Winfield

Chair James Pizzagalli called the meeting to order at 8:05 a.m.

Approval of Minutes

A motion was made, seconded and it was voted to approve the minutes of the November 12, 2005 meeting as presented.

Strategic Financial Plan and Capital Projects Update

Chair Pizzagalli noted he felt it was important for the Board to be updated on the status of the Strategic Financial Plan which the Finance and Budget Committee has been following closely meeting by meeting. As such, the agenda for today has been re-ordered to allow Kathleen Hoyt, Chair of the Finance and Budget Committee, an opportunity to update the Board.

Trustee Kathleen Hoyt began by acknowledging the incredible work by the administration and staff in transitioning the Strategic Financial Plan into Hyperion Strategic Finance model and expressed her excitement about the new tool and its capabilities. She next reviewed the background and history of the plan. The Board adopted the initial Strategic Financial Plan in May 2004. Through the summer and fall the administration continued evolution of the elements of the plan including programs in support of growth and capital projects endorsed by the Board. In September, the Debt Subcommittee brought the debt policy to the Board and it was approved. The Finance
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and Budget Committee met recently on January 28th for an update on the transition of the Strategic Financial Plan into Hyperion Strategic Finance. A written summary report (attachment 2 in the committee materials) was presented and discussed at that meeting.

The Strategic Financial Plan has been updated to operate within Hyperion Strategic Finance (HSF) including full financials with capacity to forecast detailed, interconnected elements of financial operations. The new, updated version is labeled ‘version 2.0’. All the work in HSF, with the exception of the Cash Flow Statement, has been formatted to follow the University’s financial statements using the GASB format for income/expense and balance sheet.

Trustee Hoyt next summarized the areas in which new data or assumptions are available:

- Enrollment - tracked to Fall 2004 with a modest drop in future growth rates.
- Capital projects - total of projected borrowing is $395M with the related cost of issuance, total new indebtedness is $405M.
- Project timing – chart in attachment 2 outlines approved projects - @32% of total plan. With action on projects coming to the Board at this meeting, the total will increase to 43% leaving the remainder of the projected need for capital to be approved in the future.
- Debt financing has been updated to be calculated with a straight line basis. Currently using 6.0% interest rate assumption for long term financing.
- Sponsored activity for FY 2004 was higher than the version 1.0 due to more growth.

Income and Expense statements mirror those prepared for version 1.0 but reflect lowered increases in net assets each year. This change is due to a combination of lower tuition income, higher expenses and higher borrowing costs.

The Balance Sheet recognizes the growth in assets from the Income and Expense Statement and links that with the planned growth in debt, while showing an overall growth in Total Net Assets.

The initial Cash Flow Statements are in the standard format defined in HSF and does not mirror the GASB cash flow format utilized in the financial statements. At the moment it reflects the least refined element of the forecast.

In concert with the Debt Policy adopted by the Board, these forecasts now allow calculation of the two ratios defined in the policy; the Debt Burden ratio – debt as a percentage of total operating costs (5%), and Viability ratio – available assets related to total aggregate debt (1%). Both ratios are showing the potential need for adjustments as the financial statements produce ratios that are outside the policy level in FY 08.

Trustee Hoyt concluded the update by reporting that work will continue to refine the use of HSF, and to assess the operations and assumption changes that may be appropriate to assure meeting the target ratios. The first annual plan and report will be prepared for the May meeting.
Vice President Gower reiterated Trustee Hoyt’s praise for the tremendous work of the administration, notably Associate Vice President Winfield and the Financial Analysis and Budgeting staff. He also restated that the model remains a work in progress with key areas to remain focused on such as enrollment and research.

President Fogel concurred with Vice President Gower’s comments and commended the administration and the Board of Trustees for their teamwork.

Discussion followed around target ratios and enrollment. Trustee Margaret Hummel expressed her concern that adjustments were predicted this early in the process. She noted she would be disappointed if the administration did not respond before May with a plan to bring the debt ratios back into balance.

Trustee James Betts also expressed his concern over balancing the enrollment and further noted his concern about driving in-state and out-of-state students away with high tuition.

Trustee Dean Maglaris commended the administration and staff involved in the process which delivered expeditiously a strategic financial plan as requested by the Board. However, he noted that the burden for servicing the debt in the out years was over by some $10 million per year which translates into excess debt of some $120 million to $130 million making it necessary for the University to reduce debt by that amount. He further noted that the financial plan is out of policy and that the administration must change the plan.

Trustee Mark Young remarked that as a Board member he wanted to be able to compare the models as they are adjusted and understand the changes that have been made. He further noted that the current terminology was perhaps contributing to his lack of understanding.

President Fogel clarified that the model remains the same, but has to be able to adapt to changes in the environment.

Chair’s Report

Chair Pizzagalli reported that there has been a tremendous amount of activity since the last Board meeting to be joyful about and one tragic event that has brought sorrow. He noted his remarks would be brief as President Fogel would address the activity between board meetings and recent tragedy in his report. He concluded by noting that the past year has been a successful one, focusing on major strategic issues facing the University such as financial control, enrollment management, capital planning – all topics which have had intense and concentrated efforts from the Board and its committees.
President’s Report

President Fogel reported that there is much that is noteworthy in the unfolding life of the University of Vermont; however the community bears a weight of sorrow at the loss of life nearly two weeks ago at the Redstone Apartments due to carbon monoxide poisoning. President Fogel expressed his profound feeling of sympathy and condolence for the family and friends of Jeffrey Rodliff, whose life was lost in the poisoning incident, and continuing concern for Ginger Aldrich, who remains in critical but stable condition at this time. UVM student and first responders who suffered poisoning symptoms have fully recovered or are well on their way to doing so. UVM Police did an excellent job of managing the scene, and three UVM police officers, William Sullivan, Sue Roberts, and Jason Bellavance responded swiftly and valiantly to the crisis. All three required medical treatment and lives were saved because of their actions. President Fogel commended them publicly for their valor and they were recognized with a standing ovation.

All of the Redstone Apartment residents were immediately relocated to alternative housing at the Sheraton Hotel and UVM Conference Center. Before residents were relocated off campus, they were gathered in common areas of the residence halls on the Redstone Campus and met by staff from Student and Campus Life, including counselors from the Center for Health and Well-Being. During the days immediately following the crisis all University facilities, off and on campus, were inspected and hundreds of carbon monoxide detectors were installed in University student residences and in academic/administrative buildings.

All resources were coordinated by UVM using Incident Command System (ICS) protocols developed by the federal government for crisis response. As a result, seamless cooperation and the marshalling of resources among the many responding individuals, offices, and agencies were coordinated smoothly and effectively and communications to all parties, including the parents of UVM students, were timely and accurate.

President Fogel acknowledged the open and cooperative spirit exhibited by the residents of the Redstone Apartments and the owner/manager, John Novarr and offered thanks on behalf of the entire UVM family to UVM Police Services, UVM Rescue, Burlington Fire and Rescue, the Burlington Police Department, the Vermont State Police, the Vermont Department of Labor and Industry, Fletcher Allen Health Care, and to the City of Burlington and Mayor Peter Clavelle, and to the State of Vermont and Governor James Douglas for outstanding cooperation and support in helping the University respond to this tragedy in an effective manner. He further expressed high praise and admiration for the University’s own personnel, led on the operational level by Bill Ballard, who commanded the ICS center, on the policy level by Provost John Bramley and Vice President Thomas Gustafson, and on the communications front by Enrique Corredera.

A moment of silent remembrance for Jeffrey Rodliff and of hope and prayer for Ginger Aldrich was observed.
President Fogel reported he had recently attended a meeting of the Association of Governing Boards, attended by Presidents and Chancellors from across the nation to discuss effective Board operations. His participation in discussions at that meeting reinforced that this Board is doing just what a Board of Trustees should do – focus on critical strategic and policy issues and do so as a highly effective work team in collaboration with the senior leadership of the institution.

President Fogel continued by reporting that the state of the University remains sound and that the University is well on its way to enhancing and securing for the long term its enviable position as one of the nation’s handful of public ivies. The cover of a recent “public ivies” college guide that ranks UVM in that elite company was circulated. He cited significant progress on campus-wide initiatives such as Service-Learning, Writing in the Disciplines, and a new Professors-at-Large Program as examples of the University’s commitment to the critical role it plays in serving Vermont students and in promoting the educational, social, cultural, and economic well-being of the State. He further noted that this month, UVM is receiving for the second year in a row the State Merit award from the New England Board of Higher Education.

News from the enrollment management and fund-raising campaign are good. Applications for undergraduate admissions are at an all-time high of 12,890; approximately one thousand applications are from students of color. The Campaign has booked over $182.5M to date with some major gifts in the immediate offing.

President Fogel offered a brief update on the proposed arena. The Vermont Arena Commission concluded its work earlier this week and disbanded. The commission’s report shows that an arena with UVM as the anchor tenant is not only feasible but also that it would have significant positive outcomes for the cultural and economic vitality of the region and state. Many issues remain to be resolved before this project can move forward, including questions about ownership, management, and financing. The Board will be kept informed as these questions are explored.

President Fogel concluded his report noting that he and Provost Bramley will be issuing, next week, a set of responses to recommendations received from three presidential Commissions concerned with the status of women at UVM, with racial diversity, and with equity for lesbian, gay, bisexual, and transgendered members of the campus community.

Chair Pizzagalli offered an opportunity for comments.

Trustee James Leddy commended the University for the heroic response to the carbon monoxide poisoning incident. He then inquired about the University’s legal relationship, if any, with the property which is owned by John Novarr. Vice President Francine Bazluke described the “ground lease” between the University and Mr. Novarr.

Trustee James Betts inquired about the occupancy of the Redstone Apartments.
Vice President Thomas Gustafson responded that of the 210 tenants in the 11 building complex, 180 are UVM students.

**Executive Session**

At 9:15 a.m. the Chair entertained a motion to enter into executive session for the purpose of discussing contracts, premature public disclosure of which would place the University at a substantial disadvantage. Senior Vice President Bramley, Vice President Gower and General Counsel Bazluke were asked to remain. The Chair then recused himself from the Executive Session.

**Adjournment**

At 10:25 a.m. the meeting was re-opened to the public. There being no further business, the meeting adjourned.

Respectfully submitted,

Margaret P. Hummel, Secretary