

**THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE  
BOARD OF TRUSTEES**

**FULL BOARD**

Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Secretary John Bartholomew, Briar Alpert, David Aronoff, Otto Berkes, Robert Brennan, Kevin Christie, Frank Cioffi, John Dineen, Johannah Donovan, Carolyn Dwyer, President Suresh Garimella, Jodi Goldstein, Stephanie Jerome, Kisha Kalra, Donald McCree, Carol Ode, Ed Pagano, Lucy Rogers, Governor Phil Scott, Shap Smith, Berke Tinaz, Catherine Toll and Samuel Young

**Saturday, February 5, 2022**

8:00 a.m. – 9:00 a.m.

10:15 a.m. – 11:15 a.m.

Silver Maple Ballroom, (401) Dudley H. Davis Center

**REVISED AGENDA**

	Item	Enclosure/ Exemption	Discussion Leader(s)	Time
	<b>Call to order</b>			<b>8:00 a.m.*</b>
1.	Approval of October 29, 2021 meeting minutes	Attachment 1	Ron Lumbra	8:00-8:02
2.	Public comment		Ron Lumbra	8:02-8:17
3.	Sustainability activity update		Elizabeth Palchak	8:17-8:32
4.	Committee reports			8:32-8:47
	Audit		Shap Smith	
	Educational Policy & Institutional Resources		Carolyn Dwyer	
	Budget, Finance & Investment		Don McCree	
	Board Governance Committee		Frank Cioffi	
5.	Election of board & university officers		Ron Lumbra Frank Cioffi	8:47-8:50
6.	Retiring trustee resolutions		Ron Lumbra	8:50-8:55
7.	Approval of consent agenda	Attachment 2	Ron Lumbra	8:55-9:00
	<b>Recess</b>			<b>9:00 a.m.</b>
	<b>Reconvene</b>			<b>10:15 a.m.</b>
8.	VT Agricultural College Board report		Carol Ode	10:15-10:20
9.	UVM Board report		Otto Berkes	10:20-10:25

	<b>Motion to enter executive session**</b>			
10.	Legal issues update	Advice of counsel	Sharon Reich Paulsen	10:25-10:40
11.	Advisory Committee on Asset Management update	Advice of counsel and contracts	Don McCree Sharon Reich Paulsen	10:40-11:10
	<b>Motion to go out of executive session</b>			
12.	Other business <ul style="list-style-type: none"> <li><u>Resolution authorizing formulation of an implementation plan for establishment of and the University's participation in a nonprofit investment management subsidiary of the University of Vermont Foundation to oversee and manage the University's and the Foundation's combined endowment assets</u></li> </ul>		Ron Lumbra	11:10-11:15
	<b>Motion to adjourn</b>			<b>11:15 a.m.</b>

\*Times are approximate.

\*\* The Chair will entertain a motion to enter into executive session to receive advice of counsel and to discuss contracts, premature general public knowledge of which would clearly place the University at a substantial disadvantage. Action is anticipated following.

**BOARD OF TRUSTEES  
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**

A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Friday, October 29 2021, at 1:15 p.m. in the Silver Maple Ballroom, 401 at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Secretary John Bartholomew, Briar Alpert, David Aronoff<sup>1</sup>, Otto Berkes, Robert Brennan<sup>2</sup>, Kevin “Coach” Christie<sup>3</sup>, Frank Cioffi<sup>4</sup>, John Dineen, Johannah Donovan, Carolyn Dwyer, President Suresh Garimella<sup>5</sup>, Jodi Goldstein, Stephanie Jerome, Kisha Kalra, Don McCree<sup>6</sup>, Carol Ode<sup>7</sup>, Ed Pagano, Lucy Rogers, Shap Smith, Berke Tinaz, Catherine Toll<sup>8</sup> and Samuel Young

MEMBERS ABSENT: Governor Phil Scott

ALSO PARTICIPATING: Provost and Senior Vice President Patricia Prelock<sup>9</sup>, Vice President for Legal Affairs & General Counsel and Chief of Staff to the President Sharon Reich Paulsen and Vice President for Finance and Administration Richard Cate<sup>10</sup>

<sup>1</sup> departed at 3:00 p.m.

<sup>2</sup> joined by phone

<sup>3</sup> joined by phone

<sup>4</sup> departed at 2:42 p.m.

<sup>5</sup> departed at 3:08 p.m.

<sup>6</sup> departed at 2:58 p.m.

<sup>7</sup> departed at 1:52 p.m.

<sup>8</sup> joined by phoned

<sup>9</sup> departed at 3:08 p.m.

<sup>10</sup> departed at 3:08 p.m.

Chair Ron Lumbra called the meeting to order at 1:15 p.m.

**Approval of previous meeting minutes**

A motion was made, seconded and it was voted to approve the minutes from the June 4, 2021 meeting as presented.

**Public comment**

Chair Lumbra opened the public comment period by reviewing the process. He then invited the following persons to address the board:

Jeffrey Sommer, an '84 alum and parent of a sexual assault survivor shared how his family has been impacted. He was joined by his wife Lisa Sommer, class of '87 and children Amanda, class of '19 and Haley, class of '21. Mr. Sommer acknowledged that steps have been taken to date to implement changes, but that components of the University's action plan remain to be completed. He concluded by pledging his family's support.

Christine Fleming, a senior and representative of UVM Organize, expressed concerns regarding the goals established in the 2010 and 2020 Climate Action Plans that have not yet been achieved and encouraged the administration to move forward with vigor to achieve those goals.

Chrysanthemum Harrell, a senior and representative of the UVM Union of Students, requested the University act on a list of reforms presented by the students in furtherance of the overall well-being of the University community.

Haley Sommer, an alum, identified herself as a victim of sexual assault while a student here and expressed concerns over UVM's response to sexual assaults on campus.

Sydney Partin, a sophomore and sexual assault survivor, expressed concerns over UVM's response to sexual assaults on campus.

## **Committee reports**

### *Audit Committee*

Committee Chair Shap Smith offered a summary report of the meeting held on September 13, 2021 at which the committee received presentations and discussed the following:

- FY 2021 financial statement/uniform guidance audit status at which time there were no issues to report.
- Chief Information Officer Simeon Ananou and KPMG partner, Renee Bourget-Place reviewed KPMG's computer controls assessment and discussed KPMG's one observation related to Banner.
- Chief Internal Auditor Bill Harrison provided a summary of current internal audit projects and a summary of audit follow-up activity. He also provided the committee with a summary of FY 2021 Presidential housing expenditures as required by the President's Official Residence University Operating Procedure.
- Director of Compliance Services and Chief Privacy Officer Tessa Lucey informed the committee of the recent process changes related to the University's conflict of interest and conflict of commitment disclosure process and that the University was transitioning to a new ethics and compliance reporting and helpline vendor.
- Vice President for Finance and Administration Richard Cate reported on the FY 2021 Presidential expense reimbursements and travel expenses in accordance with the Audit Committee Charter.
- The committee conducted an annual review of its charge and charter. No changes were recommended.

Chair Smith concluded by reporting that the committee approved a resolution to increase the external audit contract fee schedule with KPMG to cover the expenses related to additional audit work required for the mandatory FY 2020 Uniform Guidance audit.

Budget, Finance and Investment Committee (BFI)

Chair Don McCree reported that the committee reviewed the performance update report provided by Prime Buchholz, the University's new investment advisor. He reported that the University's overall performance was relatively good. As of September 30, 2021, the University's endowment balance was \$752 million. As recommended by the Investment Subcommittee, the committee reaffirmed the Endowment Budget policy with no changes and approved a revision to the Endowment Administration Fee policy which increases the endowment management fee basis points to 100, of which 80 points shall flow to the University of Vermont Foundation.

The committee also reviewed and endorsed the following tuition and fees recommendations for board approval:

- A 0% increase in tuition rates for FY 2023, extending UVM's tuition freeze for a fourth consecutive year.
- Maintain summer session tuition rates the same as 2021 rates. Summer session tuition is set at a 30% discount off regular tuition for both in-state and out-of-state students.
- Room and meal plan rates for FY 2023 will remain flat for a third consecutive year.
- No increase in the undergraduate student comprehensive fee, student government association, inter residence association, and continuous registration for graduate students' fees for FY 2023.
- A graduate student comprehensive fee 10.9% less (roughly \$250) than last year's fee.

The committee received an external audit update. KPMG, the external auditor, is completing its fieldwork regarding the FY 2020 financial statement audit. To date, there are no material weaknesses or significant deficiencies, and it appears that UVM will once again receive a "clean" audit. Chair McCree noted this is the 11<sup>th</sup> year in a row that the University has received a clean audit.

Vice President for Finance and Administration offered updates on the following:

- Dual enrollment  
The administration is required to report annually on the number of high school students who were enrolled in UVM classes in the past year. For FY 2021, there were modest enrollment increases – 417 high school students took classes at UVM through the Dual Enrollment Voucher Program and 147 additional high school students were enrolled outside the Dual Enrollment Voucher Program.
- President's strategic initiatives fund annual update  
There has been a modest increase to the balance of the fund which is at \$448,308 as of June 30, 2021.
- Fiscal year 2021 year-end general fund budget to actuals  
Although FY 2021 net undergraduate tuition (\$207 million) ended up exceeding what the university expected and budgeted for FY 2021, it still was \$9 million less than net undergraduate tuition in FY 2020. And while undergraduate net tuition exceeded budget, graduate net tuition was less than budget, with total net tuition from all sources \$9.5 million

above what was anticipated in the budget. \$7.2 million of these funds was used to restore the salary cuts that had been implemented at the beginning of the fiscal year.

Cost recovery from research and contract activity was \$3 million above budget. Revenue from the unrestricted portion of the endowment was \$1.9 million above budget.

Total revenue exceeded budget, and expenses were below budget. After accounting for funds that were encumbered for future initiatives, some of which were started but could not be completed in FY 2020, the net addition to general fund net assets (general fund revenue minus expense) was \$1,365,000, which was incorporated into the University's general fund reserves. It was noted that this positive number represents the overall budget and that some academic units had positive outcomes and some were slightly negative.

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

Chair Carolyn Dwyer shared highlights from Provost Patricia Prelock's report including the record number of undergraduate Fulbright Fellow finalists (14), six UVM professors being awarded the National Science Foundation CAREER Awards exceeding \$500,000 each, and a record amount of external research funding, which totaled \$227 million and is the first time that UVM research has surpassed \$200 million in the history of the institution. Additionally, Provost Prelock offered an update on a number of steps taken to address the sexual assault activism that occurred on campus this spring.

The committee received an update on responses to community concerns on sexual misconduct from Nicholas Stanton, Director, Office of Affirmative Action and Equal Opportunity (AAEO) and Title IX Coordinator, and Erica Caloiero, Interim Vice Provost for Student Affairs. They reviewed the timeline beginning with the student-led activism in April 2021 and concluding with ongoing communication, partnership, and implementation of changes in Fall 2021. The institution's response to sexual misconduct is addressed in two ways: by case response and community education/prevention, the latter of which includes a student advisory committee, training for clubs and organizations, student internships and the hiring of a sexual violence prevention coordinator. Efforts to address student support and case response include expanded campus victim's advocacy in collaboration with HOPE Works, a 24-hour hotline and continued LiveSafe app funding, establishment of a multi-disciplinary response team, an external review of AAEO investigation and case response, as well as expanded training for Counseling and Psychiatry Services, UVM Police Services, Residential Life staff, and other staff.

Vice Provost for Academic Affairs and Student Success Jennifer Dickinson, and Vice Provost for Faculty Affairs Jim Vigoreaux, offered an update on five Teaching and Learning goals, a priority area of the Academic Success Goals (ASG). The ASG were developed during the spring 2020 as a result of ideas, suggestions, and feedback from the members of the Academic Leadership Council and the faculty and staff in their respective units. The ASG are intended to support President Garimella's strategic areas of impact.

The committee endorsed the following resolutions for board approval:

- termination of the Master of Science and Doctor of Philosophy in Molecular Physiology and Biophysics in the Graduate College in conjunction with the Larner College of Medicine
- termination of the Doctor of Philosophy in Microbiology and Molecular Genetics in the Graduate College in conjunction with the Larner College of Medicine

- termination of the Doctor of Philosophy in Pharmacology in the Graduate College in conjunction with the Larner College of Medicine
- termination of the minor in Italian in the College of Arts and Sciences
- termination of the major in Italian Studies in the College of Arts and Sciences
- termination of the minor in Speech and Debate in College of Arts and Sciences
- termination of the minor in Vermont Studies in College of Arts and Sciences
- creation of a Certificate of Graduate Study and a Micro-Certificate of Graduate Study in Education for Sustainability in the Graduate College in conjunction with the College of Education and Social Services

### Vermont Agricultural College Board

Chair Carol Ode reported the board discussed plans for the upcoming legislative session, which includes advocating for a general fund base increase of \$10M for the University after 14 years of level funding. She also indicated that the University will be asking again for \$30M of ARPA funding to modernize the HVAC systems on campus in order to prioritize safety for faculty, staff and students.

After postponing the legislative summit in 2020 due to the pandemic, Director of Federal and State Relations Wendy Koenig is recommending a summit highlighting the UVM Office of Engagement for legislators be hosted during the session this winter. The board agreed and trustee Shap Smith suggested that the summit be physically held in all 14 counties and broadcast simultaneously for all. The recommendation will be vetted internally and Director Koenig will report back to the board.

### University of Vermont Board

Chair Jodi Goldstein reported that the board approved the 2021-2022 Wilbur Fund grant awards and reviewed a summary of the Wilbur Trust Fund financial report from July 1, 2020 through July 31, 2021.

The remainder of the meeting was held in executive session to discuss trustee recruitment and succession planning for future board members.

Chair Goldstein concluded by reporting that the Board unanimously approved appointing Ron Lumbra to an additional six-year term commencing when his current term expires on March 1, 2022.

### **Approval of consent agenda**

Chair Lumbra presented the following resolutions for approval, reminding trustees that all would be voted on as a consent agenda unless anyone wishes to have a separate vote on a particular resolution(s). He noted the consent agenda includes the addition of the resolution #1 presented and endorsed following the executive session at this morning's Committee of the Whole meeting.

## COMMITTEE OF THE WHOLE

### 1. **Resolution approving action to protect the University's property interests in South Burlington**

BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to take such steps as are necessary to protect the University's interests in its property holdings in South Burlington, Vermont, subject to material terms and conditions reported on this date.

## EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

### 2. **Resolution approving the termination of the Master of Science and Doctor of Philosophy in Molecular Physiology and Biophysics in the Graduate College in conjunction with the Larner College of Medicine**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Master of Science and Doctor of Philosophy in Molecular Physiology and Biophysics in the Graduate College in conjunction with the Larner College of Medicine as approved and advanced by the Provost on September 21, 2021 and President on September 22, 2021.

### 3. **Resolution approving the termination of the Doctor of Philosophy in Microbiology and Molecular Genetics in the Graduate College in conjunction with the Larner College of Medicine**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Doctor of Philosophy in Microbiology and Molecular Genetics in the Graduate College in conjunction with the Larner College of Medicine, as approved and advanced by the Provost on September 21, 2021 and President on September 22, 2021.

### 4. **Resolution approving the termination of the Doctor of Philosophy in Pharmacology in the Graduate College in conjunction with the Larner College of Medicine**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Doctor of Philosophy in Pharmacology in the Graduate College in conjunction with the Larner College of Medicine, as approved and advanced by the Provost on September 21, 2021 and President on September 22, 2021.

### 5. **Resolution approving the termination of the minor in Italian in the College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the minor in Italian in the College of Arts and Sciences, as approved and advanced by the Provost on October 18, 2021 and President on October 19, 2021.



**6. Resolution approving the termination of the major in Italian Studies in the College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the major in Italian Studies in the College of Arts and Sciences, as approved and advanced by the Provost on October 18, 2021 and President on October 19, 2021.

**7. Resolution approving the termination of the minor in Speech and Debate in College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the minor in Speech and Debate in the College of Arts and Sciences, as approved and advanced by the Provost on October 18, 2021 and President on October 19, 2021.

**8. Resolution approving the termination of the minor in Vermont Studies in College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Vermont Studies minor in the College of Arts and Sciences, as approved and advanced by the Provost on October 18, 2021 and President on October 19, 2021.

**9. Resolution approving the creation of a Certificate of Graduate Study and a Micro-Certificate of Graduate Study in Education for Sustainability in the Graduate College in conjunction with the College of Education and Social Services**

BE IT RESOLVED, that the Board of Trustees approves the creation of a Certificate of Graduate Study and a Micro-Certificate of Graduate Study in Education for Sustainability in the Graduate College in conjunction with the College of Education and Social Services, as approved and advanced by the Provost on October 18, 2021 and President on October 19, 2021.

**BUDGET, FINANCE & INVESTMENT COMMITTEE**

**10. Resolution reaffirming the Endowment Budget Policy**

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

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

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

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

*Reaffirmed:* Board of Trustees - September 8, 2007  
 Board of Trustees - September 5, 2008  
 Board of Trustees - October 24, 2009  
 Board of Trustees - October 30, 2010  
 Board of Trustees - October 22, 2011  
 Board of Trustees - November 8, 2012  
 Board of Trustees - October 26, 2013  
 Board of Trustees - October 18, 2014  
 Board of Trustees - October 3, 2015  
 Board of Trustees - October 22, 2016  
 Board of Trustees - October 20, 2017  
 Board of Trustees - October 27, 2018  
 Board of Trustees - January 31, 2020  
 Board of Trustees - September 25, 2020  
 Board of Trustees –

#### **11. Resolution approving revisions to the Endowment Administration Fee Policy**

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

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves that an endowment management fee equal to 100 basis points, 80 of which shall flow to the University of Vermont Foundation and 20 of which shall flow to the University, shall be applied to the University endowment beginning as of July 1, 2022 and continuing through June 30, 2023; and

BE IT FURTHER RESOLVED, that calculation of the endowment management fee will be based on the average market value of the University endowment for the previous thirteen quarters ending December 31 of the prior calendar year; and

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

*Adopted by:* Board of Trustees - September 13, 2003  
*Reaffirmed:* Board of Trustees - September 8, 2007  
 Board of Trustees - September 5, 2008  
*Amended:* Board of Trustees - October 24, 2009  
*Reaffirmed:* Board of Trustees - October 30, 2010  
 Board of Trustees - October 22, 2011  
 Board of Trustees - November 8, 2012  
 Board of Trustees - October 26, 2013  
 Board of Trustees - October 18, 2014  
 Board of Trustees - October 3, 2015  
 Board of Trustees - October 22, 2016  
 Board of Trustees - October 21, 2017  
 Board of Trustees - January 31, 2020

*Board of Trustees - May 15, 2020*  
*Amended: Board of Trustees - September 25, 2020*  
*Board of Trustees –*

**12. Resolution approving summer session tuition**

BE IT RESOLVED, that the Board of Trustees hereby approves the tuition rate for summer session 2022 of \$478 per credit hour for in-state students and \$1,204 per credit hour for out-of-state students except that, with prior approval from the Provost, graduate programs may maintain summer tuition rates for 2022 in-state and out-of-state students equal to the prior fall and spring tuition rates for their program.

**13. Resolution approving tuition rates for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees hereby approves the following tuition rates effective with the 2022-2023 academic year, which are the same rates as those charged for the 2020-2021 and 2021-2022 academic years:

In-state tuition \$16,392 per year, or \$683 per credit hour.  
 Out-of-state tuition \$41,280 per year, or \$1,720 per credit hour.  
 Medical student in-state tuition \$37,070 per year.  
 Medical student out-of-state tuition \$64,170 per year.

**14. Resolution setting the undergraduate comprehensive fee, student government association and inter residence association fees for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for *undergraduate students*:

Undergraduate comprehensive fee	\$2,388
Student Government Association (SGA) fee	\$222
Inter Residence Association (IRA) fee	\$30

**15. Resolution setting the graduate comprehensive fee for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for full-time graduate students which is 10.9% lower than it was in fiscal year 2022:

Graduate comprehensive fee	\$2,036
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**16. Resolution approving graduate student senate fee for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees approves a continuation of the graduate student senate fee effective as follows:

Less than 5 credits, \$7 per semester  
 5 or more credits, \$10 per semester

**17. Resolution approving continuous registration fee for graduate students for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees approves a continuation of the same varying graduate continuous registration fee for the 2022-2023 academic year as was in effect for the 2020-2021 and 2021-2022 academic years, as follows:

Less than half-time, \$100 per semester  
 Half to full-time, but not including full-time, \$200 per semester  
 Full-time, \$300 per semester

**18. Resolution approving room and meal plan rates for fiscal year 2023**

BE IT RESOLVED, that the Board of Trustees hereby approves the same room and meal plan rates for the 2022-2023 academic year as were in effect for the 2020-2021 and 2021-2022 academic years, as follows:

**Room Rates Per Year**

Private Single with Bath	\$10,942
Private Double with Bath	\$9,720
Private Triple with Bath	\$8,058
Suite Single with Shared Bath	\$10,500
Suite Double with Shared Bath	\$9,168
Suite Triple with Bath	\$7,664
Traditional Single	\$10,094
Traditional Double	\$8,756
Traditional Triple	\$6,934
Traditional Quad	\$5,870

**Meal Plan Rates**

Retail Dining	\$4,568
Residential Unlimited Access (+150 Points per Semester)	\$4,568
Flex Plan (160 meals with \$900 Points per Semester)	\$5,104

An opportunity for discussion was offered. There being none, a motion was made, seconded and the consent agenda was unanimously approved as presented. Trustee Frank Cioffi abstained from voting on resolutions #7 and #8.

**Executive session**

At 1:54 p.m., Chair Lumbra entertained a motion to enter into executive session to receive advice of counsel. He noted the session would last for approximately 15 minutes and no action is anticipated following. Everyone was excused from the meeting with the exception of Trustees; Provost & Senior Vice President Patricia Prelock; Vice President for Legal Affairs & General Counsel and Chief of Staff to the President Sharon Reich Paulsen; Vice President for Finance and Administration Richard Cate; Associate General Counsel Jennifer Papillo; and Special Assistant to the Chief of Staff Erin Dickinson.

The meeting re-opened to the public at 3:14 p.m.

**Adjournment**

There being no further business, the meeting adjourned.

Respectfully submitted,

Ron Lumbra, Chair

**REVISED**  
**CONSENT AGENDA**

February 5, 2022

**COMMITTEE OF THE WHOLE**

**1. Resolution accepting fiscal year 2021 audited financial statements**

WHEREAS, the financial statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2021, have been audited by KPMG LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

WHEREAS, the audited financial statements for the fiscal year 2021 were presented to the Audit Committee of the Board of Trustees at the Audit Committee's November 8, 2021 meeting;

WHEREAS, the Audit Committee approved a resolution recommending acceptance of the FY 2021 audited financial statements;

BE IT RESOLVED, that the Board of Trustees hereby accepts the fiscal year 2021 audited financial statements as recommended by the Audit Committee.

**EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE**

**2. Resolution approving the establishment of a School of the Arts within the College of Arts and Sciences; the creation of the Programs of Art & Art History, Music, and Theatre & Dance within the School of the Arts; and the termination of the Departments of Art & Art History, Music, and Theatre & Dance in the College of Arts and Sciences**

WHEREAS, a School of the Arts will support the excellence of our arts faculty and curricula, expand interdisciplinary courses and research opportunities for our students, respond to contemporary trends in the arts that are crossing disciplinary barriers, elevate and better promote the value of the arts as part of a liberal arts education, and communicate more effectively the importance of the arts for the enrichment of and engagement with diverse communities at UVM and beyond; and

WHEREAS, the proposal for a School of the Arts has been reviewed and approved by the faculty in the Departments of Art and Art History, Music, and Theatre and Dance; the faculty of the College of Arts and Sciences; the Dean of the College of Arts and Sciences; the Faculty Senate; Provost Patricia Prelock, and President Suresh Garimella; and

WHEREAS, the Programs of Art and Art History, Theatre and Dance, and Music will be created as internal units within the School of the Arts to maintain their unique identities and visibility,

and the existing stand-alone Departments of Art and Art History, Theatre and Dance, and Department of Music in the College of Arts and Sciences will be eliminated; and

WHEREAS, the goals of the School of the Arts include the recruitment of more students interested in the arts; strengthening existing learning areas, certificates, majors and minors; better meeting the need for Catamount Core general education arts requirements for students across the university; increasing opportunities for interdisciplinary collaboration for arts faculty and students; increasing the visibility of the arts on campus; improving coordination of arts related events on campus; deepening community engagement in arts related events; expanding collaborations with community arts partners in Vermont and beyond; and advancing fundraising efforts for all units and programs in the School;

BE IT RESOLVED, that the Board of Trustees approves the establishment of a School of the Arts within the College of Arts and Sciences effective July 1, 2022, as detailed in the Provost's report and the presentation made to the Board on this date.

3. **Resolution endorsing the relocation of the Geology Program to the Department of Geography and Geosciences and the termination of the Department of Geology in the College of Arts and Sciences**

WHEREAS, the regular and systematic review of low enrollment/low completion programs is essential to aligning our resources with our priorities and supporting the institution's long-term financial sustainability, and curating our degree offerings is important to providing our students with an array of properly resourced programs that can maintain strong enrollments, fostering the vitality necessary to achieve a high-quality academic experience: and

WHEREAS, since 2018, the College of Arts and Sciences faculty and leadership have been in discussions regarding a reorganization in response to a change in enrollment patterns and the need to focus on academic program curation and stewardship; and

WHEREAS, the enrollments in the Department of Geology have experienced a sustained decline, and the Departments of Geography and Geology have had extensive discussions in recognition of their overlapping scholarship, research, and teaching as well as the significant opportunities for teaching and research collaborations; and

WHEREAS, the Department of Geography has been renamed the Department of Geography and Geosciences to reflect the strengths and expertise of both the Departments of Geography and Geology, and the Geology faculty will be reassigned to this renamed department; and

WHEREAS, the M.S. in Geology formerly housed in the Department of Geology has been moved to the newly renamed department of Geography and Geosciences, and the B.A. and B.S. degrees in Geology as well as the Geology minor have been deactivated,

BE IT RESOLVED, that the Board of Trustees endorses the relocation of the Geology Program to the Department of Geography and Geosciences and approves the termination of the vacated

Department of Geology in the College of Arts and Sciences effective July 1, 2022, as approved and advanced by Dean Bill Falls, Provost Patricia Prelock, and President Suresh Garimella.

4. **Resolution approving the creation of a Micro-Certificate of Graduate Study in Sustainable Family Enterprise in the Graduate College in conjunction with the Grossman School of Business**

BE IT RESOLVED, that the Board of Trustees approves the creation of a Micro-Certificate of Graduate Study in Sustainable Family Enterprise in the Graduate College in conjunction with the Grossman School of Business, as approved and advanced by the Provost on December 20, 2021 and the President on December 21, 2021.

5. **Resolution approving the creation of a Bachelor of Arts in Neuroscience in the College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the creation of a Bachelor of Arts in Neuroscience in the College of Arts and Sciences, as approved and advanced by the Provost and President on November 16, 2021.

6. **Resolution approving the termination of the major in Greek and the minor in Greek Language and Literature in the College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the major in Greek and minor in Greek Language and Literature in the College of Arts and Sciences, as approved and advanced by the Provost and President on November 16, 2021.

7. **Resolution approving the termination of the major in Latin and the minor in Latin Language and Literature in College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the major in Latin and the minor in Latin Language and Literature in the College of Arts and Sciences, as approved and advanced by the Provost and President on November 16, 2021.

8. **Resolution reaffirming Equal Opportunity policies**

BE IT RESOLVED, that the Board of Trustees reaffirms the Equal Employment Opportunity/Affirmative Action policy, attached here as Appendix A; and

BE IT FURTHER RESOLVED, that the Board of Trustees reaffirms the Equal Opportunity in Educational Programs and Activities and Non-Harassment policy, attached here as Appendix B.



**BUDGET, FINANCE & INVESTMENT COMMITTEE****9. Resolution approving revisions to the Debt Policy**

WHEREAS, in September 2004, the Board of Trustees adopted a Debt Policy to guide the portfolio management of debt, to be reviewed annually; and

WHEREAS, since its creation in 2006, the Budget, Finance, and Investment Committee has been charged with the annual review of the Debt Policy, which it most recently revised in February 2019;

BE IT RESOLVED, that the Board of Trustees hereby accepts revisions to the policy, appearing as Appendix C to this document.

**10. Resolution approving revisions to the Statement of Investment Policies and Objectives**

WHEREAS, in February 2011, the Board adopted a Statement of Investment Policies and Objectives to govern the investment of UVM's Long-Term Investment Pool, including the Endowment Fund; and

WHEREAS, the Investment Subcommittee is charged with an annual review of the Statement of Investment Policies and Objectives; and

WHEREAS, on December 15, 2021, the Investment Subcommittee reviewed and endorsed proposed revisions to the Statement of Investment Policies and Objectives for referral to the Budget, Finance & Investment Committee;

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

**11. Resolution approving appointment of Investment Subcommittee advisor**

BE IT RESOLVED, that the Board of Trustees approves the appointment of H. Whitney Wagner as advisor to the Investment Subcommittee, for a one-year period commencing March 1, 2022, subject to the terms and conditions reported on this date.

**FULL BOARD****12. Resolution authorizing formulation of an implementation plan for establishment of and the University's participation in a nonprofit investment management subsidiary of the University of Vermont Foundation to oversee and manage the University's and the Foundation's combined endowment assets**

WHEREAS, prior to creation of the University of Vermont Foundation ("the Foundation"), the University had a single endowment ("the legacy endowment");

WHEREAS, following creation of the Foundation, endowment donations primarily have been directed to the Foundation;

WHEREAS, all donations received by the Foundation are for the benefit of the University;

WHEREAS, the UVM Board of Trustees Investment Subcommittee currently manages investment of both the legacy endowment and certain Foundation endowment assets (“the combined endowment”);

WHEREAS, the mission of the Foundation is to “secure and manage private support for the benefit of the University of Vermont”;

WHEREAS, in light of the increasing value of the combined endowment, including the increasing value of the endowment assets raised by the Foundation, the Foundation board charged an advisory committee to study endowment management and governance options as the University’s board and the Foundation’s board consider how best to meet their fiduciary responsibilities in the management and investment of the growing endowment;

WHEREAS, a majority of the advisory committee members were individuals who currently or in the past held leadership positions on the UVM Board of Trustees;

WHEREAS, following careful study, the advisory committee has proposed that, in collaboration with UVM, the Foundation should establish a nonprofit investment management subsidiary to oversee and manage the combined endowment assets;

WHEREAS, the UVM Board of Trustees agrees with the concept recommended by the advisory committee;

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the administration to formulate a proposed implementation plan to bring back to the Board for its consideration, in accordance with terms and conditions discussed on this date.

13-15. **Retiring Trustee Resolutions**

***Briar L. Alpert (2016–2022)***

WHEREAS, Briar L. Alpert is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Briar Alpert has provided constructive advice, insightful viewpoints and an abiding sense of respect and loyalty to the University during his service as Vice Chair of the Budget, Finance and Investment Committee and the Committee on Board Governance, and as Secretary of the University of Vermont Board; and in his membership on board committees, including the Educational Policy and Institutional Resources Committee and the Investment Subcommittee;

and through his service on the Bond Work Group, the Multipurpose Events Center Work Group and the Sustainability Work Group; and

WHEREAS, Briar Alpert has further assisted the University as a charter member and director of the Vermont Center for Emerging Technologies and as a member of the UVM National Campaign Council; and

WHEREAS, Briar Alpert has meaningfully supported the University through his and his wife Susan's generous philanthropy, including a scholarship to provide Vermont students who have financial need and academic merit to pursue an undergraduate degree at the University of Vermont;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee Briar L. Alpert.

***David B. Aronoff (2016–2022)***

WHEREAS, David B. Aronoff is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, David Aronoff has provided the board with significant knowledge and experience during his service as Vice Chair and Chair of the University of Vermont Board and leader of the ad hoc Labor Advisory Group; and in his membership on the Audit Committee, Committee on Board Governance and the Investment Subcommittee; and through his service on the Board Governance Work Group; and

WHEREAS, David Aronoff has further assisted the University generously as a member of the UVM National Campaign Council and the UVM Foundation Leadership Council and through his service on the UVM Grossman School of Business and UVM College of Engineering and Mathematics Board of Advisors; and

WHEREAS, David Aronoff and his wife Jessica have been philanthropic leaders for the University, including supporting scholarships and facility expansion and case competitions in the Grossman School of Business;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee David B. Aronoff.

***Berke Tinaz (2020–2022)***

WHEREAS, Berke Tinaz is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Berke Tinaz has served as an insightful, dedicated, and thoughtful member of the board, participating actively and responsibly during his membership on board committees, including the Audit Committee; Educational Policy and Institutional Resources Committee; Budget, Finance and Investment Committee; and the Committee on Board Governance; with additional service to the University as Secretary of, and Senator on, the Graduate Student Senate, and as Graduate Student Senate representative on the Faculty Senate Student Affairs Committee, Plant Biology Department Graduate Student representative, and as assistant coach for UVM's rowing team;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee Berke Tinaz.



OFFICE OF AUDIT AND COMPLIANCE SERVICES  
UVM.EDU/POLICIES



## POLICY

**Title:** Equal Employment Opportunity/Affirmative Action Policy  
Statement

### Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal employment opportunity and to a program of affirmative action in order to fulfill that policy. The President of the University fully supports the University's equal employment opportunity policy and the University's affirmative action program.

The University will accordingly recruit, hire, train, and promote persons in all positions and ensure that all other personnel actions are administered without regard to unlawful criteria including race, color, religion, ancestry, national origin, place of birth, sex, sexual orientation, disability, age, positive HIV-related blood test results, genetic information, gender identity or expression, or status as a disabled veteran, recently separated veteran, active duty wartime or campaign badge veteran, or Armed Forces service medal veteran (collectively "protected veterans"), or crime victim status, as these terms are defined under applicable law, or any other factor or characteristic protected by law, and ensure that all employment decisions are based only on valid job requirements.

In addition, the University of Vermont recognizes that discriminatory harassment and sexual harassment are forms of unlawful discrimination, and it is, therefore, the policy of the University that discriminatory harassment and sexual harassment will not be tolerated. The University also prohibits unlawful harassment on the basis of other characteristics protected by law.

Further, employees and applicants will not be subjected to harassment, intimidation, threats, coercion, or retaliation because they have engaged in or may engage in the following: filing a complaint or assisting or participating in an investigation regarding alleged discrimination or harassment as prohibited in the policy statement above; filing a complaint or assisting or participating in an investigation, compliance evaluation, hearing, or any other activity related to the administration of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 ("VEVRAA"), Section 503 of the Rehabilitation Act of 1973 ("Rehabilitation Act"), or the Affirmative Action provisions of any other federal, state or local law; opposing any act or practice made unlawful by VEVRAA or any other federal, state, or local law requiring equal employment opportunities for individuals with disabilities or protected veterans; or exercising any other rights protected by VEVRAA or the Rehabilitation Act. Additionally, the University will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant.

The University of Vermont maintains an audit and reporting system that: measures the effectiveness of the University's affirmative action program; indicates any need for remedial action; determines the degree to which the University's objectives have been attained; measures the University's compliance with its

affirmative action obligations; and determines whether individuals with disabilities and veterans have had the opportunity to participate in all University sponsored educational, training, recreational and social activities.

Sources: Titles VI and VII of the Civil Rights Act of 1964; the Immigration Reform and Control Act of 1986; Title IX of the Education Amendments of 1972; the Equal Pay Act of 1963; the Age Discrimination in Employment Act of 1967; the Age Discrimination Act of 1975; Sections 503 and 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; Section 402 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974; Executive Order 11246; the Genetic Information Nondiscrimination Act of 2008; and the Vermont Fair Employment Practices Act, all as amended; and such other federal, state and local non-discrimination laws as may apply.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior policy statements regarding its subject matter. It may be modified only by written statement issued by the President as Chief Executive Officer of the University or by formal action by the University of Vermont and State Agricultural College Board of Trustees. This Policy Statement is designed to express the University's intent and commitment to comply with the requirements of federal, state, and local non-discrimination laws. It shall be applied co extensively with those non-discrimination laws and shall not be interpreted as creating any rights, contractual or otherwise, that are greater than exist under those laws.

## Contacts

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):	
Title(s)/Department(s):	Contact Information:
Director, Office of Affirmative Action and Equal Opportunity	428 Waterman Building (802) 656-3368
<b>Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence</b>	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
<b>Questions about disability related issues</b>	
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher (802) 656-0945
Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of such agencies may be obtained from the Office of Affirmative Action and Equal Employment Opportunity.	
The University has developed an Affirmative Action Plan. The portions of the plan required for disclosure are available for inspection during normal business hours; contact the University's Public Records Officer at (802) 656-8937.	

## Related Documents/Policies

- [Accessibility Policy](#)
- [Discrimination, Harassment, and Sexual Misconduct Policy](#)
- [Equal Opportunity in Educational Programs and Activities and Non-Harassment](#)
- [Handling and Resolving Discrimination, Harassment, and Sexual Misconduct Complaints](#)

## Regulatory References/Citations

- Titles VI and VII of the Civil Rights Act of 1964
- Immigration Reform and Control Act of 1986
- Title IX of the Education Amendments of 1972
- Equal Pay Act of 1963
- Age Discrimination in Employment Act of 1967
- Age Discrimination Act of 1975
- Sections 503 and 504 of the Rehabilitation Act of 1973
- Americans with Disabilities Act of 1990
- Section 402 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974
- Executive Order 11246
- Genetic Information Nondiscrimination Act of 2008
- Vermont Fair Employment Practices Act

## About This Policy

<b>Responsible Official:</b>	Vice President for Finance and Administration	<b>Approval Authority:</b>	President and the Chair of the Board of Trustees
<b>Policy Number:</b>	V. 4.23.11	<b>Effective Date:</b>	February 4, 2017
<b>Revision History:</b>	<ul style="list-style-type: none"> <li>• V. 7.0.1.1 effective April 7, 2006</li> <li>• V. 7.0.1.2 effective September 5, 2008</li> <li>• V. 7.0.1.3 effective April 13, 2009</li> <li>• V. 7.0.1.4 effective March 8, 2010</li> <li>• V. 7.0.1.5 effective May 22, 2011</li> <li>• V. 7.0.1.6 effective May 19, 2012</li> <li>• V. 7.3.7/V. 7.0.1.7 effective February 9, 2013</li> <li>• V. 7.3.8 effective February 8, 2014</li> <li>• V. 7.3.9 effective February 7, 2015</li> <li>• V. 7.3.10 effective February 6, 2016</li> <li>• Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018, March 6, 2019</li> <li>• Reaffirmed by the President February 3, 2020, February 9, 2021 and the Chair of the Board of Trustees January 30, 2020, February 8, 2021</li> <li>• Responsible official officially changed from the Vice President for Human Resources, Diversity and Multicultural Affairs and Vice President for Finance and Administration on May 1, 2020</li> </ul>		

University of Vermont Policies and Operating Procedures are subject to amendment. For the official, approved, and most recent version, please visit UVM's [Institutional Policies Website](#).



**OFFICE OF AUDIT AND COMPLIANCE SERVICES**  
**UVM.EDU/POLICIES**

## POLICY

**Title:** Equal Opportunity in Educational Programs and Activities and Non-Harassment

### Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal educational opportunity. The University therefore prohibits discrimination on the basis of unlawful criteria such as race, color, religion, national or ethnic origin, age, sex, sexual orientation, marital status, disability, or gender identity or expression, as those terms are defined under applicable law, in admitting students to its programs and facilities and in administering its admissions policies, educational policies, scholarship and loan programs, athletic programs, and other institutionally administered programs or activities made available to students at the University. The University also prohibits harassment, as defined in the Vermont Statutes at Title 16, section 11(a)(26). Unlawful harassment is a form of discrimination and is therefore prohibited. Sources: Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Vermont Public Accommodations Act; and such other federal, state, and local non-discrimination laws as may apply.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior statements regarding its subject matter. It may be modified only by written statement issued by the President as Chief Executive Officer of the University or by formal action by the University of Vermont and State Agricultural College Board of Trustees. This Policy Statement is designed to express the University's intent and commitment to comply with the requirements of federal, state, and local non-discrimination laws. It shall be applied co-extensively with those non-discrimination laws and shall not be interpreted as creating any rights, contractual or otherwise, that are greater than exist under those laws.

### Contacts

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):	
Title(s)/Department(s):	Contact Information:
Questions regarding this policy statement or compliance with its provisions may be directed to:	
Dean of Students	41-43 South Prospect Street Burlington, VT 05405 (802) 656-3380
Or	
Director, Office of Affirmative Action and Equal Opportunity	428 Waterman Building Burlington VT, 0405 (802) 656-3368



Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of those agencies may be obtained from the Office of Affirmative Action and Equal Opportunity.	
<b>Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence</b>	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
<b>Questions about disability related issues</b>	
Student Accessibility Services	Sharon Mone (802) 656-4075
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher (802) 656-0945

## Related Documents/Policies

- [Discrimination, Harassment, and Sexual Misconduct Policy](#)
- [Equal Employment Opportunity/Affirmative Action Policy Statement](#)
- [Handling and Resolving Discrimination, Harassment, and Sexual Misconduct Complaints](#)

## Regulatory References/Citations

- Age Discrimination Act of 1975
- Americans with Disabilities Act of 1990
- Section 504 of the Rehabilitation Act of 1973
- Title VI of the Civil Rights Act of 1964
- Title IX of the Education Amendments of 1972
- Vermont Public Accommodations Act
- Vermont Statutes at Title 16, section 11(a)(26)

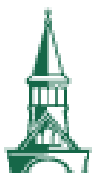
## About This Policy

<b>Responsible Official:</b>	Vice President for Finance and Administration	<b>Approval Authority:</b>	President and the Chair of the Board of Trustees
<b>Policy Number:</b>	V. 4.24.11	<b>Effective Date:</b>	February 4, 2017
<b>Revision History:</b>	<ul style="list-style-type: none"> <li>• V. 7.0.5.1 effective April 7, 2006</li> <li>• V. 7.0.5.2 effective September 5, 2008</li> <li>• V. 7.0.5.3 effective April 13, 2009</li> <li>• V. 7.0.5.4 effective March 8, 2010</li> <li>• V. 7.0.5.5 effective May 22, 2011</li> <li>• V. 7.0.5.6 effective May 19, 2012</li> <li>• V. 7.4.7/V. 7.0.5.7 effective February 9, 2013</li> <li>• V. 7.4.8 effective February 8, 2014</li> <li>• V. 7.4.9 effective February 7, 2015</li> <li>• V. 7.4.10 effective February 6, 2016</li> <li>• V. 7.4.11 Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018 and March 6, 2019</li> </ul>		

	<ul style="list-style-type: none"> <li>• V. 7.4.11 Reaffirmed by the President February 3, 2020, February 9, 2021 and the Chair of the Board of Trustees January 30, 202, February 8, 2021</li> <li>• Responsible official officially changed from the Vice President for Human Resources, Diversity and Multicultural Affairs to the Vice President for Finance and Administration on May 1, 2020</li> </ul>
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## **University of Vermont**

### **Debt Policy**

As Adopted by the Board of Trustees

September 2004

Revised, November 2005

Revised, November 2006

Revised, December 2007

Reaffirmed, December 2008

Revised, October 2009

Revised, October 2010

Reaffirmed, October 2011

Revised, May 2013

Revised, February 2014

Revised, February 2015

Reaffirmed, February 2016

Revised, February 2017

Reaffirmed, February 2018

Revised, February 2019

Reaffirmed, January 2020

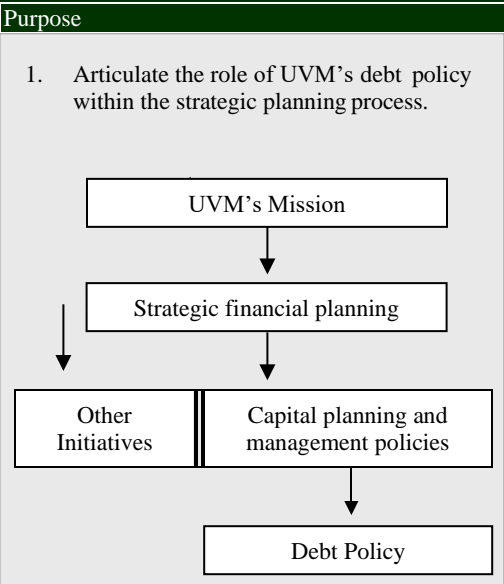
Reaffirmed, February 2021

**Revised, February 2022**

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OVERVIEW



The University of Vermont's strategic planning is a long-term process that establishes University-wide priorities as well as University and divisional programmatic objectives. The University's strategic plan identifies specific goals and initiatives, including capital plans, that identify necessary and desired University facility investments. To fund its plan, the University will continue to utilize a mix of financing sources including State and Federal sources, philanthropy, internal reserves, [public-private partnerships](#), and external University-supported debt.

This policy, in conjunction with the strategic and capital planning, will aid management in ensuring that an appropriate mix and types of funding sources are utilized and that the University's debt capacity is allocated strategically. A UVM-specific debt policy is appropriate to ensure adequate financial strength to service existing and proposed debt, maintain leverage within an acceptable risk tolerance while investing in priority capital projects, maintain a strong financial profile to ensure a competitive position relative to its peers, and maintain the budgetary capacity to invest in other initiatives.

Management and the Board of Trustees, acting through the appropriate Board of Trustee committee, will assess this policy on an ongoing basis to ensure that it remains responsive to UVM's evolving academic, research and strategic priorities and financial position.

The University believes that financial discipline is a critical component of long-term debt management and that the Board and management, operating through the appropriate Board of Trustee committee, should establish a limited number of financial ratios and limits in order to manage debt within acceptable ranges consistent with UVM's objectives. These measures will be monitored and reported on in light of UVM's evolving strategic initiatives and capital needs.



## INTRODUCTION AND OBJECTIVES

### Purpose

1. Articulate UVM's philosophy regarding debt.
2. Establish objectives for debt policy.
3. Provide for regular review and potential update of policy to reflect evolving needs.

Just as investments represent an integral component of assets, debt is viewed to be a long-term component of liabilities that, therefore, should be managed on a long-term portfolio-basis consistent with the institution's policy objectives, with an overarching objective of managing the balance sheet.

The objectives of the policy are to:

- (i) Maintain the University's access to capital. Management will utilize and issue debt in order to provide timely access to capital to fund project priorities that have been approved by the Board;
- (ii) Manage the University's credit to meet its long-term strategic objectives while maintaining creditworthiness consistent with the most favorable relative cost of capital and borrowing terms.
- (iii) Limit risk of the University's debt portfolio. Debt will be managed on a portfolio, rather than a transactional or project-specific, basis. Management's continuing objective of incurring the lowest achievable long-term risk-adjusted cost of capital will be balanced with the goal of appropriately limiting exposure to market shifts within acceptable budgetary parameters. Various types of debt structures and financial instruments will be considered, monitored, and managed within the framework established in this policy and according to internal management procedures; and
- (iv) Permit the optimization of the investment of the University's working capital and cash balances. Management will explore various options and alternatives to internal cash holdings regarding the optimal funding mechanism for short-term equipment needs, bridge financing and cash requirements. Management recognizes that working capital requirements, debt management, and the investment of cash/net assets should be viewed comprehensively in order to optimize overall funding and investment return strategies.

In addition to establishing a framework relating to the administration of debt, the policy provides for periodic updates pertaining to UVM's debt capacity and financial management to both internal and external parties.



## OVERSIGHT

### Purpose

1. Provide mechanism for oversight and review on periodic basis.
2. Provide management flexibility to make ongoing financing decisions within the framework of the policy.

By adopting this policy and regularly reviewing it with the appropriate Board of Trustee committee, management will follow and report on guidelines and requirements regarding debt utilization. With appropriate authorizations consistent with the policy, management will have flexibility to implement specific financial transactions and utilize approved financing vehicles in accordance with stated procedures.

The Office of the Vice President for Finance and Administration will manage all funding sources, including debt, for capital projects authorized by the Board. The structure of any individual transaction (e.g., maturity, interest rate mode, use of derivative products, other financing structures) will be based upon overall University needs to ensure that (i) long-term costs to the University and its operating units are minimized consistent within the context of other strategic objectives and (ii) overall risk does not exceed acceptable levels as defined in this policy.

Because this debt policy is a living document, the appropriate Board of Trustee committee will review this policy on an annual basis and report any recommended changes or revisions to the Board of Trustees. This review process is necessary to ensure that the policy remains consistent with the University's objectives and responsive to evolving practices, competitive pressures in the external environment, and financial indicators.

## POLICY RATIOS

### Purpose

1. Identify core ratios.
  - a. Operating Statement—Debt Burden Ratio.
  - b. Balance Sheet Leverage—Leverage Ratio.
2. Clearly communicate with key parties such as rating agencies the University's philosophy regarding debt and management's ongoing assessment of debt capacity and affordability.

This policy establishes limits to measure the total amount of outstanding debt compared to University balance-sheet resources and the annual operating budget. These ratios can be derived from the financial statements and other information and are subject to review periodically. The ratios are to be calculated using annual audited financial statements of the University and should not include "Discretely Presented Component Units" of the University such as the University's associated fundraising foundation.

The policy identifies ratios that (i) are based on current GAAP requirements and (ii) are consistent with ratios utilized in the higher education industry to permit benchmarking.

In addition to the two primary policy ratios below, the University may consider tracking other ratios in addition to the policy ratios. Listed below are the policy ratios and limits that will be followed.

### *Ratio 1 – Debt Burden Ratio*

This ratio measures the University's ability to repay debt service associated with all outstanding debt and the impact on the overall budget and includes all activities of the University. The defined limit for this ratio is intended to maintain the University's long-term operating flexibility to fund existing requirements and new initiatives, although the University may target a desired ratio below this limit.

$$\frac{\text{ANNUAL DEBT SERVICE}}{\text{TOTAL EXPENSES}} < 5.75\%$$

The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-



time operating gifts, investment return, variability of State funding) and better reflect the operating base of the University. Management recognizes that a growing expense base would make this ratio appear more attractive. The limit for this ratio is not to be greater than 5.75% ~~until June 30, 2023 and will revert to 5% thereafter.~~ This ratio will be adjusted to include the impact of non-amortizing or non-traditional debt structures that could result in significant single year fluctuations, as well as an assumption of an appropriate variable rate.

*Ratio 2 - Leverage Ratio (calculated as Spendable Cash and Investments to Debt)*

This ratio indicates one of the most basic determinants of financial health by measuring the availability of liquid and expendable assets compared to aggregate debt. The ratio measures the medium to long-term health of the University's balance sheet and debt capacity and is a critical component of universities with the highest credit quality.

Many factors influence the leverage ratio, affecting both the assets (e.g., investment performance, philanthropy) and liabilities (e.g., timing of bond issues), and therefore the ratio is best examined in the context of changing market conditions so that it accurately reflects relative financial strength. For example, a leverage ratio that is acceptable and entirely appropriate in one market condition may be relatively stronger or weaker in other market environments.

This policy establishes a debt policy limit (floor) for this ratio of 1.0 to ensure that sufficient balance sheet strength is maintained at all times.

$$\frac{\text{CASH \& INVESTMENTS - PERMANENTLY RESTRICTED NET ASSETS + PLEDGES CLASSIFIED AS PERMANENTLY RESTRICTED NET ASSETS}}{\text{AGGREGATE DEBT}} > 1.0x$$

This ratio will include any financings that impact the University credit, including guarantees of third-party debt.

The 1.0x limit is recognized as a limit, and not a long-term objective. Over time, to remain competitive and retain the flexibility to invest in future strategic initiatives, UVM will want to target and maintain a ratio above 1.0x.

Annually, based on the results of the audited financial statements, the Vice President for Finance and Administration will report to the appropriate Board of Trustee committee on the actual ratio results and any existing conditions that put the University out of compliance with this policy. In the event that the University is out of compliance with the policy, the appropriate Board of Trustee committee will take up the matter for consideration and make recommendations it deems appropriate to the Board of Trustees.

To further evaluate the leverage of the University, the Vice President for Finance and Administration will report the University's Expendable Financial Assets to Debt ratio. This ratio will be reviewed relative to prior years, peers and rating agency medians and will be calculated with and without the Governmental Accounting Standards for Other Post Retirement Benefits. The Vice President for Finance and Administration will report to the appropriate Board of Trustee committee on any existing conditions that cause notable year-over-year changes in this ratio, particularly relative to peers and rating medians.



$$\frac{\text{UNRESTRICTED NET ASSETS} + \text{TEMPORARILY RESTRICTED NET ASSETS} - \text{EQUITY IN PLANT}}{\text{AGGREGATE DEBT}}$$

### *Ratios as a Credit Factor*

The University has established its ratios and associated ratio limits based on internally established guidelines. The ratios and limits are not intended to provide a long-term target or track a specific rating, but rather will enable the maintenance of the University's competitive financial profile and complement the capital planning process.

The debt policy will be shared with external credit analysts and other third parties in order to provide them with the context regarding UVM's assessment of self-determined debt capacity and affordability, which is subject to ongoing review.

## TYPES OF FINANCINGS

- | Purpose  |
|--|
| 1. Review of all potential funding sources for projects.   |
| 2. Maximize tax-exempt University-issued debt.   |
| 3. Commercial Paper program. <ul style="list-style-type: none"> <li>a. Provide bridge funding.</li> <li>b. Provide continual access to capital.</li> <li>c. Issuance on a taxable or tax-exempt basis.</li> </ul>                    |
| 4. Manage derivative products, including swaps.  |
| 5. Consider other financing sources. <ul style="list-style-type: none"> <li>a. Management will explore securitizations, joint ventures and other financial structures to provide for the optimal funding for any project.</li> </ul> |

The University recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources will be reviewed by management within the context of the debt policy and the overall portfolio to ensure that any financial product or structure is consistent with UVM's objectives. Regardless of what financing structure(s) is(are) utilized, a full understanding of the transaction, including (i) quantification of potential risks and benefits, and (ii) analysis of the impact on University creditworthiness and debt capacity, will be required. Any financial transaction which, in management's opinion, utilizes the University's credit, will be subject to the limits set forth in this policy regardless of source.

### *Tax-Exempt Debt*

The University recognizes that debt will remain a long-term component of the University's capitalization over the foreseeable future due in part to its continued need for capital and the substantial economic benefits associated with tax-exempt debt. Therefore, financial transactions will be managed on a portfolio basis with a long-term perspective. (In all circumstances, however, individual projects must continue to be identified and tracked to ensure compliance with all tax and reimbursement requirements).

Debt will be structured to meet the University's comprehensive long-term objectives, and each project being financed will be required to provide a sound business plan, including the source of repayment for the debt and appropriate and realistic repayment terms. Among other things, the repayment terms will require that the loan term is no greater than the expected componentized useful life of the asset financed. Additionally, the financed project will be required to budget and fund principal payments on a fully amortized basis.

### *Taxable Debt*

While all of the University's capital projects may not qualify for tax-exempt debt, taxable debt should only be used in appropriate cases as it generally





represents a more expensive source of capital relative to tax-exempt issuance.

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*Commercial Paper*

The CP program can provide substantial financial flexibility to the University including the ability to manage and optimize cash balances and provide an alternative to lease transactions and other purposes. CP can offer the University interim financing for capital projects in anticipation of the receipt of funding either in the form of future philanthropy or the issuance of long-term debt for permanent financing, as well as offer greater flexibility regarding the timing and structuring of individual bond transactions.

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*Derivative Products*

Management recognizes that derivative products may enable more opportunistic and flexible management of the debt portfolio. Derivative products, including interest rate swaps, may be employed primarily to manage or hedge the University's interest rate exposure for a specific period of time. The University will utilize a framework to evaluate potential derivative instruments through consideration of (i) its variable rate allocation, (ii) market and interest rate conditions, (iii) impact on future financing flexibility, and (iv) the compensation for assuming risks, or the costs for eliminating certain risks and exposure. In addition, the University will analyze and quantify the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Under no circumstances will a derivative transaction be utilized that is not understood fully by management or that imposes inappropriate risk on the University. Risks include but are not limited to tax risk, interest rate risk, liquidity risk, counterparty credit risk, basis risk, and any other potential risks either imposed or removed through the execution of any transaction. In addition, management will consider and disclose the potential impact of any derivative product on the University's financial statements and the appropriate treatment in calculating the debt policy ratios. The University will regularly report on the status and performance of its derivative products, if any, to the appropriate Board of Trustee committee. Given the risks and complexity associated with derivative products, they will be considered more seriously only when: (i) conventional financing sources are relatively more expensive (e.g. exceed the portfolio blended interest rate), and (ii) can achieve desired financial objectives more efficiently or at a significantly lower risk-adjusted cost than traditional structures. Management is required to present any recommended derivative product to the appropriate Board of Trustee committee and must receive Board approval prior to execution.

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*Other Financing Sources*

The University recognizes that a variety of transactions, not limited to debt insured directly by UVM, may impact the University's credit while the University's limited debt capacity and substantial capital needs require the consideration of various financing alternatives, including possible opportunities for alternative and non-traditional transaction structures. The University recognizes these types of transactions may also impact the University's credit and also often can be more expensive than traditional University debt structures.



Therefore all non-traditional financing structures including guarantees and third party debt can only be considered once the economic benefit and the likely impact on the University's debt capacity and credit has been determined. Specifically, for any third-party or developer-based financing, management will ensure the full credit impact of the structure is evaluated and quantified to the extent possible prior to execution and the analysis must be presented to the appropriate Board of Trustee committees and must receive Board approval prior to execution.

## PORTFOLIO MANAGEMENT OF DEBT

### Purpose

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

The University considers its debt portfolio holistically; that is, it optimizes the portfolio of debt for the entire University rather than on a project-by-project basis and takes into account the University's cash and investments.

### *Variable Rate Debt*

It is recognized that a degree of exposure to variable interest rates within the University's debt portfolio may be desirable in order to:

- (i) take advantage of repayment/restructuring flexibility;
- (ii) benefit from historically lower average interest costs;
- (iii) diversify the debt portfolio; and,
- (iv) provide a hedge to short-term working capital balances

Management will monitor overall interest rate exposure, analyze and quantify potential risks, and coordinate appropriate fixed/variable allocation strategies. The portfolio allocation to variable rate debt may be managed or adjusted through (i) the issuance of debt (potentially new issues and refunding), (ii) and the use of interest rate swaps and other derivative products. While the utilization of commercial paper impacts the University's variable rate exposure, outstanding CP will not be included in the ratio, given the expected interim financing purpose.

Recognizing the desire to manage interest rate risk, the amount of variable rate debt outstanding shall not exceed 35% of the University's outstanding debt. This limit is based on the University's desire to (i) limit annual variances in its debt service portfolio, (ii) provide sufficient structuring flexibility to management, (iii) keep the University's variable rate allocation within acceptable external parameters, (iv) utilize variable rate debt (and/or swaps) to optimize debt portfolio allocation and minimize costs, and (v) take into account liquidity needs and exposures for the portfolio, including consideration of the commercial paper program.

$$\frac{\text{VARIABLE RATE AND LIQUIDITY EXPOSURE}}{\text{TOTAL LONG-TERM DEBT OUTSTANDING}} > 1.0x$$

The University will exclude from this calculation project-related commercial paper used in advance of expected long-term financing since this commercial paper is used for interim purposes and should not be included in the University's desired long-term variable rate allocation calculation. The numerator, *Variable Rate and Liquidity Exposure*, is defined as including all variable rate debt, not adjusted for any floating to fixed swaps, if any, and plus any fixed to floating swaps, if any. Thus, any variable rate debt that is affected by floating-to-fixed interest rate swaps will be considered variable rate debt for the purposes of this calculation since it impacts the University's liquidity requirements and exposes the institution to counterparty credit exposure. Note that this ratio measures interest rate exposure and liquidity exposure/requirements directly.

## GLOSSARY

**Annual Debt Service** – refers to the planned principal and interest paid on long-term debt in a fiscal year.

**Bridge Financing** – refers to any type of financing used to “bridge” a period of time. For universities, it generally refers to financings that provide funding in advance of a long-term bond issue or the receipt of gift funding.

**Capital Project** – refers to physical facilities or equipment or software that may be capitalized.

**Commercial Paper** – an alternative to bank line for stronger rated borrowers, commercial paper is short-term promissory notes issued on the open market as an obligation of the borrower. The maturity of commercial paper is less than 270 days, and for most universities, the average maturity of all paper is between 30-50 days. Registration and disclosure for commercial paper is significantly less than traditional university bonds.

**Derivative Products** – generally referred to transactions which are an exchange of specified cash flows for a period of time. The most common types of derivatives are floating-rate-to-fixed-rate or fixed-rate-to-floating-rate swaps.

**GAAP** – refers to Generally Accepted Accounting Principles.

**Leverage** – long-term debt as a component of the total assets of the University. “High leverage” indicates an institution that has a considerable portion of its assets that are debt financed.



**UNIVERSITY OF VERMONT****STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES****I. INTRODUCTION**

This statement is issued by the Investment Subcommittee (the “ISC”) of the Board of Trustees of the University of Vermont (the “Board”). The ISC was established by the Board and the Budget, Finance and Investment Committee in late 2006 and charged with oversight of investment strategy and investment managers for the Long-Term Investment Pool, including the Endowment Fund, collectively called the “Fund”, of the University. The policy statement will be reviewed annually and modified by the ISC as conditions warrant.

**II. FIDUCIARY STANDARDS**

The Board, the ISC, the Treasurer and finance staff, and any third-parties (e.g., investment managers) retained to advise the Board, the ISC, the Treasurer and/or finance staff as to investment strategy and management (any and all of whom may be referred to as “Responsible Parties”) shall exercise their responsibilities with respect to the Fund’s assets in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Vermont in 2009. In accordance with UPMIFA, key facets of the Responsible Parties’ roles include:

- Acting in good faith, with the care an ordinarily prudent person would exercise;
- Incurring only reasonable costs in investing and managing charitable funds;
- Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;
- Disposing of unsuitable assets; and
- In general, developing an investment strategy appropriate for the Fund and the University.

**III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE**

Responsibilities and goals of the ISC include:

- Ensuring that current and future spending requirements are supported while also preserving the real purchasing power of the Fund;
- Achieving an optimum level of return within appropriate risk tolerances;
- Developing a sound and consistent investment policy including asset allocation, diversification and rebalancing guidelines;

- Selecting and maintaining qualified investment managers and advisors;
- Monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met; and
- Taking action under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations.

The ISC is authorized to delegate certain responsibilities to staff to assist in properly meeting the overall responsibilities as outlined above.

#### **IV. CONFLICT OF INTEREST POLICY**

In addition to the responsibilities set forth in the Board of Trustees' Conflicts of Interest policy, it is the responsibility of the ISC members to disclose to the ISC Chair any situation in which there may be reasonably construed to be a perceived or actual conflict of interest. The ISC Chair will work with the members to determine an appropriate response.

The ISC will generally not consider investments in funds directly managed by a member of the ISC. In addition, a member of the ISC employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The ISC recognizes, however, that certain exceptions to this policy may be appropriate. Such exceptions will be made only upon a majority vote of the disinterested members of the ISC.

In the event that the ISC is considering an investment in an access-constrained investment opportunity, any ISC member wishing to invest for his/her own benefit in such an opportunity shall notify the ISC Chair in writing.

#### **V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY**

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

~~In accordance with UPMIFA, key facets of the Responsible Parties' roles, as paraphrased below, include:~~

- ~~• Acting in good faith, with the care an ordinarily prudent person would exercise;~~
- ~~• Incurring only reasonable costs in investing and managing charitable funds;~~
- ~~• Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;~~

- ~~Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;~~
- ~~Disposing of unsuitable assets.~~

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

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

Restrictions on the portfolio made via Board of Trustee resolutions, such as the Resolution on Socially Responsible Investing, may be found on the University of Vermont website (<https://www.uvm.edu/trustees/resolutions>).

## VI. FINANCIAL & INVESTMENT OBJECTIVES

The overall financial objective of the Fund is to provide a stable and consistent level of ongoing support for the University's programs through a reasoned spending policy consistent with preserving and enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

The primary long-term investment objective of the Fund is to attain a real total return<sup>1</sup> (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 5.504.75%. This will be measured over the long term, capturing a full market cycle, as it is unlikely that the Fund's return will meet or exceed the spending rate in each individual year. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark (defined herein), measured over a full market cycle; and to outperform the median return of a pool of endowment funds of similar size with broadly similar investment objectives and policies.

## VII. ASSET ALLOCATION

The policy portfolio for the Fund is a target or ~~"normal"~~ set of investments, based on long-term return, risk and correlation assumptions that balance the organization's need for liquidity, preservation of purchasing power, and risk tolerance. The ISC, with input and assistance from staff and external advisors, shall periodically examine the policy portfolio targets and consider adjustments to the asset allocation as may be appropriate (for example, due to a material change in the capital

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<sup>1</sup> Real total return is the sum of realized and unrealized capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Consumer Price Index.

market assumptions). Changes to the policy portfolio targets will be reviewed and approved by the ISC and presented to the Budget, Finance and Investment Committee and the Board, as necessary.

In addition to being diversified across asset classes, the Fund will be diversified within each asset class. This will provide reasonable assurance that the performance of any single security, issuer or class of securities, or active manager will not have a disproportionate impact on the total Fund performance.

The most current asset allocation / strategic policy portfolio for the Fund is attached as **Appendix A**.

## **VIII. REBALANCING**

The Fund's actual asset allocation will be monitored monthly and reviewed by the ISC at its regular meetings relative to established policy portfolio targets and allowable ranges. Adjustments may be constrained by practical limits with respect to liquidity and transaction costs, but rebalancing efforts will be made as practicable. Cash flow in or out of the Fund may create an opportunity to shift the allocation closer toward policy targets. The ISC may at times authorize investments in new or developing asset classes that are not part of the strategic policy portfolio at the time of their adoption, with the intention of revising the policy portfolio shortly thereafter.

## **IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS**

The performance objectives for the ~~T~~total Fund, each asset class and each manager are outlined below, with the purpose of establishing specific parameters for regular and ongoing review. While performance is measured over both short- and long-term periods, the focus and emphasis of performance evaluation is on longer time periods as represented by a full market cycle.

### **~~Overall~~Total Fund**

There are a number of different benchmarks for assessing performance at the ~~overall~~Total Fund level:

~~**Undiversified Benchmark** – this simple market benchmark helps the ISC evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in index funds.~~

**CPI + Spending/Administration (Currently 5.504.75%)** – this benchmark is composed of a combination of both inflation and expected annual distributions. Comparison with the total return of the Fund provides a method to monitor progress in the overall financial objective, preserving and enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

**Target BenchmarkPolicy Index** – this custom benchmark compares the total return of the Fund to a blended benchmark based on applying the target policy weights of each underlying asset class to the performance of the asset class benchmarks. The individual asset class benchmarks are discussed in the next section.

~~Current Allocation Benchmark~~Actual Index – this benchmark is composed of the current allocations for each of the underlying composite asset classes weighted against the corresponding returns of their respective benchmarks.

Undiversified Benchmark – this simple market benchmark helps the ISC evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in index funds.



~~Cambridge Associates' Universe of Endowment Pool Returns~~ — a universe of over 300 institutions, a broad peer universe against which the ISC compares the Fund's return. In addition to this broad comparison, the ISC may also compare the Fund's results to various subsets of this broad universe, which include institutions of similar size and with similar characteristics.

NACUBO-TIAA Study of Endowments (NTSE) – a universe of over 700 institutions, a broad peer universe against which the ISC compares the Fund's return. In addition to this specific annual study, the ISC may also compare the Fund's results to other relevant institutional investor comparisons.

### **Asset Classes & Managers**

Each manager will be expected to outperform (net of fees) a benchmark that is appropriate based on the asset class and style of the manager, over a full market cycle. Performance results will be reviewed with the ISC at its regular meetings and in an interim period when there is a major event (personnel change, for example) at the firm. The manager will be evaluated on long-term performance so that shorter-term failure to meet the benchmark target returns is not an automatic basis for manager termination.

Due to the broad nature of the asset classes and the unique style of managers, it is important to note that the specific benchmark of the individual manager may not necessarily be the same as the benchmark for the particular asset class composite as defined below. For example, the Public Global Equity benchmark is MSCI ACWI but US equity managers, for example, will be compared to an appropriate US equity benchmark.

<b>+Asset Class</b>	<b>Market Index Used in <del>Target-</del> <u>Benchmark Policy</u> <u>Index</u><sup>2</sup></b>	<b>Underlying Investments</b>
Public Global Equity	<del>MSCI AC World Index (Net)</del> <u>MSCI ACWI</u>	Portfolios are expected to focus on public global, US, international developed, and/or emerging markets.
Marketable Alternatives	Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index	Investment mandates may include: multi-strategy arbitrage, event arbitrage, distressed securities, credit/capital structure arbitrage and long/short equity investments in global markets.

Private Investments	MSCI ACWI, lagged	This asset class includes private investment strategies of all types, including but not limited to buyouts, venture capital, secondaries, distressed, real estate, private energy, and similar strategies. Market values and return information is lagged by one quarter, or more, as the underlying investments are not readily valued at the close of the latest quarter.
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<sup>2</sup> Indices used in ~~Target Benchmark~~ Policy Index are effective as of May 18, 2019.

Fixed Income	Bloomberg Barclays <u>U.S.</u> Aggregate Bond Index	Holdings may consist of U.S. Treasury <del>bonds</del> , <u>U.S. government/agency, asset-backed mortgages</u> , and corporate credit <del>securities</del> <u>investments</u> .
Cash	Self-benchmarked	Cash and cash equivalents

Individual manager accounts will be monitored for consistency of each manager's investment philosophy and process, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. In the broadest sense, the monitoring process is intended to confirm that the reasons the manager was initially retained still hold true.

## **X. MANAGER GUIDELINES**

Investment managers will be hired for a specific skill set, and the resulting investments will be made either through separately managed accounts or pooled vehicles. Each manager of a separate account will adhere to the firm's stated philosophy and investment strategy. Where investments are in commingled funds, mutual funds, off-shore funds or limited partnerships, the permissible investments are governed by the appropriate fund prospectus or offering memorandum. Some of these products permit the use of derivatives for certain investment strategies and in instances where a manager has demonstrated skill in effectively utilizing these instruments. For example, they may be used in reducing risk or replacing positions to gain flexibility and efficiency.

### **A. MANAGER REPORTING**

Each investment manager of marketable assets will provide monthly portfolio valuations and total return net of all commissions and fees. On a quarterly basis, managers will report current holdings at market value, and purchases and sales for the quarter. Traditional marketable managers with whom UVM is invested through a separate account may be required to reconcile records of holdings, transactions, and dividend/interest income with the Fund's custodian on a periodic basis. Specialty managers (who manage hedge funds and non-marketable partnerships) will report on portfolio details with as much transparency as possible. Each of these managers will provide annually their most recent audited financial statements, which include the basis of accounting and the auditor's opinion. In addition, each specialty manager will disclose its respective valuation policies and procedures on an annual basis.

Regular communication from all managers concerning investment strategy and outlook is expected. The ISC will regularly review a Watch List that is maintained to highlight managers' relative performance when it is outside the normal range or expected returns, new organizational issues, and/or any significant changes in strategy that raise concerns. Additionally, managers are required to inform the University of Vermont of any significant change in firm ownership,

organizational structure, professional personnel, or fundamental investment philosophy. Managers will also send a copy of their form ADV to the University at least annually.

## **B. PROXY VOTING GUIDELINES**

University of Vermont's Endowment Accountant votes the shareholder proxies.

## **C. GUIDELINES FOR TRANSACTIONS**

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best realized price.

*Adopted by the Board of Trustees on February 5, 2011, to replace the former "Statement of Investment Objectives and Policies," as revised most recently on November 11, 2006.*

*Approved as revised by the Board of Trustees: February 9, 2013*

*Approved as revised by the Board of Trustees: February 8, 2014*

*Approved as revised by the Board of Trustees: February 6, 2016*

*Approved as revised by the Board of Trustees: February 3, 2017*

*Approved as revised by the Board of Trustees: May 19, 2018*

*Approved as revised by the Board of Trustees: October 27, 2018*

*Approved as revised by the Board of Trustees: May 18, 2019*

*Reaffirmed by the Board of Trustees: May 15, 2020*

*Approved as revised by the Board of Trustees: February 5, 2021*

*Approved as revised by the Board of Trustees: June 4, 2021*

*[Approved as revised by the Board of Trustees:](#)*

## ASSET ALLOCATION POLICY TARGETS

*April 2021*

Asset Class	Target (%)	Allowable Range (%)
Public Global Equity	45.0	30-65
Marketable Alternatives	10.0	5-15
Private Investments	35.0	15-45
Fixed Income	8.0	5-25
Cash & Cash Equivalents	2.0	0-5

*Appendix A Targets last revised by Investment Subcommittee: April 21, 2021*