

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 Saturday, February 11, 2023 at 8:30 a.m. in the Silver Maple Ballroom (401) at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair Ron Lumbra, Secretary John Bartholomew, Robert Brennan¹, Kevin “Coach” Christie, Frank Cioffi², John Dineen, Johannah Donovan, Carolyn Dwyer, President Suresh Garimella, Jodi Goldstein, Stephanie Jerome, Kisha Kalra, Don McCree, Kenny Nguyen, Carol Ode, Ed Pagano, Kristina Pisanelli, Lucy Rogers, Shap Smith, Catherine Toll, and Samuel Young

MEMBERS ABSENT: Vice Chair Cynthia Barnhart, Otto Berkes, Susan Brengle, and Governor Phil Scott

ALSO PARTICIPATING: Provost & Senior Vice President Patricia Prelock, Vice President for Legal Affairs & General Counsel Trenten Klingerman, Vice President for Finance & Administration Richard Cate, Special Assistant to the President Jonathan D’Amore, Vice Provost for Enrollment Management Jay Jacobs, and Chief Communications & Marketing Officer Joel Seligman

¹ Joined by phone.

² Joined the meeting at 8:45 a.m.

Chair Ron Lumbra called the meeting to order at 8:32 a.m.

Approval of previous meeting minutes

A motion was made, seconded and it was voted to approve the minutes from the October 28-29, 2022 meetings 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:

Rhone Allison, a UVM junior running for a seat on the Burlington City Council expressed concerns over student housing. They opined that an over-admittance of students is exacerbating demand for Burlington’s housing issues.

Susan Comerford, a faculty member in the department of Social Work and Vice President of United Academics encouraged the trustee support for efforts under way in the legislature to add two voting faculty members to the Board of Trustees. She opined the addition of faculty voices will add perspective to discussion of key issues and improve moral.

John Mahoney, an UVM alum and resident of the new north end in Burlington for three decades, expressed concerns over student housing. He believes that increased enrollment is putting a strain on housing in Burlington and shared that he will not support any zoning waivers for new housing and will be choosing to support charities other than the university.

Syd Partin, a UVM senior and sexual assault survivor, and representative of Students Against Institutional Violence expressed concerns over UVM's response to sexual assault and fraternity and sorority life on campus. She advocated for the abolishment of Greek life at UVM.

At the conclusion of public comments Vice Provost for Enrollment Management Jay Jacobs and Chief Communications and Marketing Officer Joel Seligman, shared a portion of the UVM episode of Amazon Prime program *The College Tour*. Vice Provost Jacobs introduced the video noting that *The College Tour*'s Emmy-nominated and award-winning producers visited campus in Fall 2022. The full video features 10 students who shared their stories about what it's really like to be a Catamount and is available on the Undergraduate Admissions [website](#).

Committee reports

Audit Committee

Committee Chair Shap Smith offered a summary report of meetings held on November 7, 2022 and February 9, 2023.

The committee received presentations and discussed the following topics:

- At the November meeting, Vice President for Finance & Administration Richard Cate, University Controller Claire Burlingham, and Renee Bourget-Place of KPMG presented and commented on the draft FY 2023 annual financial report and audit. The audit resulted in no significant deficiencies or material weaknesses. The committee accepted and recommended the FY 2022 audited financial statements to the full Board. A resolution is included on the today's consent agenda accepting the FY 2022 audited financial statements.
- Also at the November meeting, the committee received an annual compliance update, reviewed draft internal audit and compliance work plans for this year, and received an high-level overview of the university's information security program and institution-wide technical defenses.
- At this week's meeting the committee reviewed results from the annual compliance survey which will be used to continue to strengthen the University's culture of compliance. KPMG and Controller Claire Burlingham presented the FY 2022 NCAA agreed-upon procedures report. No significant adjustments were identified as a result of the procedures performed.
- KPMG also reported on the results of the Uniform Guidance audit pertaining to federally sponsored programs. KPMG reported that no findings related to compliance and internal control were identified during the audit. The university continues to be a low-risk auditee.
- Director of Compliance Services & Chief Privacy Officer Tessa Lucey, Director of Environmental Health & Safety Francis Churchill, and Director of Risk Management Katie Haining offered a historical overview of the Enterprise Risk Management (ERM) program as well as a summary of the calendar year 2022 risk assessment process and results depicted in the UVM risk-opportunity heat map. As was reported to the Committee of the Whole yesterday, this report represents the first ERM assessment that was completed since the program was put on hold in 2020 due to the COVID-19 pandemic.

- Chair Smith concluded by noting that as required by KPMG, Renee Bourget-Place has concluded her service as audit engagement partner. She will be succeeded by David Gagnon.

Educational Policy and Institutional Resources Committee (EPIR)

Committee Chair Carolyn Dwyer reported Provost Patricia Prelock provided highlights from her written report including updates on the academic success goals, progress on sexual violence prevention, and several student support initiatives.

The committee reviewed and unanimously endorsed a proposal to establish a School of World Languages & Cultures in the College of Arts & Sciences (CAS). The mission of the School is to prepare students to engage with a diverse, globalizing, and ever-changing world. The School will unite the various language departments with CAS into a more coherent body.

The committee receive a report from the Faculty Senate Curricular Affairs Committee Co-Chair Colby Kervick and unanimously endorsed the following academic proposals:

- Establishment of an Institute for Agroecology. The institute is in response to the growing calls to transform the world's food systems in the pursuit of equity, sustainability, and wellbeing. The institute will allow UVM to grow its research, learning, and extension on agroecology, equity in food systems, and food systems transformations. It will emphasize campus-community partnerships, lead signature programs and provide resources and support for aligned projects. All of this will add capacity to existing initiatives and facilitate processes that will contribute toward, leverage, and expand UVM's land-grant mission.
- Termination of the B.A. in European Studies in the College of Arts and Sciences
- Termination of the B.A. in Russian and Eastern European Studies Major in the College of Arts and Sciences
- Termination of the B.A. in Latin American and Caribbean Studies in the College of Arts and Sciences.

The committee received a brief presentation on bias reporting and response and endorsed a resolution reaffirming the Equal Opportunity/Affirmative Action Policy and the Equal Opportunity in Educational Programs and Activities and Non-Harassment policy. In response to Provost Prelock's request to do a thorough review of the policies, it was determined that no changes or updates were needed.

Chair Dwyer concluded by sharing highlights from a presentation made to the committee on the current status of alcohol, cannabis and other drugs use on campus by Vice Provost for Student Affairs Erica Caloiero and Alcohol, Cannabis, and Other Drugs (ACOD) Initiatives Manager Tom Fontana. They reported that effective practices resulted in declining binge-drinking rates. The number of students requiring medical attention as a result of excessive drinking has also declined; and calls for service for issues including noise, intoxication and disorderly conduct by the Burlington Police Department to traditionally student neighborhoods has declined by one-third over the last three years. With the success of alcohol prevention on campus, UVM's vision has expanded to include increased emphasis on cannabis and mental health. In addition, UVM is leading the development of new approaches to "other drug" harm reduction.

Budget, Finance and Investment Committee (BFI)

Committee Chair Don McCree reported the committee conducted its annual review of the Debt Policy and endorsed minor revisions to reflect GASB 87 requirements regarding the accounting for operating leases, changes to the leverage ratio to better confirm to the rating agencies, and to increase the ratio limit to from 1.0x to 1.25x.

Chair McCree noted that highlights of Moody's Investors Services recent annual credit review of the university were included in Vice President for Finance & Administration Richard Cate written report. The university's Aa3 rating was reaffirmed, which is considered very good for a higher education institution of UVM's size.

Investment Subcommittee (ISC) Chair Rob Brennan reviewed the performance update report provided by Prime Buchholz, the university's investment advisor. The market value of the endowment as of December 31, 2022 was \$722 million. The institution's overall performance was down \$12.8M from the previous year, however, the portfolio still outperformed many of its benchmarks in the past 12 months.

As recommended by the ISC, the committee reaffirmed the Statement of Investment Policies and Objectives and the reappointment of Whit Wagner and David Aronoff to serve as advisors to the Investment Subcommittee.

Chair McCree concluded by noting the committee received reports and status updates on the following:

- FY 2024 budget – factoring in the key assumptions used to develop the budget, projections currently show a 1.6% growth in revenue and a 1.9% increase in expense. However, last year's \$10 million appropriations increase was not needed to balance the budget and will be put toward balancing FY 2024's budget instead.
- Annual Green Revolving Loan Fund update – included in the Vice President for Finance & Administration written report is a list of projects that have been initiated, are underway, or are completed.

Committee on Board Governance

Chair Frank Cioffi reported that the committee met twice since the last board meeting to conduct the annual board and university officers' nomination process.

On November 18, 2022, he issued a memo to trustees reviewing the nominations process and advised the board that the committee would convene on December 1, 2022 to initiate the process. Following that meeting, committee members reached out to individual trustees to solicit nominations.

The committee convened on December 20, 2022 to deliberate on the slate of officers, after which the board was notified of the proposed slate of officers and next steps in the election process. Chair Cioffi concluded by thanking trustee Johannah Donovan for her service as Secretary.

Election of board and university officers

Frank Cioffi, Chair of the Board Governance Committee, presented the slate by office and proposed nominee.

Chair: Ron Lumbra [no action]
 Vice Chair: Cynthia Barnhart
 Secretary: Catherine “Kitty” Toll
 Assistant Secretary: Trenten Klingerman

Chair Cioffi reminded trustees that, in accordance with the University Charter, the chair is elected at the first meeting after new trustee terms begin on March 1, 2023. The election of chair will occur at a special board meeting scheduled on that date.

An opportunity for additional nominations was offered. No further nominations were made.

A motion was made, seconded and trustees voted unanimously to elect the proposed slate of board officers. Trustee Toll recused herself from the vote on the position of Secretary.

Next, a motion was entertained for the appointment of the following university officers, by virtue of their office, for a one-year term beginning March 1, 2023, or until their successors take office:

Provost: Patricia Prelock
 Treasurer: Richard Cate

A motion was made, seconded and trustees voted unanimously to elect the proposed slate of university officers.

Retiring trustee resolutions

Chair Lumbra introduced and read the following resolutions noting that a celebratory event will be scheduled at a later date. Each retiree was presented with a framed copy.

John L. Bartholomew (2017-2023) (Board Secretary 2021-2022)

WHEREAS, Dr. John L. Bartholomew, DVM, is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, John has served and supported the University of Vermont with inquisitiveness, dedication, and common sense during his service as Board Secretary and in his leadership as Secretary of the Vermont Agricultural College Board; and through his membership on the Budget, Finance & Investment Committee, the Educational Policy & Institutional Resources Committee, the Executive Committee, and through his service on the ad hoc Labor Advisory Group;

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 John Bartholomew.

Johannah Leddy Donovan (2017-2023) (Board Secretary 2022-2023)

WHEREAS, Johannah Leddy Donovan is nearing the completion of her second term as Trustee of the University of Vermont and State Agricultural College, having previously served from 2005 through 2011; and

WHEREAS, Joey has provided the Board with a strong sense of “Vermont values” during her service as Board Secretary and during her membership on board committees, including the Board Governance Committee, the Budget, Finance & Investment Committee, the Educational Policy & Institutional Resources Committee, the Executive Committee, and through her service on the Vermont Agricultural College Board and the Presidential Housing Work Group;

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 Johannah Leddy Donovan.

Kisha Kalra (2021–2023)

WHEREAS, Kisha Kalra is nearing the completion of her term as Trustee of the University of Vermont and State Agricultural College as well has her time as a medical student at the UVM Larner College of Medicine; and

WHEREAS, Kisha has served as an insightful, dedicated, and thoughtful member of the Board, providing constructive participation and articulate perspectives during her membership on board committees, including the Audit Committee; the Educational Policy & Institutional Resources Committee; the Budget, Finance & Investment Committee; and the Committee on Board Governance; and through her service on the Multipurpose Center Work Group; all while pursuing her medical degree;

WHEREAS, Kisha has further served the University as student representative for the Learning Environment and Professionalism Committee at the Larner College of Medicine and as co-leader of the American Medical Women’s Association UVM Chapter;

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 Kisha Kalra.

Shapleigh Smith, Jr. (2017-2023)

WHEREAS, Shapleigh Smith, Jr. was the first non-legislator elected as a Trustee by the Vermont General Assembly and is nearing the completion of his term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Shap has served and supported the University of Vermont with passion and conviction and provided the Board with invaluable knowledge, experience, and generosity of time during his service as Chair and Vice Chair of the Audit Committee and as Vice Chair of the Vermont Agricultural College Board;

WHEREAS, Shap has further served the Board during his membership on board committees, including the Board Governance Committee, the Budget, Finance & Investment

Committee, the Educational Policy & Institutional Resources Committee; and through his service on the Presidential Search Committee, the ad hoc Labor Advisory Group, the Multipurpose Center Work Group and the Sustainability Work Group;

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 Shapleigh Smith.

Approval of consent agenda

Chair Lumbra presented the following resolutions for approval, reminding trustees that all would be voted on as a consent agenda, including resolutions presented at yesterday's Committee of the Whole meeting and the retiring trustee resolutions just presented. An opportunity for any resolution to be voted on separately was offered.

AUDIT COMMITTEE

1. Resolution accepting fiscal year 2022 audited financial statements

WHEREAS, the financial statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2022, 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 2022 were presented to the Audit Committee of the Board of Trustees at the Audit Committee's November 7, 2022 meeting;

WHEREAS, the Audit Committee approved a resolution recommending acceptance of the FY 2022 audited financial statements;

BE IT RESOLVED, that the Board of Trustees hereby accepts the fiscal year 2022 audited financial statements as recommended by the Audit Committee.

COMMITTEE OF THE WHOLE

2. Resolution authorizing the implementation of naming a college and/or program

BE IT RESOLVED, that the Board of Trustees hereby authorizes the administration to implement the naming of a college and/or program on the terms and conditions described on this date and as otherwise is consistent with University policies.

3. Resolution Regarding the Multipurpose Center Project

WHEREAS, the Board of Trustees previously appointed a Multipurpose Center Work Group (the "MPC Work Group") comprised of trustees and administration liaisons and charged it with reporting to the Board on the current state and remaining options for the Multipurpose Center project, which was approved by the Board on May 18, 2019; and

WHEREAS, the Board has received the report of the MPC Work Group and has had a full opportunity to discuss the report; and

WHEREAS, the Board agrees with the findings and recommendations of the MPC Work Group and notes that completion of the previously approved Multipurpose Center project is the optimal path forward to meet student wellness needs and the needs of our athletics programs.

BE IT RESOLVED that the Board of Trustees hereby requests that:

1. The MPC Work Group report, and all its appendices, be made publicly available.
2. University administration and the UVM Foundation will by the May 20, 2023 Board meeting:
 - a. aggressively pursue all available sources of funding, including maximum available philanthropy
 - b. propose, for consideration by the Budget, Finance & Investment Committee, strategies for debt financing any funding gap between the total remaining project cost and available sources of funding and model the impacts of those strategies

4. Resolution authorizing creation of 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, an advisory committee comprised of current and former university Trustees carefully studied mechanisms for the University and the University of Vermont Foundation ("the Foundation") to combine endowment assets and establish a nonprofit investment management subsidiary of the Foundation ("UVMCo.") to oversee and manage the combined endowment assets in order to best meet the fiduciary responsibilities of the University and the Foundation; and

WHEREAS, the UVM Board of Trustees has agreed with the concept of the recommended by the advisory committee; and

WHEREAS, the UVM Board of Trustees desires to protect the University's interests with respect to the governance and operations of UVMCo.;

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the administration to enter into Investment Management Agreements with UVMCo. that protect the University's interests, including without limitation, the University's interests in receiving information about the activities, affairs and financial condition of UVMCo. and the funds it manages for the benefit of the University and the right to consent to significant matters of UVMCo.'s formation and governance including such matters as would require affirmative consent of a member of UVMCo. under Vermont law.

EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE**5. Resolution to establish a School of World Languages and Cultures in the College of Arts and Sciences**

WHEREAS, the School of Languages and World Cultures in the College of Arts and Sciences will unite the language departments into a more coherent body; raise the visibility of language study on campus through common programming; support the recruitment of more students interested in studying languages and strengthen existing majors and minors; increase opportunities for collaboration; and widen research and pedagogical networks and conversations beyond the boundaries of individual departments; and

WHEREAS, the proposal for the School of World Languages and Cultures in the College of Arts and Sciences has been reviewed and endorsed by the faculty the Department of Asian Languages and Literatures, the Department of Classics, the Department of German and Russian, and the Department of Romance Languages and Cultures; 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 Garimella; and

WHEREAS, the Programs of Asian Languages and Literatures; Classics; French and Italian; German, Russian, and Hebrew; Linguistics; and Spanish will be created as internal units within the School of World Languages and Cultures to maintain their unique identities and visibility, and the existing stand-alone Department of Asian Languages and Literatures, Department of Classics, Department of German and Russian, and the Department of Romance Languages and Cultures will be eliminated;

BE IT RESOLVED that the Board of Trustees approves the establishment of a School of World Languages and Cultures within the College of Arts and Sciences effective July 1, 2023.

6. Resolution approving the establishment of an Institute for Agroecology

WHEREAS, in 2021 the Office of the Vice President for Research (OVPR) sought to identify transformative research ideas at the University of Vermont and an Agroecology proposal emerged as a transformative research idea; and

WHEREAS, over the last two years the project leaders have socialized the idea of the Institute for Agroecology (IFA) within the UVM community, gathered strong momentum, secured funds, established a leadership team, and engaged in programs both nationally and internationally, and developed a proposal to establish a university-wide Institute; and

WHEREAS, the IFA's mission to use participatory, holistic, and equity-focused approaches to support just transformations in food systems aligns with the University of Vermont's land-grant mission; and

WHEREAS, the Institute for Agroecology builds on the foundation of the UVM Agroecology and Livelihoods Collaborative, a community of practice that has been recognized internationally for its work; and

WHEREAS the Institute will allow UVM to leverage and crystalize its research, learning, and extension on agroecology, equity in food systems and food systems transformations; and

WHEREAS, the Faculty Senate; Provost Prelock; and President Garimella have endorsed the creation of the IFA;

BE IT RESOLVED, that the Board of Trustees approves the establishment of an Institute for Agroecology at the University of Vermont.

7. **Resolution approving the termination of the B.A. in European Studies in the College of Arts & Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the B.A. in European Studies in the College of Arts & Sciences, as approved and advanced by the Provost on January 30, 2023 and President on February 1, 2023.

8. **Resolution approving the termination of the B.A. in Russian and Eastern European Studies in the College of Arts & Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the B.A. in Russian and Eastern European Studies in the College of Arts & Sciences, as approved and advanced by the Provost on January 30, 2023 and President on February 1, 2023.

9. **Resolution approving the termination of the B.A. in Latin American and Caribbean Studies in the College of Arts & Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the B.A. in Latin American and Caribbean Studies in the College of Arts & Sciences, as approved and advanced by the Provost on January 30, 2023 and President on February 1, 2023.

10. **Resolution Reaffirming Equal Opportunity Policy Statements¹**

BE IT RESOLVED, that the Board of Trustees reaffirms the Equal Opportunity in Educational Programs and Activities and Non-Harassment Policy Statement with no changes, attached here as Appendix A; and

BE IT FURTHER RESOLVED, that the Board of Trustees reaffirms the Equal Employment Opportunity/Affirmative Action Policy Statement with no changes, attached here as Appendix B, both effective as of February 4, 2017.

BUDGET, FINANCE & INVESTMENT COMMITTEE

11. **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

¹ The following housekeeping updates were made: separated out Title IX Coordinator position from AAEO Director position and responsible official and policy numbers updated to reflect transition of Human Resources from the Vice President for Finance and Administration to the Chief Human Resource Officer.

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 2022;

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

12. Resolution reaffirming the Statement of Investment Policies and Objectives

WHEREAS, in February 2011, the Board of Trustees 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 14, 2022, the Investment Subcommittee reviewed the Statement of Investment Policies and Objectives,

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

13. Resolution approving reappointment of Investment Subcommittee advisors

BE IT RESOLVED, that the Board of Trustees approves the reappointment of H. Whitney Wagner and David Aronoff as advisors to the Investment Subcommittee, for a one-year period commencing March 1, 2023, subject to the terms and conditions reported on this date.

14-17. (see retiring trustees resolutions on pages 5-7)

Chair Lumbra offered an opportunity for questions. There being none, a motion was made, seconded and all resolutions were unanimously approved as presented.

Executive session

At 9:27 a.m., Chair Lumbra entertained a motion to enter into executive session for the purpose of discussing contracts, labor relations agreements, and to receive advice of counsel. He noted the session would last for approximately 30 minutes and that action is anticipated following. Everyone was excused from the meeting with the exception of Trustees, Provost Patricia Prelock, Vice President for Legal Affairs & General Counsel Trent Klingerman, Vice President for Finance & Administration Richard Cate, and Special Assistant to the President Jonathan D'Amore.

The meeting re-opened to the public at 10:00 a.m.

Chair Lumbra presented the following resolution:

Resolution authorizing negotiation and settlement of collective bargaining agreements

BE IT RESOLVED, that the Board of Trustees authorizes the administration to negotiate and settle collective bargaining agreements United Electrical Workers on the material terms reported on this date.

An opportunity for discussion was offered. There being none, a motion was made, seconded and the resolution was unanimously approved.

Adjournment

There being no further business, the meeting adjourned at 10:01 a.m.

Respectfully submitted,

Ron Lumbra, Chair



The University of Vermont

OFFICE OF 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	Nick Stanton 428 Waterman Building (802) 656-3368
Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Emily McCarthy 428 Waterman Building (802) 656-3368
Questions about disability related issues	
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher 428 Waterman Building (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

Responsible Official:	Chief Human Resource Officer	Approval Authority:	President and the Chair of the Board of Trustees
Policy Number:	V. 7.3.11	Effective Date:	February 4, 2017
Revision History:	<ul style="list-style-type: none"> • V. 7.0.1.1 effective April 7, 2006 • V. 7.0.1.2 effective September 5, 2008 • V. 7.0.1.3 effective April 13, 2009 • V. 7.0.1.4 effective March 8, 2010 • V. 7.0.1.5 effective May 22, 2011 • V. 7.0.1.6 effective May 19, 2012 • V. 7.3.7/V. 7.0.1.7 effective February 9, 2013 • V. 7.3.8 effective February 8, 2014 • V. 7.3.9 effective February 7, 2015 • V. 7.3.10 effective February 6, 2016 • V. 7.3.11/V. 4.23.11 Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018, March 6, 2019 • Reaffirmed by the President February 3, 2020, February 9, 2021, March 7, 2022 and the Chair of the Board of Trustees January 30, 2020, February 8, 2021, March 10, 2022 • 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 • Responsible official officially changed from the Vice President for Finance and Administration to the Chief Human Resource Officer October 3, 2022 		

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 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	Nick Stanton 428 Waterman Building Burlington VT, 05405 (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.	
Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Emily McCarthy 428 Waterman Building Burlington VT, 05405 (802) 656-3368
Questions about disability related issues	
Student Accessibility Services	Sharon Mone A-170, Living/Learning Center 633 Main Street Burlington VT, 05405 (802) 656-4075
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher 428 Waterman Building Burlington VT, 05405 (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 Procedure](#)

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

Responsible Official:	Chief Human Resource Officer	Approval Authority:	President and the Chair of the Board of Trustees
Policy Number:	V. 7.4.11	Effective Date:	February 4, 2017
Revision History:	<ul style="list-style-type: none"> • V. 7.0.5.1 effective April 7, 2006 • V. 7.0.5.2 effective September 5, 2008 • V. 7.0.5.3 effective April 13, 2009 • V. 7.0.5.4 effective March 8, 2010 • V. 7.0.5.5 effective May 22, 2011 • V. 7.0.5.6 effective May 19, 2012 • V. 7.4.7/V. 7.0.5.7 effective February 9, 2013 		

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| <ul style="list-style-type: none">• V. 7.4.8 effective February 8, 2014• V. 7.4.9 effective February 7, 2015• V. 7.4.10 effective February 6, 2016• 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• V. 7.4.11/V. 4.24.11 Reaffirmed by the President February 3, 2020, February 9, 2021, April 4, 2022 and the Chair of the Board of Trustees January 30, 202, February 8, 2021, April 5, 2022• 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• Responsible official officially changed from the Vice President for Finance and Administration to the Chief Human Resource Officer October 3, 2022 |
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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](#).



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

[Revised, February 2023](#)

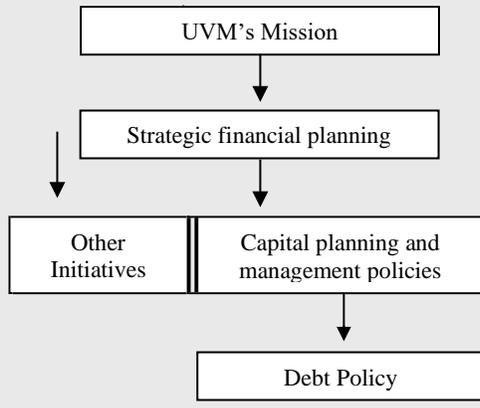
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OVERVIEW

Purpose

1. Articulate the role of UVM's debt policy within the strategic planning process.



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, [including leases](#).

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	
<ol style="list-style-type: none"> 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. 	<p>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.</p> <p>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.</p> <p>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.</p>

POLICY RATIOS

Purpose	
<ol style="list-style-type: none"> 1. Identify core ratios. <ol style="list-style-type: none"> 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. 	<p>This policy establishes limits to measure the total amount of outstanding debt and leases compared to University balance-sheet resources and the annual operating budget.</p> <p>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.</p> <p>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.</p> <p>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.</p> <hr/> <p><i>Ratio 1 – Debt Burden Ratio</i></p> <p>This ratio measures the University’s ability to repay debt service associated with all outstanding debt and leases 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.</p> $\frac{\text{ANNUAL DEBT SERVICE}}{\text{TOTAL EXPENSES}} < 5.75\%$ <p>The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-</p>



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%. 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 ~~Spensible~~Total 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~~University resources 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 1.250 to ensure that sufficient balance sheet strength is maintained at all times.

$$\frac{\text{TOTAL CASH \& INVESTMENTS} - \text{PERMANENTLY RESTRICTED NET ASSETS} + \text{PLEDGES CLASSIFIED AS PERMANENTLY RESTRICTED NET ASSETS}}{\text{AGGREGATE DEBT}} \geq 1.250x$$

AGGREGATE DEBT

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

The 1.250x 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 1.250x.

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.~~



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

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. [Examples of appropriate cases to utilize taxable debt include timing, fees and rates relative to tax-exempt rates, the nature of the project being funded, and private use, among others.](#)

Commercial Paper (CP) & Lines of Credit (LOCs)

The CP program [and lines of credit](#) 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 [and LOCs](#) 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.

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.

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, (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.

$$\frac{\text{VARIABLE RATE AND LIQUIDITY EXPOSURE}}{\text{TOTAL LONG-TERM DEBT OUTSTANDING}} > 1.0 \times 35\%$$

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 the 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").

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 return¹ (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 5.50%. 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 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 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**.

¹ 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.

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 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.

Total Fund

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

Policy 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.

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.

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.

Asset Class	Market Index Used in Policy Index²	Underlying Investments
Public Global Equity	MSCI AC World Index (Net)	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.
Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index	Holdings may consist of U.S. Treasury, U.S. government/agency, asset-backed, and corporate credit securities.
Cash	Self-benchmarked	Cash and cash equivalents

² Indices used in Policy Index are effective as of February 5, 2022.

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: February 5, 2022

Reaffirmed by the Board of Trustees: February 11, 2023

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

Targets last revised by Investment Subcommittee: April 21, 2021