

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

FULL BOARD MEETING
Special meeting

Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Secretary Catherine Toll, Susan Brengle, Kevin Christie, Frank Cioffi, Matt Devost, John Dineen, R. Stanton Dodge, Carolyn Dwyer, President Suresh Garimella, Katelynn Giroux, Jodi Goldstein, Jennifer Ha, Stephanie Jerome, Donald McCree, Carol Ode, Ed Pagano, Kristina Pisanelli, Monique Priestley, Lucy Rogers, Governor Phil Scott, Shap Smith, Tristan Toleno, and Samuel Young

Monday, August 19, 2024
4:00 p.m. – 5:00 p.m.
351 Waterman Building

AGENDA

	Item	Enclosure/ Exemption	Discussion Leader	Time
	Call to order			*4:00 p.m.
1.	Approval of June 25, 2024 minutes	Attachment 1	Ron Lumbra	4:00-4:02
	Motion to enter executive session**			
2.	Appointment of an interim president	Personnel and contracts	Ron Lumbra	4:02-4:45
3.	Finalization of president's compensation	Contracts	Ron Lumbra	4:45-4:50
	Motion to go out of executive session			
4.	Other business - Resolution regarding appointment of an interim president - Resolution regarding president's compensation	Separate distribution	Ron Lumbra	4:50-5:00
	Motion to adjourn			5:00 p.m.

*Times are approximate.

**The Chair will entertain a motion to enter into executive session to discuss personnel and contracts. Action is anticipated following.

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

A special meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Tuesday, June 25, 2024, at 4:00 p.m. in Memorial Lounge, room 338 Waterman Building, via remote conferencing.

MEMBERS PRESENT: Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Secretary Catherine Toll, Susan Brengle, Frank Cioffi, Matt Devost, John Dineen¹, Carolyn Dwyer, President Suresh Garimella, Katelynn Giroux², Jennifer Ha, Stephanie Jerome³, Donald McCree, Carol Ode, Ed Pagano, Kristina Pisanelli, Shap Smith, Tristan Toleno, and Samuel Young

MEMBERS ABSENT: Kevin “Coach” Christie, R. Stanton Dodge, Jodi Goldstein, Monique Priestley, Lucy Rogers, and Governor Phil Scott

ALSO PARTICIPATING: Provost & Senior Vice President Patricia Prelock, Vice President for Finance & Administration Richard Cate, Vice President for Legal Affairs & General Counsel Trent Klingerman, Vice Provost for Enrollment Management Jay Jacobs, Chief of Staff to the President Jonathan D’Amore, and Budget Director Shari Bergquist

¹ Departed the meeting at 4:56 p.m.

² Joined the meeting at 4:10 p.m.

³ Departed the meeting at 4:38 p.m.

Chair Ron Lumbra called the meeting to order at 4:02 p.m.

Approval of previous minutes

A motion was made, seconded and it was voted to approve the minutes from the May 18, 2024 meeting as presented.

Resolution approving fiscal year 2025 budget planning assumptions: general fund

Budget, Finance and Investment Committee (BFI) Chair Don McCree explained that the university, along with many other schools, was impacted by the FAFSA student aid information delay, which in turn delayed the FY 25 budget from being presented to the Board for approval. He noted that this is the first time in his tenure as chair of the BFI Committee that there has not been a structurally balanced budget, and acknowledged that Vice President of Finance & Administration Richard Cate and his team have always done an excellent job at finding ways to balance the budget and contain costs and thanked them for their work. The \$14 million increase in employee healthcare costs was acknowledged and that trying to offset it within a single year’s

budget without causing significant programmatic and operational disruptions would not be feasible. Revenue continues to do well but, in addition to the healthcare cost increase, other expenses are increasing rapidly due to a multitude of factors such as high construction costs, higher salaries, inflation, and an increase in the cost of labor. While the plan is to have a balanced budget in FY 2027, there is continued concern about the ongoing rise in healthcare costs.

President Suresh Garimella thanked BFI Chair McCree for outlining the reasons behind the delayed budget. He thanked Vice President Cate, Vice Provost Jay Jacobs, University Budget Director Shari Bergquist and their teams for working so diligently on this challenge and expressed his pride and appreciation for the collaboration between the Enrollment Management and the Finance and Administration leadership for the results being presented today.

Referring to appendix C of attachment 2 of the meeting materials, University Budget Director Shari Bergquist reviewed the FY 2025 general fund budget, noting the key assumptions underlying the budget proposal include a 3.5% increase in out-of-state tuition, the implementation of a \$1,000 program fee for majors in the College of Nursing and Health Sciences, the College of Engineering and Mathematical Sciences, and the Grossman School of Business, and salary and wage increases as per approved union contracts.

The incoming undergraduate class is projected to be slightly smaller than in recent years, but a budget-to-budget comparison reflects a 1.8% increase in overall student enrollment; however, it is only a 1.06% increase over FY 2024 actuals. Also included in the budget is a 3% increase in state appropriations over that of FY 2024. Salaries, wages, benefits, and stipends represent 72.5% of general fund expenses, with benefit costs (health insurance being the primary driver) representing nearly two-thirds of the increases in those expenses. There was a 1.8% decrease in unit operating budgets which is in direct response to the increase in benefit costs.

Contributions to the UVM Foundation have decreased 12.5% which is in line with the university's endowment management plan. FY 2025 will see the return to incremental increases in deferred maintenance due to the increasing need in this area.

Overall, the FY 2025 general fund budget projects a 5.7% increase in revenue (excluding one-time reserves) and an 8.1% growth in expenses, year to year. A \$10 million one-time reserve has been budgeted to mitigate the increase in health insurance costs and there is a plan to use a similar technique in FY 2026, but to a lesser extent.

The following resolution was presented for approval:

Resolution approving fiscal year 2025 budget planning assumptions: general fund

BE IT RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for fiscal year 2025, which lead to a general fund operating expense budget for the University of \$451,787,141 and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

Trustee Catherine Toll shared concerns regarding available funding and the university's ability to catch up on deferred maintenance. Vice President Cate acknowledged that there was a plan in place prior to President Garimella's arrival with the goal to designate \$19 million a year toward deferred maintenance, which was disrupted by the COVID pandemic and other financial stressors. Trustee Kristina Pisanelli expressed concerns regarding the impact on-going union negotiations could have on the budget. Trustee Shap Smith suggested the Board spend some time discussing long-term budget planning and how the university is benchmarking against its peers, particularly in regard to trends in in-state enrollment and net tuition revenue.

At the conclusion of the discussion, a motion was made, seconded, and the resolution was unanimously approved.

Enrollment management updates

President Garimella welcomed Vice Provost for Enrollment Management Jay Jacobs and thanked him and his team for their efforts to ensure the university hits its target for net tuition revenue.

Vice Provost Jacobs offered a brief update on plans for implementing an institutional methodology for financial aid administration that requires a second application for financial assistance in addition to the Free Application for Federal Student Aid (FAFSA). He reported that FAFSA is required in order to receive Title IV funding and that it is in the students' best interest to file a FAFSA to receive government backed loans and other potential grants. The second application is CSS Profile, a College Board product. CSS Profile is a more detailed aid application that will provide the university with data not necessarily received with the FAFSA such as assets and non-custodial parent information.

Vice President Jacobs next reported that the university has added an Early Decision 2 application round (February 1 deadline), in addition to the current Early Decision, Early Action (November 1 deadline), and Regular Decision (January 15 deadline). This

additional deadline will allow the university to capture students who are denied from their first-choice school in Early Decision 1 and apply to UVM via the binding admissions plan later in the process. He concluded by noting also allows students to apply Early Decision after first quarter/term high school grades are processed, allowing them to showcase a stronger academic profile.

Approval of revisions to the Resolution Regarding Board Delegation and Retention of Board Authority

Chair Lumbra reported that as directed following discussions at the May 18th Committee of the Whole meeting, the administration illustrated the impact of the proposed amendments to *Resolution Regarding Board Delegation and Retention of Board Authority* related to the levels of contract approvals authority on the routine contracts coming before the Executive Committee on June 10th. One of the 12 contracts presented at the meeting would require Board approval under the proposed amendments.

Today, the Board is being asked to approve proposed revised *Resolution Regarding Board Delegation and Retention of Authority*.

Before introducing the resolution, Vice President for Legal Affairs & General Counsel Trent Klingerman offered a summary of proposed changes noting the *resolution* has been reordered from 39 areas into five categories for ease of reading and to find items of retained authority. He reported that Board authority related to the university's strategic mission, vision and values and corporate structure and governance remain unchanged and appear in Sections I and II. The Board retains all its current authorities with respect to approving the general fund budget, setting the university's investment and debt policies, and approving the issuance of bonds, procurement of loans, lines of credit, and other financing strategies as outlined in Section III.

The proposed changes to transactional approval authorities are related to real estate and facilities (Section IV) and other contracts and written instruments (Section V). Because the current levels of retained Board authority require specific Board approval of transactions that are below and outside of the strategic focus of the Board, and because many of the transactions are well below any threshold for materiality, the administration, with the guidance and support of the Executive Committee, Governance Committee and Budget, Finance and Investment Committee, recommends delegating to the administration a higher level of authority.

Vice President Klingerman further reported that the principles include aligning authority with accountability by ensuring that the delegated decision-maker is the office in the best position to fully understand and execute the transaction. The proposal also brings the university closer to a materiality standard of retained

authority. Most conservative formulas define “materiality” as 1% of the previous year’s total operating revenues (approximately \$7 million for UVM, based on FY 2024).

In proposing these changes, the administration has also clarified the ample mechanisms for Board oversight of key strategic initiatives and material risks. This includes creating new mechanisms for periodic reporting of transactions and making clear the administration’s responsibility to inform and update the Board on all proposed and ongoing strategic initiatives and any material threatened or pending risks.

The most significant suggested changes are:

Type	Current Level	Proposed Level
Real Estate Contracts (not leases)	\$1 million	\$2 million
Leases	\$500k	\$2 million
Capital Projects	\$2 million	\$5 million
Purchasing Goods or Services	\$1 million	\$2 million
Consulting (Prof. Services)	\$250k	\$1 million
Legal Settlements	\$250k	\$500K
Length of Contract or Lease	5 years	10 years

Based on feedback received during discussions about these changes, the proposed threshold for legal settlement was adjusted from the originally proposed \$1M to \$500K. Additionally, sections added to the resolution require periodic notice to the Budget, Finance & Investment Committee or Executive Committee. “Each Occurrence” notice will occur at the committee meeting following the transaction.

Type	Notice Type	Notice Timing
Capital Projects	Between \$2M - \$5M	Each Occurrence
Real Estate Transactions	\$500k - \$2million	Once Annually
Renewal Length of Contract or Lease	10 years	Each Occurrence

Revenue-Generating Contract	\$2 million	Each Occurrence
Renewal of Contract or Lease	Annual cost increase $\geq$ 5%	Each Occurrence

Lastly, Vice President Klingerman reported that during the June 10th Executive Committee meeting the administration was asked to prepare a similar analysis of the proposed amendments on real estate approvals. Only three of the 20 real estate resolutions that came before the Executive Committee from 2020 to present would not have been presented to the Board for approval under the proposed amendments.

Following the Executive Committee meeting both analyses were shared with the full Board, along with the proposed revisions to the *Resolution Regarding Board Delegation and Retention of Board Authority*, with an invitation to share any additional feedback or suggestions in advance of today's meeting.

Vice President Klingerman concluded by thanking the Board for their input and assistance.

The following revised resolution was presented for approval:

Resolution Regarding Delegation and Retention of Board Authority

WHEREAS, this Board has, in its Bylaws and through such policies and resolutions as it may issue from time to time, delegated to the President and other officers of the University certain authority and responsibility for the management of the University and its programs, activities and operations; and

WHEREAS, this Board recognizes the need for prompt and timely management decisions made by qualified University personnel, and thus, through such delegations, authorizes officers of the University to negotiate and enter into contracts and other arrangements to facilitate the objectives of University programs and activities and to conduct related operations; and

WHEREAS, in making such delegation, the Board also assigns to such officers responsibility to make informed and prudent decisions in the best interests of the University and to maintain accountability to the Board through prompt and accurate reports on University programs, activities and operations, including their financial status and impact;

NOW, THEREFORE, BE IT RESOLVED that, subject to its retained authority and responsibility for the general oversight of the University, and reserving to itself the power to act on its own initiative as necessary to the fulfillment of its own fiduciary and legal duties, the Board hereby delegates to the President of the University authority and responsibility to negotiate and enter into contracts and other arrangements to facilitate the objectives of University programs and activities and to conduct related operations, and hereby also recognizes the authority the Board delegates to the Faculty Senate as expressed in the Faculty Senate Constitution and Bylaws, except for those matters identified herein, which shall require Board approval or notice to the Board as set forth below:

I. Strategic Mission, Vision, and Values

The Board shall retain the authority to approve the following:

- A. Statements of institutional mission, principles, and values; and
- B. The institutional strategic plan and associated goals, and related strategic financial plans and goals, and all material revisions thereto.

II. Corporate Structure and Governance

The Board shall retain the authority to approve the following:

- A. The establishment and dissolution of University-affiliated corporations and foundations, and material revisions to those affiliation agreements; and
- B. University membership in other corporate entities (but not institutional memberships in professional associations); and
- C. The appointment of University Trustees to the boards of other corporate entities or public bodies in their capacity as University Trustees; and
- D. The appointment and employment of the President, election of the other officers of the Board and the University in accordance with the University Bylaws; and
- E. The creation, elimination, or substantial revisions of an academic unit, curriculum, research, or service endeavor, as defined in the University Manual; and
- F. The establishment of faculty clinical practice plans; and
- G. Matters the Faculty Senate may appeal to the Board under the Senate Constitution and Bylaws; and
- H. All self-governance matters reserved to the Board in the University Bylaws, or as otherwise required or permitted by law; and
- I. Material revisions to the University Manual or to the College of Medicine Faculty Handbook; and
- J. Institutional policies, including material revisions thereto, and such other authority as the Board is required to exercise without delegation as a matter

of law or that, in the future and prospectively, authority that it wishes to retain or resume in the exercise of its fiduciary duties and in its sole discretion.

III. Budget, Finance, and Investment

The Board shall retain the authority to approve the following:

- A. The General Fund budget; and
- B. Acceptance of the annual audited financial statements; and
- C. Tuition, room and board rates, student fees, and in-state status regulations for purposes of determining tuition; and
- D. The endowment spending rate, and the endowment administration fee; and
- E. Institutional debt policy; and
- F. Issuance of bonds; and
- G. Declaration of financial exigency, and the dissolution, merger or the sale or pledge or transfer of all or substantially all of the University's assets; and
- H. Long-Term Investment Pool and the Limited Term Asset Pool policies; and
- I. The procurement of loans, lines of credit, or other financing, and performance as surety, in amounts or at a value greater than \$1,000,000, or entry into any financial derivative contract with a notional value greater than \$1,000,000; and
- J. The selection and retention of independent audit firm to conduct the annual audit of financial statements.

IV. Real Estate and Facilities

The Board shall retain the authority to approve the following:

- A. The naming of, and name removal from, academic units, buildings and academic programs; and
- B. The program design of a capital project and authorization to proceed with a capital project at an aggregate cost of greater than \$5,000,000, at a specified not-to-exceed cost; and
- C. The purchase, sale, lease, sublease, license, exchange, or transfer ("Transfer") of complete or partial UVM interests in real property, including easements, valued greater than \$2,000,000, and renewals thereof; and
- D. University acceptance of compensation in eminent domain proceedings; and
- E. The pursuit or acceptance of historic preservation designation for University property; and
- F. The Campus Plan, and material revisions thereto.

The Administration must notify the Board or the Executive Committee of the following transactions:

- G. Capital projects with an aggregate cost of greater than \$2,000,000 and less than or equal to \$5,000,000 as plans are developed and before projects are initiated; and
- H. At least once annually any Transfer of UVM interests in real property at a value greater than \$500,000 and less than or equal to \$2,000,000.

V. Other Contracts and Written Instruments

The Board shall retain the authority to approve the following:

- A. Payments in lieu of taxes to a government entity or payment of fees for municipal services rendered by or through a government entity and, in either instance, voluntarily; and
- B. The material terms of collective bargaining agreements and, within the context of approval of the annual budget, the annual salary pool for non-union-represented employees; and
- C. Except as provided in Part V.D., a contract with a vendor for purchase of goods or equipment or the procurement of services, at an aggregate cost of greater than \$2,000,000, when such costs were not authorized previously through the customary capital projects approval process; and
- D. Professional Services Contracts at a cost greater than \$1,000,000; and
- E. The settlement of legal claims or lawsuits at a cost greater than \$500,000, regardless of insurance coverage; and
- F. Contracts for non-audit services with the audit firm that is conducting the annual audit of financial statements at an aggregate cost greater than \$25,000; and
- G. Employment severance payments in excess of the standard amount University policy specifies for officials who report to the President; and
- H. A contract or lease whose initial term exceeds ten (10) years, regardless of contract value or amount, provided that Board approval is not required for licenses and option agreements, confidentiality agreements, materials transfer agreements, or other similar arrangements administered by the University's Office of Technology Commercialization; and
- I. Authorization to file or settle lawsuits in which the Board, or a Trustee or an Officer of the University is a named party (and, in the latter two instances, ex officio), or a Board-approved policy is in dispute; and
- J. Nothing in this section V. is intended to include a requirement of Board approval for awards, subawards, contracts or subcontracts administered by Sponsored Projects Administration.

The Administration must notify the Board or the Executive Committee of the following transactions:

- K. The renewal of any existing contract or lease whose renewal term, exceeds ten (10) years, regardless of contract value or amount, provided that notice is not required for licenses and option agreements, confidentiality agreements, materials transfer agreements, or other similar arrangements administered by the University's Office of Technology Commercialization; and
- L. A contract with a vendor for professional services at an aggregate cost of greater than \$500,000 when such costs were not authorized previously through the customary capital projects approval process, and if the type of contact is not otherwise addressed in this resolution; and
- M. Revenue-generating contracts for goods or services provided or generated by the University at a cost to the contractee of more than \$2,000,000 over the term of contract; and
- N. The renewal of any previous Board-approved contract or lease that calls for an annual increase in cost exceeding 5% per year; and

BE IT FURTHER RESOLVED, that notwithstanding such delegations, through the President or the President's designees the administration shall report periodically on matters of institutional management and operations as the Board may direct and/or as may be appropriate and desirable, including without limitation periodic reporting on gifts and grants; and

BE IT FURTHER RESOLVED, that the administration and, in particular, the President, Provost, Treasurer, General Counsel and Chief Internal Auditor have an ongoing professional obligation to inform and update the Board of Trustees on all proposed and ongoing strategic initiatives, including planned real estate acquisitions and disposition, and any material threatened or pending risks; and

BE IT FINALLY RESOLVED, that this resolution shall supersede all preexisting resolutions regarding delegation and retention of Board authority.

Adopted by the Board of Trustees: September 11, 2004

Approved as revised by the Executive Committee: March 14, 2005

Approved as revised by the Board of Trustees: May 19, 2007

Approved as revised by the Board of Trustees: May 17, 2008

Approved as revised by the Board of Trustees: September 5, 2008

Approved as revised by the Board of Trustees: February 7, 2009

Approved as revised by the Board of Trustees: February 6, 2010

Approved as revised by the Board of Trustees: March 8, 2010

Approved as revised by the Board of Trustees: February 5, 2011

Approved as revised by the Board of Trustees: March 14, 2011

Approved as revised by the Board of Trustees: May 19, 2012

Approved as revised by the Board of Trustees: November 8, 2012

Approved as revised by the Board of Trustees: March 11, 2013

Approved as revised by the Board of Trustees: September 15, 2014

Approved as revised by the Board of Trustees: March 16, 2015

Approved as revised by the Board of Trustees: May 21, 2016

Approved as revised by the Executive Committee: December 12, 2016

Approved as revised by the Board of Trustees: October 21, 2017

Approved as revised by the Board of Trustees:

An opportunity for discussion was offered. Trustee Frank Cioffi stated that he does not support the proposed thresholds for approval of real estate contracts and leases (\$2M) or capital projects (\$5M) and for those reasons he does not support approving the revised resolution.

Vice President Klingerman noted that the last paragraph added to the revised resolution was intended to codify the administration's ongoing professional obligation to inform and update the Board on all proposed and ongoing strategic initiatives, including planned real estate acquisitions and dispositions, and any material threatened or pending risks.

Trustee McCree followed up by sharing that the approval thresholds were adjusted by order of magnitude relative to the university's responsibilities. He reiterated that he is comfortable with the numbers as the university has a good set of escalation guard rails, including ratios and leveraging calculations.

A motion was made, seconded, and the resolution was approved by a vote of 18 to 1.

Other business

President Garimella acknowledged that this is Vice President Klingerman's last Board meeting before returning to the private practice of law in his home state of Indiana. He expressed his deep gratitude and appreciation for his invaluable service to him, as a confidant and advisor, and to the entire UVM community over the last two years and wished him the best.

Chair Lumbra recognized Vice President Klingerman's unique reporting role to the President and the Board and offered his sincere thanks and appreciation for his partnership and outstanding service to the Board and to the university.

Adjournment

There being no further business, the meeting adjourned at 5:07 p.m.

Respectfully submitted,

Ron Lumbra, Chair