THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

BUDGET, FINANCE AND INVESTMENT COMMITTEE

Members: Chair Don McCree, Vice Chair Briar Alpert, President Suresh Garimella, David Aronoff, Robert Brennan, Kevin Christie, John Dineen, David Gringeri, Ed Pagano and Tristan Toleno

Representatives: Faculty Representatives Jane Knodell and Terri Donovan, Foundation Representative Bob Plante, Alumni Representative Myron Sopher, Staff Representatives Joshua Tyack and Renee Berteau, Student Representatives Sophie Smith and Lana Al-Namee, and Graduate Student Representatives Aayudh Das and Avery Rasmussen

Friday, February 5, 2021
9:40 a.m. – 10:40 a.m.

This meeting will be held remotely. If interested in listening in, please dial:
1-802-489-6040; Conference ID: 843 185 730#
For any technical issues or questions, please email edickinson@uvm.edu

AGENDA

	Item	Enclosure	Discussion Leader(s)	Time
	Call to Order			**9:40 a.m.***
1.	Approval of September 25, 2020 meeting minutes	Attachment 1	Don McCree	9:40-9:42
2.	Debt policy annual review • Resolution reaffirming the Debt policy • Annual financial ratios review	Attachment 2; Appendix A Attachment 3	Claire Burlingham Richard Cate	9:42-9:50
3.	Report of the Investment Subcommittee • Endowment performance update • Resolution approving revisions to the Statement of Investment Policies and Objectives • Resolution on socially responsible investing • Resolution approving appointment of Investment Subcommittee advisor	Separate distribution Attachment 2; Appendix B Attachment 2 Attachment 2	Robert Brennan	9:50-10:00
4.	Vice President's report • Green revolving loan fund annual report • Short and medium-term financial constraints	Attachment 4	Richard Cate Claire Burlingham	10:00-10:15

*Times are approximate.

	Item	Enclosure	Discussion Leader(s)	Time
5.	Fiscal year 2022 budget • Preview of key budget assumptions • Resolution approving tuition rates for fiscal year 2022 • Resolutions setting the comprehensive fee, and student government association, inter residence association, and graduate student senate fees for fiscal year 2022 • Resolution approving continuous registration fee for graduate students for fiscal year 2022 • Resolution approving room and meal plan rates for fiscal year 2022	Attachment 2 Attachment 2 Attachment 2 Attachment 2	Richard Cate Shari Bergquist	10:15-10:35
6.	Resolution approving execution of bond refunding	Attachment 2	Richard Cate	10:35-10:38
7.	Other business**		Don McCree	10:38-10:40
	Motion to Adjourn			**10:40 a.m.**

** Executive session as needed.

BUDGET, FINANCE AND INVESTMENT COMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

A meeting of the Budget, Finance and Investment Committee of the Board of Trustees of the University of Vermont State and Agricultural College was held on Friday, September 25, 2019 at 8:35 a.m. The meeting was held via remote conferencing due to the COVID-19 pandemic.

MEMBERS PRESENT: Chair Don McCree, Vice Chair Briar Alpert, President Suresh Garimella, David Aronoff, Robert Brennan, Kevin "Coach" Christie, John Dineen, David Gringeri, Ed Pagano and Tristan Toleno

REPRESENTATIVES PRESENT: Faculty Representatives Jane Knodell and Terri Donovan[1], Foundation Representative Bob Plante, Alumni Representative Myron Sopher[2], Staff Representatives Joshua Tyack and Renee Berteau, Graduate Student Representatives Aayudh Das and Avery Rasmussen

PERSONS ALSO PARTICIPATING: Board Chair Ron Lumbra, Vice President for Finance and Administration Richard Cate, University Controller Claire Burlingham, University Budget Director Shari Bergquist, Foundation President/CEO Shane Jacobson, Director of Athletics Jeff Schulman and Director of Planning, Design and Construction Paula Carlaccini

OTHER TRUSTEES IN ATTENDANCE: Cynthia Barnhart, John Bartholomew, Joey Donovan, Carolyn Dwyer, Jodi Goldstein, Carol Ode[3], Shap Smith, Berke, Tinaz and Samuel Young

ABSENT: Student Representatives Sophie Smith and Lana Al-Namee

[1] Joined the meeting at 8:41 a.m.
[2] Joined the meeting at 9:13 a.m.
[3] Joined the meeting at 8:44 a.m.

Chair Don McCree called the meeting to order at 8:38 a.m. He began by welcoming new representatives Jane Knodell, Bob Plante, and Aayudh Das to the committee.

Approval of minutes

A motion was made, seconded and voted to approve the minutes of the May 15, 2020 meeting.

Fiscal Year (FY) 2021 budget

Chair McCree opened the discussion by emphasizing that the University's financial challenges go beyond the current year. He reminded committee members that because of the uncertainty regarding undergraduate and graduate enrollment due to the COVID-19 pandemic, the board approved an interim budget through September 30, 2020. He stressed that there is still much work to do to solve ongoing COVID-19-related and other structural budget issues.

Vice President Richard Cate then presented an overview of the FY 2021 operating budget of $741 million, as presented in attachment 2 of the meeting materials.

Thirty percent ($225.4 million) of the operating budget are restricted funds, which includes $33.4 million of state and federal COVID funding. Funds received directly from the state must be used for COVID-related purchases by December 30, 2020.

Referring to the details of the full-year general fund budget proposal ($370.3 million), Vice President Cate reported that most of the revenue streams, other than net tuition, are projected to be similar to last year's numbers. However, he pointed to the decline in in-state and out-of-state tuition as a significant issue. Given the current level of the university's reserves, Chair McCree emphasized that the goal is to use as little of those reserves as possible to make up this deficit, which means that this will most likely be an additional strain on the operating budget moving forward.

Vice President Cate indicated that the university is closing the budget gap through salary reductions, base-budget (permanent) reductions, and other means. Support centers budgets already have been reduced by $11.4 million; academic units have a $9.5 million gap to cover. Board leadership stressed the need to develop an organizational structure that does not rely on the use of one-time reserves to address ongoing budget challenges.

Vice President Cate and Chair McCree commended University Budget Director Shari Bergquist and her team on their excellent work throughout this difficult budget process.

Summer session tuition

Vice President Cate explained that with a 0% tuition increase, the proposal is for summer session tuition rates to remain the same as the FY 2020 rates.

The following resolutions were presented to the committee.

> **<u>Resolution approving Fiscal Year 2021 budget planning assumptions: general fund</u>**
>
> RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2021, which lead to a General Fund operating expense budget for the University of $370,334,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.
>
> **<u>Resolution approving summer session tuition</u>**
>
> BE IT RESOLVED, that the Board of Trustees hereby approves the tuition rate for summer session 2021 of $478 per credit hour for in-state students and $1,204 per credit hour for out-of-state students except that, with prior approval from the Provost, graduate programs may maintain summer tuition rates for 2021 in-state and out-of-state students equal to the prior fall and spring tuition rates for their program.

A motion was made, seconded, and the resolutions were unanimously approved as presented for recommendation to the board.

Report of the Investment Subcommittee (ISC)

ISC Chair Robert Brennan referred committee members to the supplemental performance update report provided by Cambridge Associates. As of July 31, 2020, the University's endowment balance was $557 million.

As recommended by the Investment Subcommittee, the committee was asked to reaffirm the Endowment Budget policy with no changes, and to approve a revision to the Endowment Management Fee policy to include the fiscal year end date for which the administrative management fee shall be applied to the University endowment.

The following resolutions were presented to the committee for approval for recommendation to the board:

(*As recommended by the Investment Subcommittee on August 12, 2020)*

Resolution reaffirming the Endowment Budget policy

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

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

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

Adopted by: Board of Trustees - May 13, 1995
Reaffirmed: Board of Trustees - September 8, 2007
Board of Trustees - September 5, 2008
Board of Trustees - October 24, 2009
Board of Trustees - October 30, 2010
Board of Trustees - October 22, 2011
Board of Trustees - November 8, 2012
Board of Trustees - October 26, 2013
Board of Trustees - October 18, 2014
Board of Trustees - October 3, 2015
Board of Trustees - October 22, 2016
Board of Trustees - October 20, 2017
Board of Trustees - October 27, 2018
Board of Trustees - January 31, 2020
Board of Trustees -

Resolution approving revisions to the Endowment Administration Fee policy

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

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves an endowment management fee equal to 25 basis points to be applied to the University endowment from July 1, 2020 through December 31, 2020, and which shall flow to the University; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves that an endowment management fee equal to 100 basis points, 80 of which shall flow to the University of Vermont Foundation and 20 of which shall flow to the University, shall be applied to the University endowment beginning as of January 1, 2021and continuing through June 30, 2022; and

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

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

Adopted by:	*Board of Trustees - September 13, 2003*
Reaffirmed:	*Board of Trustees - September 8, 2007*
	Board of Trustees - September 5, 2008
Amended:	*Board of Trustees - October 24, 2009*
Reaffirmed:	*Board of Trustees - October 30, 2010*
	Board of Trustees - October 22, 2011
	Board of Trustees - November 8, 2012
	Board of Trustees - October 26, 2013
	Board of Trustees - October 18, 2014
	Board of Trustees - October 3, 2015
	Board of Trustees - October 22, 2016
	Board of Trustees - October 21, 2017
	Board of Trustees - January 31, 2020
Amended:	*Board of Trustees - May 15, 2020*
	Board of Trustees –

A motion was made, seconded, and the resolutions were unanimously approved as presented.

Vice President's Report

- **External audit update**
  University Controller Claire Burlingham reported that the University's external auditor, KPMG, is completing its fieldwork regarding the FY 2020 financial statement audit. To date, there are no material weaknesses or significant deficiencies, and it appears that UVM will once again receive a "clean" audit. Vice President Cate noted that this report was due to the excellent work of Controller Burlingham and her team.

- **Dual enrollment**
  University Budget Director Shari Bergquist presented a dual enrollment update per the annual reporting requirement. As of September 25, 2020, for FY 2020, 424 students took classes at UVM through the Dual Enrollment Voucher program. This compares to 403, 371 and 450 Dual Enrollment students in FY 2019, FY 2018 and FY 2017 respectively. In FY 2020, there were another 100 high school students who took classes at UVM outside of the Dual Enrollment voucher program. This compares to 97, 51 and 116 high school students in FY 2019, FY 2018 and FY 2017 respectively.

Champlain Community Sailing Center

The University wishes to enter into a lease amendment with Lake Champlain Community Sailing Center to allow extension of the current agreement for leased space for up to three additional three-year terms. This extension puts the aggregate time over five years, which requires board approval.

The following resolution was presented to the committee for approval for recommendation to the board:

> **Resolution authorizing lease agreement extension with Champlain Community Sailing Center**
>
> BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to negotiate and execute three optional three-year extension terms of the existing lease with Lake Champlain Community Sailing Center for storage space at 505 Lake Street, Burlington, Vermont, for use by UVM Sailing Club, subject to material terms and conditions reported on this date. The lease extension will begin November 1, 2020, and end October 31, 2029, if all renewal terms are exercised.

A motion was made, seconded, and the resolution was unanimously approved as presented.

Executive Session: On-Campus Multipurpose Center update

At 9:32 a.m., Chair McCree entertained a motion to enter into executive session for the purpose of discussing contracts, premature public knowledge of which would clearly place the university at a substantial disadvantage.

Public members listening to the meeting were advised that the session would last for approximately 20 minutes with no action anticipated following.

The motion was seconded and approved. Everyone was excused from the meeting with the exception of Trustees, Provost & Senior Vice President Patricia Prelock, Vice President for Legal Affairs & General Counsel and Chief of Staff to the President Sharon Reich Paulsen, Vice President for Finance and Administration Richard Cate, Foundation President/CEO Shane Jacobson, Director of Athletics Jeff Schulman, Director of Planning, Design and Construction Paula Carlaccini and Special Assistant to the Chief of Staff Erin Dickinson.

The meeting re-opened to the public at 10:02 a.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Don McCree, Chair

BUDGET, FINANCE & INVESTMENT COMMITTEE

February 5, 2021

Resolution reaffirming the Debt policy

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

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

BE IT RESOLVED, that the Board of Trustees hereby reaffirms the policy, appearing as Appendix A to this document.

(*As recommended by the Investment Subcommittee on December 16, 2020)*

Resolution approving revisions to the Statement of Investment Policies and Objectives

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

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

WHEREAS, on December 16, 2020, the Investment Subcommittee endorsed proposed amendments to the Statement of Investment Policies and Objectives for referral to the Budget, Finance & Investment Committee;

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

(*As recommended by the Investment Subcommittee on December 16, 2020)*

Resolution on socially responsible investing

WHEREAS, the University's Policy Statement on Moral, Social and Ethical Considerations in Investment and Shareholder Resolutions holds that the primary objective of investment by the University is to provide a satisfactory return on investment for the support of University operations based upon the Prudent Investor Rule;

WHEREAS, the Board of Trustees in August 2000 passed a resolution to adopt a tobacco-free mandate for its endowment wherever possible;

WHEREAS, the Board of Trustees in May 2006 passed a resolution to adopt and implement a policy of targeted divestment from companies doing business with or otherwise aiding the governing regime of Sudan;

WHEREAS, the Board of Trustees in May 2009 passed a resolution to divest from companies that are materially engaged in the manufacture of cluster munitions as defined by the Oslo Treaty of December 2008 and military equipment and/or weapons containing depleted uranium;

WHEREAS, after careful review the Investment Subcommittee is seeking clarity as to the current intent of these resolutions;

WHEREAS, the Investment Subcommittee reviewed and reapproved each of these resolutions on February 6, 2016;

WHEREAS, five years have passed since the Investment Subcommittee's last review;

WHEREAS, the Investment Subcommittee has again reviewed these resolutions;

WHEREAS, on July 14, 2020, subsequent to the last five-year review, the Board of Trustees passed a fossil fuel divestment resolution;

BE IT RESOLVED, each of the above-referenced resolutions are reaffirmed;

BE IT FURTHER RESOLVED, that the Budget, Finance and Investment Committee will review this resolution at least once every five years.

Resolution approving appointment of Investment Subcommittee advisor

BE IT RESOLVED, that the Board of Trustees approves the appointment of H. Whitney Wagner as advisor to the Investment Subcommittee, for a one-year period commencing March 1, 2021, subject to the terms and conditions reported on this date.

Resolution approving tuition rates for fiscal year 2022

BE IT RESOLVED, that the Board of Trustees hereby approves the following tuition rates effective with the 2021-2022 academic year, which are the same rates as those charged for the 2019-2020 and 2020-2021 academic years:

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

Resolution setting the comprehensive fee, student government association and inter residence association fees for fiscal year 2022

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates, the total of which is 2.2% lower than last year:

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

Resolution approving graduate student senate fee for fiscal year 2022

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

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

Resolution approving continuous registration fee for graduate students for fiscal year 2022

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

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

Resolution approving room and meal plan rates for fiscal year 2022

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

Room Rates Per Year	
Private Single with Bath	$10,942
Private Double with Bath	$9,720
Private Triple with Bath	$8,058
Suite Single with Shared Bath	$10,500
Suite Double with Shared Bath	$9,168
Suite Triple with Bath	$7,664
Traditional Single	$10,094
Traditional Double	$8,756
Traditional Triple	$6,934
Traditional Quad	$5,870
Meal Plan Rates	
Retail Dining	$4,568
Residential Unlimited Access (+150 Points per Semester)	$4,568
Flex Plan (160 meals with $900 Points per Semester)	$5,104

Resolution approving execution of bond refunding

WHEREAS, the University of Vermont and State Agricultural College (the "University") previously issued its General Obligation Bonds, Series 2010B (the "Series 2010B Bonds"), pursuant to the terms of an Indenture dated as of February 1, 1990 (the "Trust Indenture") between the University and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A. and TD Banknorth, N.A.), as trustee (the "Trustee"), as amended and supplemented, including by the Series 2010B and Seventh Supplemental Indenture dated as of February 18, 2010; and

WHEREAS, a working group of Trustees appointed by the Chair of the University's Board of Trustees (the "Bond Work Group") was consulted, and, due to favorable market conditions, recommends to the University's Board of Trustees (the "Board") that the University refund all or a portion of the outstanding Series 2010B Bonds (the "Refunded Bonds"); and

WHEREAS, the Board has determined that it is desirable to authorize the Vice President for Finance and Treasurer, or his successor or designee, to proceed toward the refunding of the Refunded Bonds, in consultation with the Bond Work Group, and to execute any and all contracts and documents necessary for the issuance by the University of the Series 2021 Note (as defined below); and

WHEREAS, the Board has determined that in order to refund the Refunded Bonds and pay associated administrative costs, it is necessary and desirable to authorize the issuance by the University of its Senior Note, Series 2021 in an amount not to exceed $14 million aggregate principal amount (the "Series 2021 Note"), with anticipated net present value savings resulting from the issuance of the Series 2021 Note of not less than 5.00% of the total par amount of the Refunded Bonds and costs of issuance not to exceed $250,000; and

WHEREAS, the Board proposes to issue the Series 2021 Note as a general unsecured obligation of the University on a parity with the outstanding General Obligation Bonds, Series 2010A; General Obligation Bonds Series 2012A; General Obligation Bonds, Series 2014; General Obligation Bonds, Series 2015; General Obligation Bonds, Series 2016; General Obligation Bonds, Series 2017; General Obligation Bonds, Series 2019A; and General Obligation Bonds, Series 2019B; and

WHEREAS, NYL Investors LLC, on behalf of one or more of its affiliates or managed accounts (collectively, "New York Life"), has offered to directly purchase the Series 2021 Note in the aggregate principal amount and consistent with the terms described in the term sheet attached hereto as Exhibit A (the "Term Sheet");

WHEREAS, New York Life's proposal to purchase the Series 2021 Note provides that it expires if the interest rate for the Series 2021 Note has not been locked on or prior to February 26, 2021 or if the Series 2021 Note financing described herein and in the Term Sheet has not been completed on or prior to May 29, 2021; and

WHEREAS, once the rate for the Series 2021 Note has been locked, a cancellation fee calculated in accordance with the Term Sheet would be due if the issuance of the Series 2021 Note is canceled for any reason; and

WHEREAS, the Board desires to authorize the locking of the interest rate and the execution and delivery of a Note Purchase Agreement (the "Note Purchase Agreement") between the University and New York Life, pursuant to which the University will sell the Series 2021 Note to New York Life, all in accordance with the terms and conditions set forth therein; and

WHEREAS, the Board desires to authorize and direct the execution and delivery of an Escrow Agreement (the "Escrow Agreement") between the University and the Trustee, in its capacity as Trustee for the Refunded Bonds (the "Trustee"), if such Escrow Agreement is deemed necessary, desirable or appropriate, pursuant to which the University will direct the Trustee to purchase certain Government Obligations (as defined in the Trust Indenture) and deposit funds necessary to pay the principal and interest on the Refunded Bonds when due and/or the redemption price for the Refunded Bonds on the applicable redemption date; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the University:

1. the Note Purchase Agreement; and
2. the Escrow Agreement.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Issuance of Series 2021 Note.

(a) The Board hereby approves and confirms the issuance by the University of the Series 2021 Note, on a taxable basis, to provide funds to refund all or a portion of the outstanding Refunded Bonds of the University (including the costs of issuance and any other related expenses, certain expenses of New York Life described in the Term Sheet, provided such costs shall not exceed $250,000. The Series 2021 Note shall bear interest at a rate fixed to maturity determined as described in the Term Sheet, which rate shall not exceed 2.00% per annum, with net present value savings of not less than 5.00% of the par amount of the Refunded Bonds. The Series 2021 Note shall be in the initial principal amount of not more than $14 million, shall mature not later than the final maturity date of the Refunded Bonds and shall have a weighted average maturity not exceeding the weighted average maturity of the Refunded Bonds by more than one year.

(b) The Board hereby finds and determines that these purposes are necessary and desirable and hereby authorizes the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine the terms of the Series 2021 Note and the terms of the sale of the Series 2021 Note (including the maturity dates and amounts, the interest rates, the original issue premium or discount, the redemption provisions of the Series 2021 Note based on financial or structural benefits to the University) subject to the limitations set forth in this resolution and the Note Purchase Agreement. The form and content of the Series 2021 Note as set forth in the Note Purchase Agreement is hereby approved and confirmed. The Vice President for Finance and Treasurer, the President, and the Secretary or the Assistant Secretary of the Board are authorized and directed to execute and deliver the Series 2021 Note for and on behalf of the University, in substantially the form and content set forth in the Note Purchase Agreement, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions.

Section 2. Authorization to Determine Rate Lock. The Board hereby authorizes and directs the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to, to lock a fixed interest rate for the Series 2021 Note pursuant to the terms of the Term Sheet.

Section 3. Authorization to Determine Refunded Bond Redemptions. The Board hereby authorizes and directs the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine which maturities (or portions of maturities) of the Refunded Bonds shall be refunded with the proceeds of the Series 2021 Note, the dates of redemption of such Refunded Bonds; provided that such refunding results in net present value savings of not less than 5.00% of the par amount of the Refunded Bonds as described herein.

Section 4. Authorization of Note Purchase Agreement. The Series 2021 Note shall be sold to New York Life pursuant to the terms of the Note Purchase Agreement. The Series 2021 Note shall be authenticated and delivered to or upon the order of New York Life upon payment of the purchase price set forth in the Note Purchase Agreement. The form and content of the Note Purchase Agreement is hereby approved. The Vice President for Finance and Treasurer and the President each are hereby authorized and directed to execute and deliver the Note Purchase Agreement for and on behalf of the University, in substantially the form and content made available to the University, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Note Purchase Agreement, the Vice President for Finance and Treasurer, the President and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Note Purchase Agreement as executed.

Section 5. Authorization of Escrow Agreement. The form and content of the Escrow Agreement is hereby approved. The Vice President for Finance and Treasurer and the President each are hereby authorized and directed to determine whether such Escrow Agreement is necessary, desirable or appropriate, and upon such determination, the Vice President for Finance and Treasurer and the President each are hereby authorized and directed to execute and deliver the Escrow Agreement for and on behalf of the University, if deemed necessary, desirable or appropriate, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, modifications, additions or deletions. From and after the execution and delivery of the Escrow Agreement, the Vice President for Finance and Treasurer, the President, and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

Section 6. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the Series 2021 Note, the Note Purchase Agreement, the Escrow Agreement, or any other instrument related to the issuance of the Series 2021 Note shall be deemed a stipulation, obligation or agreement of any officer, agent or employee of the University in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Series 2021 Note or be subject to personal liability or accountability by reason of the issuance thereof.

Section 7. Actions of Officers. The officers of the Board and of the University are hereby authorized and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by this Resolution and the documents presented to this meeting or made available for review: except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way of (a) the specific provisions of this Resolution, (b) the specific provisions of the Note Purchase Agreement, (c) any agreement to which the University is bound, (d) any rule or regulation of the University or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of Vermont. All acts and deeds heretofore done by the officers of the Board and of the University to effect the financing and other transactions contemplated by foregoing resolutions, including the negotiation, execution, acknowledgment, delivery or filing with any governmental body or authority of the Term Sheet and any other documents, instruments or agreements contemplated thereby, are hereby ratified, confirmed and approved in all respects.

Section 8. Severability of Invalid Provisions. If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Series 2021 Note authorized hereunder.

Section 9. Conflicting Provisions. All prior resolutions or parts thereof of the University in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 10. Effective Date. This Resolution shall take effect upon its adoption.

Exhibit A
Term Sheet

The University of Vermont

Indicative Summary of Pricing and Terms

The following Indicative Summary of Pricing and Terms is for discussion purposes only and is neither a commitment nor an offer to commit to any financing. The execution of binding documentation would be subject to, among other things, satisfactory completion of due diligence and may contain additional or modified terms from those set forth below.

Issuer	The University of Vermont & State Agricultural College
Note Purchasers	One or more affiliates or managed accounts of NYL Investors LLC
Amount	Up to $[14],000,000
Price	100% (par)
Structure	Note Purchase Agreement
Ranking	Senior Notes ranking *pari passu* with the University's existing senior unsecured debt, and any guarantees thereof
Maturity and Average Life	Fixed Rate Notes: [8] year final maturity and [5] year average life
Interest Rate[1]	5 year Benchmark US Treasury + Fixed Rate Credit Spread with a minimum coupon of [1.50%]
Base Rate	Fixed Rate Notes: On-the-run U.S. Treasury Notes and/or Bonds corresponding to the weighted average life of the Notes, as applicable, using Bloomberg PX1 Screen
Fixed Rate Credit Spread	[125] basis points. Fixed Rate Interest will be calculated on the basis of a 360 day year of twelve 30 day months.
Interest Payment Frequency	Fixed Rate Notes: Semi-annual
Call Protection	Callable at any time at par plus a make-whole amount (not less than zero) equal to the present value of the future debt service on the Notes discounted at T + 20 basis points.
Closing and Note Issuance	Closing (completion of documentation satisfactory to the University and New York Life) to occur within 3 months of rate lock.
Use of Proceeds	Refinance of existing indebtedness

[1] *Indicative new issue pricing is only a description of suggested pricing for a private placement and is intended solely for discussion purposes as of [December 17, 2020]. This material does not constitute a commitment or offer by New York Life, its subsidiaries and/or affiliates to lend any monies or purchase or place any securities and does not create any obligations on the part of New York Life, its subsidiaries and/or affiliates.*

Legal Expenses	Fees of outside counsel that acts as special counsel for New York Life to be paid by the University, whether or not the transaction closes.
Legal Documentation	Term and Conditions to be substantially the same as the Note Purchase Agreement (“NPA”) entered into with a university advised by the University’s advisor executed in April 2015, along with adding a covenant stating that the University will not secure any debt by a pledge of revenue from tuition payments unless the Notes are secured on a parity basis with other senior lenders or noteholders.
Governing Law	New York

This letter is delivered to you on the understanding that, prior to your acceptance hereof, none of this letter or its terms or substance shall be disclosed, directly or indirectly, to any other person or entity (including other note purchasers, lenders, advisors or any similar persons) except (a) to your officers, directors, employees, attorneys, accountants and advisors on a confidential and need-to-know basis, or (b) pursuant to the order of any court or administrative agency in any pending legal or administrative proceeding, or otherwise as required by applicable law or compulsory legal process based on the advice of your legal counsel (in which case you agree to inform us promptly thereof to the extent lawfully permitted to do so).

University of Vermont
Debt Policy

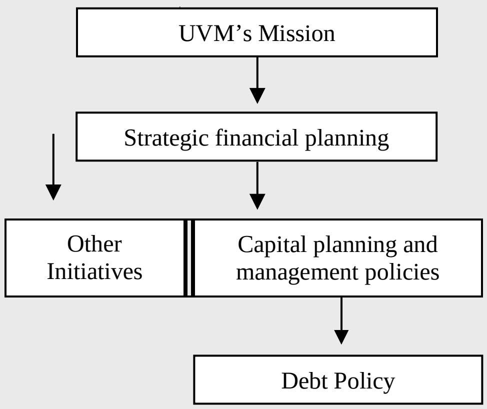
As Adopted by the Board of Trustees
September 2004
Revised, November 2005
Revised, November 2006
Revised, December 2007
Reaffirmed, December 2008
Revised, October 2009
Revised, October 2010
Reaffirmed, October 2011
Revised, May 2013
Revised, February 2014
Revised, February 2015
Reaffirmed, February 2016
Revised, February 2017
Reaffirmed, February 2018
Revised, February 2019
Reaffirmed, January 2020
Reaffirmed, February 2021

TABLE OF CONTENTS

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, and external University-supported debt.

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

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

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

Introduction and Objectives

Purpose

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

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

(i) Maintain the University's access to capital. Management will utilize and issue debt in order to provide timely access to capital to fund project priorities that have been approved by the Board;

(ii) Manage the University's credit to meet its long-term strategic objectives while maintaining creditworthiness consistent with the most favorable relative cost of capital and borrowing terms.

(iii) Limit risk of the University's debt portfolio. Debt will be managed on a portfolio, rather than a transactional or project-specific, basis. Management's continuing objective of incurring the lowest achievable long-term risk-adjusted cost of capital will be balanced with the goal of appropriately limiting exposure to market shifts within acceptable budgetary parameters. Various types of debt structures and financial instruments will be considered, monitored, and managed within the framework established in this policy and according to internal management procedures; and

(iv) Permit the optimization of the investment of the University's working capital and cash balances. Management will explore various options and alternatives to internal cash holdings regarding the optimal funding mechanism for short-term equipment needs, bridge financing and cash requirements. Management recognizes that working capital requirements, debt management, and the investment of cash/net assets should be viewed comprehensively in order to optimize overall funding and investment return strategies.

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

OVERSIGHT

Purpose

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

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

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

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

POLICY RATIOS

Purpose

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

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

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

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

Ratio 1 – Debt Burden Ratio

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

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

The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-time operating gifts, investment return, variability of State funding) and better reflect the operating base of the University. Management recognizes that a growing expense base would make this ratio appear more attractive. The limit for this ratio is not to be greater than 5.75% until June 30, 2023 and will revert to 5% thereafter. This ratio will be adjusted to include the impact of non-amortizing or non-traditional debt structures that could result in significant single year fluctuations, as well as an assumption of an appropriate variable rate.

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

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

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

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

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

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

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

Annually, based on the results of the audited financial statements, the Vice President for Finance 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 of Finance 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 will report to the appropriate Board of Trustee committee on any existing conditions that cause notable year-over-year changes in this ratio, particularly relative to peers and rating medians.

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

Ratios as a Credit Factor

The University has established its ratios and associated ratio limits based on internally-established guidelines. The ratios and limits are not intended to provide a long-term target or track a specific rating, but rather will enable the maintenance of the University's competitive financial profile and complement the capital planning process.
The debt policy will be shared with external credit analysts and other third parties in order to provide them with the context regarding UVM's assessment of self-determined debt capacity and affordability, which is subject to ongoing review.

TYPES OF FINANCINGS

Purpose

1. Review of all potential funding sources for projects.
2. Maximize tax-exempt University-issued debt.
3. Commercial Paper program.
   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.
   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.

Commercial Paper

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

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; and

(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 portfolio, (ii) provide sufficient structuring flexibility to management, (iii) keep the University's variable rate allocation within acceptable external parameters, (iv) utilize variable rate debt (and/or swaps) to optimize debt portfolio allocation and minimize costs, and (v) take into account liquidity needs and exposures for the portfolio, including consideration of the commercial paper program.

$$\frac{\text{VARIABLE RATE AND LIQUIDITY EXPOSURE}}{\text{TOTAL LONG-TERM DEBT OUTSTANDING}} \quad <35\%$$

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.

Appendix B

UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

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

II. FIDUCIARY STANDARDS

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

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

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

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

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

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

IV. CONFLICT OF INTEREST POLICY

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

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

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

V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

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

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

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

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

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

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

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

VI. FINANCIAL & INVESTMENT OBJECTIVES

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

The primary long-term investment objective of the Fund is to attain a real total return[1] (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 4.75%. This will be measured over the long term, capturing a full market cycle, as it is unlikely that the Fund's return will meet or exceed the spending rate in each individual year. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark (defined herein), measured over a full market cycle; and to outperform the median return of a pool of endowment funds of similar size with broadly similar investment objectives and policies.

VII. ASSET ALLOCATION

The policy portfolio for the Fund is a target or "normal" set of investments, based on long-term return, risk and correlation assumptions that balance the organization's need for liquidity, preservation of purchasing power, and risk tolerance. ~~Certain investments are made for capital appreciation and return enhancement: global equities, long/short hedge funds, venture capital and private equity; some are made to protect against unanticipated inflation: real estate, energy, timber, commodities, TIPS; and some are made to protect against deflationary periods and to reduce~~

[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.

~~volatility: primarily, high quality intermediate bonds for the former and absolute return hedge funds for the latter.~~ 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.**

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.

Overall Fund

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

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

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

Current Allocation Benchmark – 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.

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

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 ~~Total U.S.~~Public Global Equity benchmark is ~~the S&P 500~~MSCI ACWI but US equity ~~small cap~~ managers, for example, will be compared to ~~the~~ an appropriate ~~small cap~~US equity benchmark~~s~~.

+Asset Class	Market Index Used in Target Benchmark[2]	Underlying Investments
Public Global Equity	MSCI ACWI	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	~~Weighted Benchmark composed of C|A medians as follows:~~ ~~Private Equity 40%~~ ~~Venture Capital 30%~~ ~~Real Estate 20%~~ ~~Natural Resources 10%~~	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

[2] Indices used in Target Benchmark are effective as of May 18, 2019.

	MSCI ACWI, lagged	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.
~~Public Real Assets~~	~~Dynamic benchmark that reflects each underlying investment's individual benchmark and their respective weight within the Real Assets allocation.~~ ~~*(The Dynamic benchmark will evolve as asset types are added or removed from the portfolio and as the allocation changes over time.)*~~	~~Holdings may include natural resource related equity securities, MLPs, diversified commodities, US issued TIPS and other, similar public investment strategies.~~
Fixed Income	Bloomberg Barclays Aggregate Bond Index	Holdings may consist of U.S. Treasury bonds, mortgages, and corporate credit investments.

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.

I. 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.

II. PROXY VOTING GUIDELINES

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

III. 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:

ASSET ALLOCATION POLICY TARGETS

December 2020

Asset Class	Target (%)	Allowable Range (%)
Public Global Equity	*45.0*	30-65
Marketable Alternatives	*10.0*	5-15
Private Investments	*35.0*	15-45
~~Public Real Assets~~	~~*0.0*~~	~~0-10~~
Fixed Income	*10.0*	5-25
Cash & Cash Equivalents	*0.0*	0-5

Appendix A Targets last revised by Investment Subcommittee: December 16, 2020

Attachment 3

UNIVERSITY OF VERMONT
DEBT & LEVERAGE RATIOS
FY20
With GASB45/75 (post-retirement medical benefits) liability

VIABILITY RATIO:

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Unrestricted Net Positions	Numerator	(178,534)	(200,744)	(224,939)	12,165	27,176	19,047	34,527	43,939	51,310	57,672	53,613
Expendable Restricted Net Positions	Numerator	336,050	335,965	342,741	329,753	299,276	321,975	320,404	286,430	260,777	283,481	248,903
Total Expendable Net Assets		**157,516**	**135,221**	**117,802**	**341,918**	**326,452**	**341,022**	**354,931**	**330,369**	**312,087**	**341,153**	**302,516**

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165	10,778	10,089	8,306	7,962	8,004	7,403	7,129	8,115
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391	556,603	564,726	444,014	451,748	459,710	465,281	472,525	479,430
Total Long-Term Debt		**586,262**	**545,392**	**556,556**	**567,381**	**574,815**	**452,320**	**459,710**	**467,714**	**472,684**	**479,654**	**487,545**
Viability Ratio		**0.27**	**0.25**	**0.21**	**0.60**	**0.57**	**0.75**	**0.77**	**0.71**	**0.66**	**0.71**	**0.62**

DEBT BURDEN RATIO:

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Interest Due	Numerator	(22,832)	(23,659)	(23,316)	(25,568)	(20,681)	(21,424)	(21,669)	(22,262)	(22,502)	(22,909)	(22,351)
Principal Due	Numerator	(12,790)	(9,545)	(9,780)	(9,384)	(7,955)	(7,717)	(7,759)	(7,177)	(6,903)	(7,888)	(5,756)
Total Debt Service		**(35,622)**	**(33,204)**	**(33,096)**	**(34,952)**	**(28,636)**	**(29,141)**	**(29,428)**	**(29,439)**	**(29,405)**	**(30,797)**	**(28,107)**

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Operating Expenses	Denominator	(696,530)	(681,320)	(668,359)	(661,202)	(633,941)	(611,407)	(605,712)	(585,027)	(581,087)	(587,427)	(564,465)
Less Depreciation Expenses	Denominator	33,691	32,902	31,356	29,931	26,422	26,596	26,545	27,823	28,721	28,070	27,435
Interest Due	Denominator	(22,832)	(23,659)	(23,316)	(25,568)	(20,681)	(21,424)	(21,669)	(22,262)	(22,502)	(22,909)	(22,351)
Principal Due	Denominator	(12,790)	(9,545)	(9,780)	(9,384)	(7,955)	(7,717)	(7,759)	(7,177)	(6,903)	(7,888)	(5,756)
Total Expenses		**(698,461)**	**(681,622)**	**(670,099)**	**(666,223)**	**(636,155)**	**(613,952)**	**(608,595)**	**(586,643)**	**(581,771)**	**(590,154)**	**(565,137)**
Debt Burden Ratio		**5.10%**	**4.87%**	**4.94%**	**5.25%**	**4.50%**	**4.75%**	**4.84%**	**5.02%**	**5.05%**	**5.22%**	**4.97%**

SPENDABLE CASH AND INVESTMENTS TO DEBT:

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Cash and Cash Equivalents	Numerator	187,052	163,121	153,491
Operating Investments	Numerator	154,738	139,132	122,654
Endowment Cash, Cash Equivalents, and Investments	Numerator	490,897	494,724	490,792
Investments for Capital Activities	Numerator	46,778	44,420	41,247
Less Permanently Restricted Net Assets	Numerator	(119,711)	(116,469)	(115,918)
Plus Pledges Reported as Permanently Restricted	Numerator	-	-	-
Total Spendable Cash and Investments		**759,754**	**724,928**	**692,266**

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391
Total Aggregate Debt		**586,262**	**545,392**	**556,556**
Spendable Cash and Investments to Debt Ratio		**1.30**	**1.33**	**1.24**

EXPENDABLE FINANCIAL ASSETS TO DEBT

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Unrestricted Net Assets	Numerator	(178,534)	(200,744)	(224,939)
Restricted Expendable Net Assets	Numerator	336,050	335,965	342,741
Total Expendable Resources		**157,516**	**135,221**	**117,802**

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391
Total Aggregate Debt		**586,262**	**545,392**	**556,556**
Total Expendable Financial Assets to Debt (w/ OPEB Liability)		**0.27**	**0.25**	**0.21**

UNIVERSITY OF VERMONT
DEBT & LEVERAGE RATIOS
FY20
Without GASB45/75 (post-retirment medical benefits) liability

VIABILITY RATIO:(for histor

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15 Restated	FY14	FY13	FY12	FY11	FY10
Unrestricted Net Assets	Numerator	(178,534)	(200,744)	(224,939)	12,165	27,176	19,047	34,527	43,939	51,310	57,672	53,613
Expendable Restricted Net Assets	Numerator	336,050	335,965	342,741	329,753	299,276	321,975	320,404	286,430	260,777	283,481	248,903
Plus Post Retirement Benefit Adjustment	Numerator	499,103	484,337	479,958	232,590	202,356	169,698	149,018	127,550	109,178	90,929	69,605
Total Expendable Net Assets		**656,619**	**619,558**	**597,760**	**574,508**	**528,808**	**510,720**	**503,949**	**457,919**	**421,265**	**432,082**	**372,121**

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15 Restated	FY14	FY13	FY12	FY11	FY10
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165	10,778	10,089	8,306	7,962	8,004	7,403	7,129	8,115
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391	556,603	564,726	444,014	451,748	459,710	465,281	472,525	479,430
Total Long-Term Debt		**586,262**	**545,392**	**556,556**	**567,381**	**574,815**	**452,320**	**459,710**	**467,714**	**472,684**	**479,654**	**487,545**
Viability Ratio		**1.12**	**1.14**	**1.07**	**1.01**	**0.92**	**1.13**	**1.10**	**0.98**	**0.89**	**0.90**	**0.76**

DEBT BURDEN RATIO:

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15 Restated	FY14	FY13	FY12	FY11	FY10
Interest Due	Numerator	(22,832)	(23,659)	(23,316)	(25,568)	(20,681)	(21,424)	(21,669)	(22,262)	(22,502)	(22,909)	(22,351)
Principal Due	Numerator	(12,790)	(9,545)	(9,780)	(9,384)	(7,955)	(7,717)	(7,759)	(7,177)	(6,903)	(7,888)	(5,756)
Total Debt Service		**(35,622)**	**(33,204)**	**(33,096)**	**(34,952)**	**(28,636)**	**(29,141)**	**(29,428)**	**(29,439)**	**(29,405)**	**(30,797)**	**(28,107)**

Financial Statement Item	Ratio Position	FY20	FY19	FY18	FY17	FY16	FY15 Restated	FY14	FY13	FY12	FY11	FY10
Operating Expenses	Denominator	(696,530)	(681,320)	(668,359)	(661,202)	(633,941)	(611,407)	(605,712)	(585,027)	(581,087)	(587,427)	(564,465)
Less Post Retirement Benefit Adjustment	Denominator	14,765	4,760	17,025	30,234	32,658	20,680	21,468	18,372	18,249	21,324	18,764
Less Depreciation Expenses	Denominator	33,691	32,902	31,356	29,931	26,422	26,596	26,545	27,823	28,721	28,070	27,435
Interest Due	Denominator	(22,832)	(23,659)	(23,316)	(25,568)	(20,681)	(21,424)	(21,669)	(22,262)	(22,502)	(22,909)	(22,351)
Principal Due	Denominator	(12,790)	(9,545)	(9,780)	(9,384)	(7,955)	(7,717)	(7,759)	(7,177)	(6,903)	(7,888)	(5,756)
Total Expenses		**(683,696)**	**(676,862)**	**(653,074)**	**(635,989)**	**(603,497)**	**(593,272)**	**(587,127)**	**(568,271)**	**(563,522)**	**(568,830)**	**(546,373)**
Debt Burden Ratio		**5.21%**	**4.91%**	**5.07%**	**5.50%**	**4.75%**	**4.91%**	**5.01%**	**5.18%**	**5.22%**	**5.41%**	**5.14%**

SPENDABLE CASH AND INVESTMENTS TO DEBT:

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Cash and Cash Equivalents	Numerator	187,052	163,121	153,491
Operating Investments	Numerator	154,738	139,132	122,654
Endowment Cash, Cash Equivalents, and Investments	Numerator	490,897	494,724	490,792
Investments for Capital Activities	Numerator	46,778	44,420	41,247
Less Permanently Restricted Net Assets	Numerator	(119,711)	(116,469)	(115,918)
Plus Pledges Reported as Permanently Restricted	Numerator	-	-	-
Total Spendable Cash and Investments		**759,754**	**724,928**	**692,266**

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391
Total Aggregate Debt		**586,262**	**545,392**	**556,556**
Spendable Cash and Investments to Debt Ratio		**1.30**	**1.33**	**1.24**

EXPENDABLE FINANCIAL ASSETS TO DEBT (W/O OPEB LIABILITY)

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Unrestricted Net Assets	Numerator	(178,534)	(200,744)	(224,939)
Restricted Expendable Net Assets	Numerator	336,050	335,965	342,741
Less OPEB Deferred Outflows	Numerator	(56,779)	(13,135)	(12,617)
Plus OPEB Deferred Inflows	Numerator	25,851	37,140	-
Plus OPEB Liability	Numerator	530,031	460,332	492,575
Total Expendable Resources		**656,619**	**619,558**	**597,760**

Financial Statement Item	Ratio Position	FY20	FY19	FY18
Long-Term Liabilities - Current	Denominator	15,268	14,420	11,165
Long-Term Liabilities - Noncurrent	Denominator	570,994	530,972	545,391
Total Aggregate Debt		**586,262**	**545,392**	**556,556**
Total Expendable Financial Assets to Debt (w/o OPEB Liability)		**1.12**	**1.14**	**1.07**

The University of Vermont

Attachment 4

Office of the Vice President for
Finance and Administration

Vice President's Report

February 5, 2021

Board of Trustees
Budget, Finance and Investment Committee

Prepared By
Richard H. Cate, Vice President for Finance and Administration

Annual Green Revolving Loan Fund Update

A summary of the approved projects to date from the $13.0 million Green Revolving Loan Fund is included in this report. The list of projects represents those that have been initiated, are underway or completed. The University has committed $4,810,593, which includes commitments to the Chiller Plant Expansion and the Utilities Metering project. In addition we received $280,488 in rebates from the utility companies for projects other than the Chiller Plant and Utility Metering, for a net cost of $4,530,105. The projects have an average payback period of 4 years and resulted in interest paid to the fund of $13,145 and an annual savings to the general fund of $858,953. Utilities saving from the Chiller Plant expansion has already resulted in $1,800,000 of which $600,000 has been paid back to the fund in 2020. The balance in the fund as of November 30, 2020 is $11,179,687.

Short and Medium-Term Financial Constraints

I will make some brief comments on the financial condition of the University.

$13M Green Energy Revolving Fund Project Tracking (01-00001-110-105501-601-0000-0000-0000)

Project Number	Project Description	Type	Lifespan (Yrs)	Project Create Date	Project Completion	Project Start Year	First Payback Year	Initial Total Project Cost	Initial Rebate	Enter Final project cost less final rebate, i.e. final from Loan Fund, if diff from original plan	Initial Total From Loan Fund	Total Payback	Est. Cost Per Unit	No. Units (MCF for Gas, kWh for Electric)	Annual Savings Estimate
026909	LUMEC Ext Lighting Phase I	Electric	15.00	3/5/2012	9/30/2012	2012	2014	31,237.78	21,525.00		9,712.78	9,712.78	0.148	34,932	5,169.94
026916	Simpson Hall Insulation HVAC	Gas	20.00	3/6/2012	7/31/2012	2012	2014	16,160.00	8,221.00		7,939.00	7,939.00	5.15	1,343	6,916.45
026971	L/L Mechl/Elect THERMAXX	Gas	20.00	3/28/2012	5/31/2012	2012	2013	24,633.00	7,883.00		16,750.00	16,750.00	5.15	919	4,732.85
027168	Shoebox LED Ext Lighting	Electric	15.00	4/26/2012	9/30/2012	2012	2014	26,615.00	17,675.00		8,940.00	8,940.00	0.148	69,365	10,266.02
027261	Bollard LED Ext Lighting	Electric	10.00	5/25/2012	7/31/2012	2012	2014	6,353.27	-		6,353.27	6,353.27	0.148	27,815	4,116.62
027262	UH South-Thermal Blankets	Gas	20.00	5/25/2012	8/31/2012	2012	2014	18,315.92	4,560.00		13,755.92	13,755.92	5.15	456	2,348.40
027263	KIM LED Exterior Lighting	Electric	15.00	5/25/2012	7/31/2012	2012	2014	8,088.80	3,325.00		4,763.80	4,763.80	0.148	4,322	639.66
027264	UH North-Thermal Blankets	Gas	20.00	5/25/2012	6/30/2012	2012	2013	14,751.00	6,390.00		8,361.00	8,361.00	5.15	639	3,290.85
027475	LUMEC Ext Lighting Phase II	Electric	15.00	7/26/2012	8/31/2012	2013	2014	24,668.00	17,080.00		7,588.00	7,588.00	0.148	34,932	5,169.94
027481	Christie - Blankets Phase I	Gas	20.00	7/30/2012	9/30/2012	2013	2014	19,498.05	4,925.00		14,573.05	14,573.05	5.15	695	3,579.25
027482	Christie-Blankets Phase II	Gas	20.00	7/30/2012	9/30/2012	2013	2014	13,065.03	3,300.00		9,765.03	9,765.03	5.15	602	3,100.30
031072	Energy Improvements Waterman	Gas/Electric	various	7/28/2015	6/30/2016	2016	2017	467,095.00	119,680.00	241,899.52	347,415.00	241,899.52			55,623.00
032767	Miller Research Farm Solar	Electric		10/24/2016	6/30/2018	2017	2019	42,000.00	25,000.00		17,000.00	17,000.00			2,437.00
031749	Attain Net Metering	Gas		3/3/2016	6/30/2018	2016	2017	800,000.00	-		800,000.00	800,000.00			114,285.71
029781	Chiller Plant Expansion	Gas/Electric	25.00	6/11/2014	6/30/2016	2014	2018	3,000,000.00	-		3,000,000.00	3,000,000.00			600,000.00
035941	Staffod 2nd Fl Fume Hood Upgr	Gas		3/20/2019		2019	2021	298,112.00	40,924.00		257,188.00	257,188.00			37,277.00
											-	-			
Subtotal Active Projects								**4,810,592.85**	**280,488.00**	**241,899.52**	**4,530,104.85**	**4,424,589.37**			**858,952.98**
									-		-	-			
									-		-	-			
Subtotal Planned Projects								**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total - Active & Planned Projects								**4,810,592.85**	**280,488.00**		**4,530,104.85**	**4,424,589.37**			**858,952.98**