THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

BUDGET, FINANCE AND INVESTMENT COMMITTEE

Members: Chair Don McCree, Vice Chair John Dineen, President Suresh Garimella, Susan Brengle, Robert Brennan, Kevin Christie, Kisha Kalra, Ed Pagano, Shap Smith and Catherine Toll

Representatives: Faculty Representatives Jane Knodell and Cory Teuscher, Foundation Representative Bob Plante, Alumni Representative Myron Sopher, Staff Representatives Joshua Tyack and Renee Berteau, Student Representatives Evan Siegel and Lana Al-Namee, and Graduate Student Representatives Rosie Chapina and Alison Hall

Friday, May 20, 2022

1:45 p.m. – 2:45 p.m.
Livak Ballroom (417-419), Dudley H. Davis Center

AGENDA

	Item	Enclosure	Discussion Leader(s)	Time
	Call to order			**1:45 p.m.***
1.	Approval of February 4, 2022 meeting minutes	Attachment 1	Don McCree	1:45-1:50
2.	FY 2023 Budget • Overview of total operating budget • Resolution approving fiscal year 2023 budget planning assumptions: general fund	Attachment 2 Attachment 3	Richard Cate Shari Bergquist	1:50-2:10
3.	Report of the Investment Subcommittee • Endowment performance update • Asset allocation update • Resolution reaffirming Investment of Endowment Cash policy • Resolution approving appointment of Investment Subcommittee advisor	Separate distribution Attachment 3 Attachment 3	Rob Brennan	2:10-:2:25
4.	Resolution approving extension of the voluntary payment for services letter agreement with the City of Burlington	Attachment 3	Richard Cate	2:25-2:28
5.	Resolution approving contract with Astro Turf Corporation	Attachment 3	Richard Cate	2:28-2:30
6.	Resolution authorizing Hills Agricultural Science Building renovation project expenditure	Attachments 3 & 4	Luce Hillman Richard Cate	2:30-2:40
7.	Other business**		Don McCree	2:40-2:45
	Motion to adjourn			**2:45 p.m.**

*Times are approximate.
** Executive session as needed.

Attachment 1

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, February 4, 2022 at 3:45 p.m., in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Don McCree, Vice Chair Briar Alpert, President Suresh Garimella[1], David Aronoff, Robert Brennan, Kevin Christie[2], John Dineen[2], Ed Pagano, Berke Tinaz and Catherine Toll

REPRESENTATIVES PRESENT: Faculty Representatives Jane Knodell[2] and Cory Teuscher[2], Foundation Representative Bob Plante[2], Alumni Representative Myron Sopher[2], Staff Representative Renee Berteau[2], and Graduate Student Representative Rosie Chapina[2]

PERSONS ALSO PARTICIPATING: Board of Trustees Chair Ron Lumbra, Vice President for Finance and Administration Richard Cate, University Controller Claire Burlingham[2], and University Budget Director Shari Bergquist[2]

ABSENT: Staff Representative Joshua Tyack, Student Representatives Evan Siegel and Lana Al-Namee and Graduate Student Representative Alison Hall

[1] Left the meeting at 4:03 p.m.
[2] Joined by phone

Chair Don McCree called the meeting to order at 3:58 p.m. He recognized this is the last meeting for vice chair Briar Alpert, David Aronoff and Berke Tinaz and thanked them for their service.

Approval of minutes

A motion was made, seconded and voted to approve the minutes of the October 29, 2021 meeting.

Debt policy and annual financial ratios

Vice President Richard Cate stated that this committee is required to approve any recommended changes to or reaffirm the university's debt policy annually (included as attachment 2, appendix A of the meeting materials). This year's review by management and the University's debt advisor, The Yuba Group, resulted in a recommended revision to add Public Private Partnerships as a tool for debt financing. The administration also recommended striking the requirement that the Debt Burden ratio ceiling revert back to 5% on June 30, 2023.

Referencing attachment 3 of the meeting materials Vice President Cate noted that as of June 30, 2021, the University's leverage and debt burden ratios are in compliance with the Debt policy.

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

Resolution approving revisions to the Debt Policy

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

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

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

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

Report of the Investment Subcommittee (ISC)

ISC Chair Rob Brennan provided an overview of the supplemental performance update report (sent under separate distribution) provided by the university's investment advisor, Prime Buchholz. He reported that the institution's overall performance in the past calendar year was very good. As of December 31, 2021, the University's endowment balance was $813 million, which was an all-time high.

As recommended by the ISC, the committee was asked to approve revisions to the Statement of Investment Policies and Objectives (included as attachment 2, appendix B of the meeting materials). Recommended changes focused on removing redundancies, correcting the distribution rate and switching to a new peer universe. The primary driver for these changes stemmed from Prime Buchholz' fresh perspective when reviewing the Statement.

The ISC also recommended the reappointment of Whit Wagner to serve as an advisor to the Investment Subcommittee.

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

Resolution approving revisions to the Statement of Investment Policies and Objectives

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

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

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

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

Resolution approving appointment of Investment Subcommittee advisor

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

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

Fiscal year 2023 budget

Fiscal year 2023 tuition and other rates were approved in October 2021, and the administration is budgeting accordingly.

Vice President Cate reminded members that his Vice President's report was submitted in the materials and included an update on the annual Green Revolving Loan Fund.

Adjournment

There being no further business, the meeting was adjourned at 4:26 p.m.

Respectfully submitted,

Don McCree, Chair

University of Vermont
Debt Policy

As Adopted by the Board of Trustees
September 2004
Revised, November 2005
Revised, November 2006
Revised, December 2007
Reaffirmed, December 2008
Revised, October 2009
Revised, October 2010
Reaffirmed, October 2011
Revised, May 2013
Revised, February 2014
Revised, February 2015
Reaffirmed, February 2016
Revised, February 2017
Reaffirmed, February 2018
Revised, February 2019
Reaffirmed, January 2020
Reaffirmed, February 2021
Revised, February 2022

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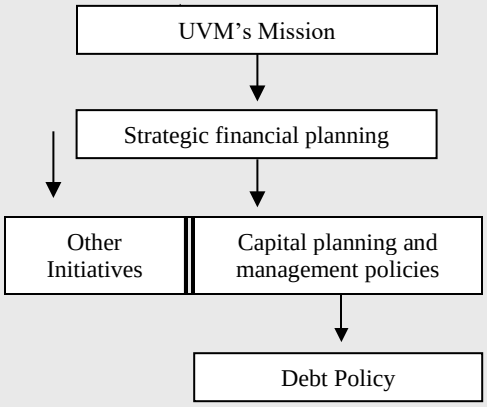
OVERVIEW

Purpose

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



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

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

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

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

INTRODUCTION AND OBJECTIVES

Purpose

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

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

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

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

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

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

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

OVERSIGHT

Purpose

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

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

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

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

POLICY RATIOS

Purpose

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

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

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

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

Ratio 1 – Debt Burden Ratio

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

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

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

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

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

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

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

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

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

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

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

UNRESTRICTED NET ASSETS + TEMPORARILY RESTRICTED
NET ASSETS – EQUITY IN PLANT
AGGREGATE DEBT

Ratios as a Credit Factor

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

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

TYPES OF FINANCINGS

Purpose

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;

(iii) diversify the debt portfolio; and,

(iv) provide a hedge to short-term working capital balances

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

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

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

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

GLOSSARY

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

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

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

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

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

GAAP – refers to Generally Accepted Accounting Principles.

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

UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

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

II. FIDUCIARY STANDARDS

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

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

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

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

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

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

IV. CONFLICT OF INTEREST POLICY

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

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

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

V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

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

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

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

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

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

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

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

VI. FINANCIAL & INVESTMENT OBJECTIVES

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

The primary long-term investment objective of the Fund is to attain a real total return[1] (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 5.50~~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. 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

[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.

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

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

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

VIII. REBALANCING

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

IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS

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

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

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

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

CPI + Spending/Administration (Currently 5.50~~4.75~~%) – this benchmark is composed of a combination of both inflation and expected annual distributions. Comparison with the total return of the Fund provides a method to monitor progress in the overall financial objective, preserving and enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

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

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

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

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

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

Asset Classes & Managers

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

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

~~+~~**Asset Class**	**Market Index Used in ~~Target Benchmark~~Policy Index**[2]	**Underlying Investments**
Public Global Equity	MSCI AC World Index (Net)~~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	MSCI ACWI, lagged	This asset class includes private investment strategies of all types, including but not limited to buyouts, venture capital, secondaries, distressed, real estate, private energy, and similar strategies. Market values and return information is lagged by one quarter, or more, as the underlying investments are not readily valued at the close of the latest quarter.

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

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

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

X. MANAGER GUIDELINES

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

A. MANAGER REPORTING

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

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

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

B. PROXY VOTING GUIDELINES

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

C. GUIDELINES FOR TRANSACTIONS

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

Adopted by the Board of Trustees on February 5, 2011, to replace the former "Statement of Investment Objectives and Policies," as revised most recently on November 11, 2006.
Approved as revised by the Board of Trustees: February 9, 2013
Approved as revised by the Board of Trustees: February 8, 2014
Approved as revised by the Board of Trustees: February 6, 2016
Approved as revised by the Board of Trustees: February 3, 2017
Approved as revised by the Board of Trustees: May 19, 2018
Approved as revised by the Board of Trustees: October 27, 2018
Approved as revised by the Board of Trustees: May 18, 2019
Reaffirmed by the Board of Trustees: May 15, 2020
Approved as revised by the Board of Trustees: February 5, 2021
Approved as revised by the Board of Trustees: June 4, 2021
Approved as revised by the Board of Trustees:

ASSET ALLOCATION POLICY TARGETS

April 2021

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

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

The University of Vermont

Richard H. Cate
Vice President for Finance and Administration

Attachment 2
Revised

May 20, 2022

To: Members of the UVM Board of Trustees Budget, Finance, and Investment Committee

From: Richard H. Cate, Vice President for Finance and Administration

Subject: FY 2023 Budget Proposal for Approval May 20, 2022

FY 2023 Budget Assumptions and Proposed Tuition Rate

The attached budget summary describes the administration's proposal for the FY 2023 General Fund budget. The Vice President for Finance and Administration and the University Budget Director will review it in detail with the BFI Committee at its May 20th meeting. Please note that the FY 2023 budget proposal is being compared to the FY 2022 budget (Appendix A). The key assumptions underlying this budget proposal include the same tuition rate for the fourth year in a row (approved in October 2021), a $250 reduction in the Graduate Comprehensive fee, salary and wage increases as per approved union contracts, and estimated allocations for contracts currently being negotiated.

The total operating budget (Appendix B) is slated to be $776,329,000, with the general fund representing about 52% of that amount and the remainder split between restricted funds (29%) and income/expense activities (19%). Restricted funds are comprised primarily of grants, contracts, endowment spending. Key income/expense activities include Residential Life (room and board fees) and the UVM Bookstore.

As noted in the General Fund Budget summary sheet (Appendix C), based on current deposit information, we are projecting a 1.8% increase in undergraduate enrollment (11,067 students) in the coming year. The combination of an increase in the number of students and the related increase in financial aid is projected to result in a 4% increase in net undergraduate tuition over the FY 2022 budget, but this number is still below what was generated in FY 20. Net tuition is projected to increase for graduate (11%), nondegree (12.5%), and medical (1.1%) programs, while summer net tuition is expected to remain flat.

We are grateful to the Governor and the Legislature for approving a $10 million increase in the University's state appropriation. This increase is reflected in the budget premise, and a portion of it will be used to fund the increased cost of salaries and benefits. The remainder will be held in reserve to deal with some of the potential cost increases described below. It is important to note that the entire amount of this increase will likely be needed to balance the FY 2024 budget. We anticipate a 13.5% increase in cost reimbursement (F&A) due to increased grant activity. Cost recovery from our internal activities is expected to increase by 11.1%, but this only amounts to an additional $475,000.

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350B Waterman Building
85 South Prospect Street, Burlington, VT 05405
phone (802)656-0219

Projected operating expenditures are being impacted by current inflationary pressures. We are seeing price increases of up to 25% on some of the goods and services the university is purchasing, so we are planning to reduce expenses in other areas to offset these increases. The cost of many goods and services are fixed under existing contracts so we are able to accurately budget for them, but such things as natural gas, gasoline, and some supplies and equipment are subject to change. Therefore, we will adjust the budget as needed to address increased costs beyond what has been budgeted.

The combined cost of salaries, wages, and benefits represents nearly 70% of general fund expenses and is expected to rise 6% in FY 2023. Combined operating budgets are shown increasing 11.6%, but this is partially due to the fact that the portion of state appropriation being held in reserve is reflected here. Library acquisitions are increasing 2.4%, and the utilities budget has been increased 3.6%. Although it would have been preferable to increase the deferred maintenance budget, due to needs all across the campus, the proposed budget for this category of expense is the same as last year due to constrained resources. Because this need grows every year, we hope to increase this budget in future years. Both liability insurance premiums and water rates have increased such that this category of expense has increased 7.2%. Insurance alone has increased 10%. The general fund contribution to the UVM Foundation is level funded in this budget. All of this results in a 6.2% increase in revenue and 6.2% growth in expenses in this FY 2023 general fund budget of $403,863,000.

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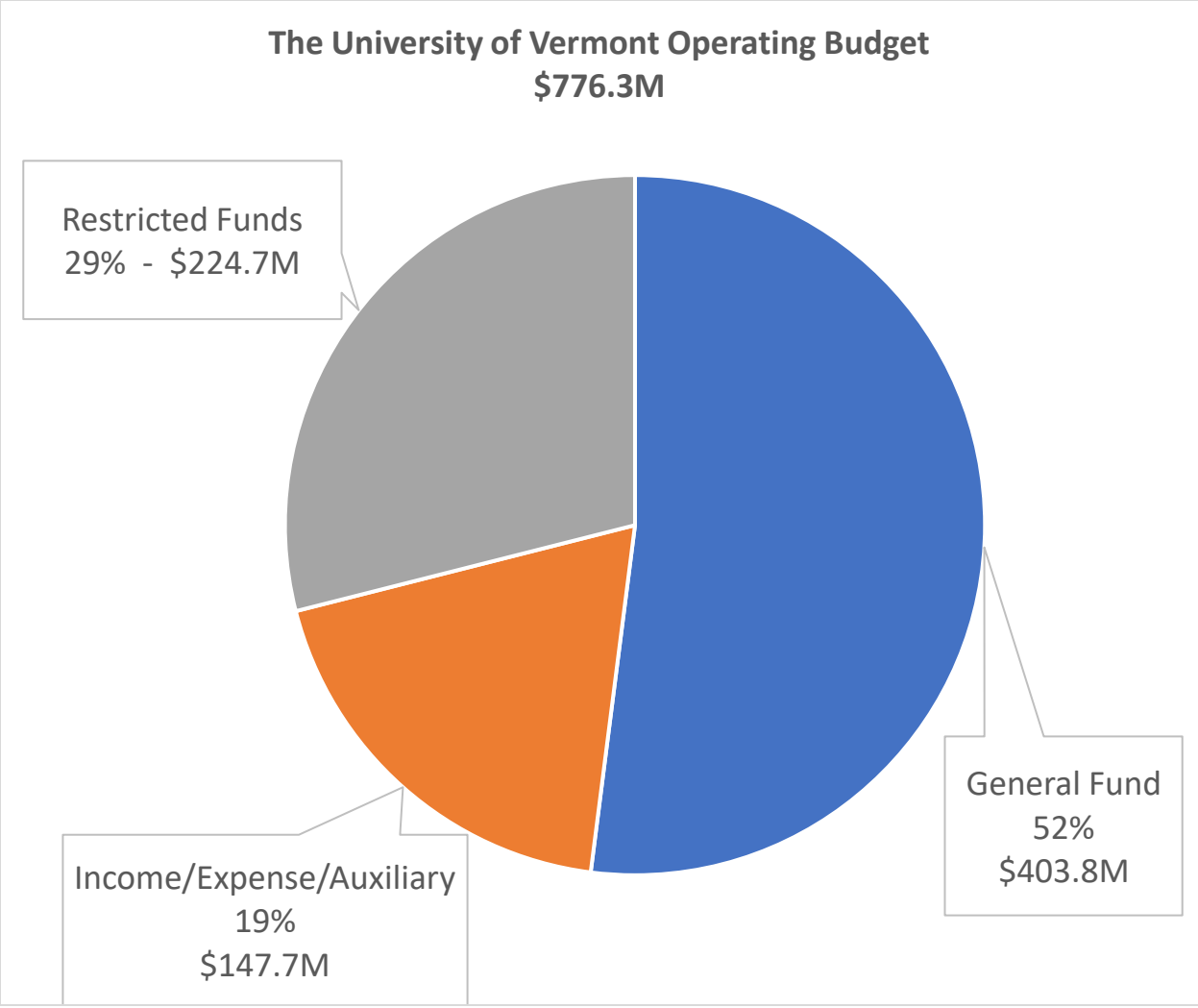
THE UNIVERSITY OF VERMONT
TOTAL PROJECTED OPERATING BUDGET
FY 2022 AND FY 2023
(In Thousand $s)

	Original FY 2022 BUDGET	FY 2023 PROJECTED BUDGET	% CHG FROM FY 2022 BUDGET
REVENUE			
GENERAL FUND			
State Appropriations	$ 42,509	$ 52,509	23.5%
Net Tuition	$ 275,875	$ 287,531	4.2%
Sponsored Facilities & Administration Cost Reimbursement	$ 30,803	$ 34,972	13.5%
Other Income	$ 26,585	$ 28,851	8.5%
Subtotal, General Fund	$ 375,772	$ 403,863	7.5%
INCOME/EXPENSE ACTIVITIES	$ 146,249	$ 147,712	1.0%
Subtotal, Unrestricted Funds	$ 522,021	$ 551,575	5.7%
RESTRICTED FUNDS	$ 193,574	$ 224,754	16.1%
Total Restricted and Unrestricted Revenue	**$ 715,595**	**$ 776,329**	**8.5%**
EXPENSE			
GENERAL FUND	$ 375,772	$ 403,863	7.5%
INCOME/EXPENSE ACTIVITIES	$ 146,249	$ 147,712	1.0%
Subtotal, Unrestricted Funds	$ 522,021	$ 551,575	5.7%
RESTRICTED FUNDS	$ 193,574	$ 224,754	16.1%
Total Restricted and Unrestricted Expense	**$ 715,595**	**$ 776,329**	**8.5%**
USE OF NET ASSETS	**$ -**	**$ -**	


The University of Vermont Operating Budget
$776.3M
Restricted Funds
29% - $224.7M
General Fund
52%
$403.8M
Income/Expense/Auxiliary
19%
$147.7M

UVM FY 2023 GENERAL FUND BUDGET SUMMARY — FY22 to FY23

	FY 2023 Budget*	FY 2022 Budget	Budget to Budget $ Change	Budget to Budget % Change
In-State Students	2,747	2,821	(75)	-2.6%
Out-of-State Students	8,071	7,805	266	3.4%
	10,818	10,626	192	1.8%
In-State Tuition	$16,392	$16,392	$0	0.0%
Out-of-State Tuition	$41,280	$41,280	$0	0.0%

*In Thousands **REVENUE**	FY 2023 Budget*	FY 2022 Budget	Budget to Budget $ Change	Budget to Budget % Change
Undergrad In-state Tuition	40,211	45,030	(4,820)	-10.7%
Undergrad Out-of-state Tuition	352,375	318,329	34,046	10.7%
Less: Student Aid-EM	(164,229)	(143,428)	(20,801)	14.5%
Less: Student Aid-Central Managed	(17,557)	(17,332)	(225)	1.3%
Student Aid from Restricted Gifts/Endowments	4,700	4,700	-	0.0%
Net Undergrad Tuition	215,500	207,300	8,200	4.0%
Graduate In-state Tuition	10,991	9,904	1,087	11.0%
Graduate Out-of-state Tuition	31,319	28,223	3,096	11.0%
Less: Student Aid	(16,599)	(14,958)	(1,641)	11.0%
Net Graduate Tuition (Fall/Spring/Summer)	25,711	23,169	2,542	11.0%
Non-Degree In-state Tuition	3,128	2,781	347	12.5%
Non-Degree Out-of-state Tuition	3,011	2,677	334	12.5%
Less: Student Aid	(610)	(542)	(68)	12.5%
Net Non-Degree Tuition	5,529	4,917	613	12.5%
Summer In-state Tuition	2,751	2,752	(1)	0.0%
Summer Out-of-state Tuition	9,712	9,714	(2)	0.0%
Less: Student Aid	(120)	(120)	0	0.0%
Net Summer Tuition (UG, ND)	12,343	12,345	(2)	0.0%
Medical Tuition	28,448	28,144	304	1.1%
State Appropriation	52,509	42,509	10,000	23.5%
Facilities & Admin Cost Reimbursement	34,972	30,803	4,169	13.5%
Internal Activities Cost Recovery	4,863	4,289	575	13.4%
Operating Investment Income	3,600	3,400	200	5.9%
Unrestricted Endowment	3,000	1,850	1,150	62.2%
Unrestricted Annual Giving	800	800	-	0.0%
Other Income	16,587	16,247	341	2.1%
Use of Reserves	-	4,354	(4,354)	-100.0%
Total Revenue	**403,863**	**380,127**	**23,737**	**6.2%**
EXPENSE				
Salaries & Wages/Benefits/Start-ups/Stipends	275,812	260,310	15,502	6.0%
Unit Operating Budgets	64,324	57,639	6,686	11.6%
Library Acquisitions	6,214	6,070	144	2.4%
Utilities (Electricity/Gas/Oil/Propane)	9,943	9,598	345	3.6%
Physical Plant Operating (non-personnel)	5,750	5,594	156	2.8%
Deferred Maintenance	5,040	5,040	-	0.0%
Facilities Renewal	3,738	3,428	310	9.0%
Insurance, Water/Sewage	4,167	3,889	278	7.2%
General Fund Contribution to Debt Repayment	22,079	22,069	11	0.0%
General Fund Support for UVM Foundation	5,925	5,925	-	0.0%
Addition to Reserves	872	567	305	53.9%
Total Expense	**403,863**	**380,127**	**23,737**	**6.2%**
Revenue less Expense	**0**	**0**		

Attachment 3
Revised

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 20, 2022

Resolution approving fiscal year 2023 budget planning assumptions: general fund

BE IT RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for fiscal year 2023, which lead to a general fund operating expense budget for the University of $403,863,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

Resolution to reaffirm the Investment of Endowment Cash Policy

WHEREAS, on May 18, 2019, the Board of Trustees adopted the *Investment of Endowment Cash Policy* as follows:

> BE IT RESOLVED, that the Vice President for Finance and Treasurer be authorized to invest and withdraw Endowment cash in a money market or a short-term bond fund to maximize investment return and meet Endowment needs; and

WHEREAS, since its creation, the Investment Subcommittee has been charged with review of the policy, which it most recently reaffirmed on February 22, 2022;

BE IT RESOLVED, that the Budget, Finance & Investment Committee hereby recommends that the Board of Trustees reaffirms the Investment of Endowment Cash Policy.

Adopted by:	*Board of Trustees – May 18, 2019*
Reaffirmed by:	*Board of Trustees – May 15, 2020*
Reaffirmed by:	*Board of Trustees – June 4, 2021*
Reaffirmed by:	*Board of Trustees -*

Resolution approving appointment of Investment Subcommittee advisor

BE IT RESOLVED, that the Board of Trustees approves the reappointment of Steven Grossman as advisor to the Investment Subcommittee, for a one-year period commencing June 1, 2022, subject to the terms and conditions reported on this date.

Resolution approving extension of the voluntary payment for services letter agreement with the City of Burlington

WHEREAS, on September 8, 2007, the Board of Trustees authorized the administration to enter into a letter agreement with the City of Burlington regarding a voluntary payment for services;

WHEREAS, the Board has since then approved extensions of the voluntary payment for services letter agreement;

WHEREAS, the current Letter of Agreement ("the Agreement") for the voluntary payment of services, entered into in June of 2019, has been extended once and is set to expire on June 30, 2022;

THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves extension of the Agreement for an additional three-year period on the same terms and conditions, expiring on June 30, 2025, with a total payment to the City in the aggregate not to exceed $4,500,000 for the three-year term of the agreement, and authorizes the Vice President for Finance and Administration, or his successor or designee, to negotiate and execute an amendment to the Agreement to so extend its term.

Resolution approving contract with AstroTurf Corporation

BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to enter into a contract with AstroTurf Corporation for the turf replacement of the Moulton Winder Field from May 2, 2022 through November 30, 2022, for an amount not to exceed $1,700,000.

Resolution authorizing Hills Agricultural Science Building renovation project expenditures

WHEREAS, on June 4, 2021, the Board of Trustees authorized the administration to negotiate and execute a lease with a term of up to ten years with the United States Government, USDA, Agricultural Research Service for use of office and lab space for the establishment of a Food Systems Research Center at the Hills Building; and

WHEREAS, on April 13, 2022, the administration reviewed with the Executive Committee the scope of the federal funding that has been acquired to fully renovate the Hills Building to house the Food Systems Research Center and a new Institute;

THEREFORE, BE IT RESOLVED, that the Budget, Finance & Investment Committee hereby recommends to the Board that it authorize total Project expenditures of up to $32,000,000 to fund the Hills Building Project; and

BE IT FURTHER RESOLVED, that the funding for the Project expenditures referenced above be drawn from a combination of federal grants, the lease with the Agricultural Research Service, and university reserves allocated for deferred maintenance projects.

Attachment 4

The University of Vermont

Office of the Vice President for
Finance and Administration

Hills Agricultural Science Building Renovation

May 20, 2022

Board of Trustees
Educational Policy & Institutional Resources Committee and
Budget, Finance and Investment Committee

Prepared By
Richard H. Cate, Vice President for Finance and Administration
Luce Hillman, Executive Director of Facilities Management

The administration is proposing a complete renovation of the Hills Agricultural Science Building, which was built in 1950 as the home of agricultural research and teaching at UVM. The building has been used for a variety of purposes in recent years with some of the original laboratories in continued use until recently. When completed the building will be home to the USDA Agricultural Research Service (ARS) presence at UVM, with at least 19 scientists and staff located within it. Faculty from the College of Agriculture and Life Sciences (CALS) will be located within the building as well so that they can collaborate with the ARS team. A new institute will also be housed in the building along with a variety of classrooms.

Project Details

Engineer/Architect:	Freeman French Freeman/BVH
Preferred General Contractor:	Engelberth Construction, Inc
Estimated Completion:	August 2023
Size:	45,000 gross square feet
Project Cost:	$32 million ($27.6M of federal funding and $4.4M of university reserves designated for deferred maintenance and facilities upgrades)

Project Description

The University of Vermont will renovate all levels of the Hills Agricultural Science Building, which is located on the University's Central Campus. This renovation will include approximately 45,000 square feet of new construction and renovated space, including a new elevator and an expanded connector to the Marsh Life Sciences Building at the Benedict Auditorium. The scope includes, but is not limited to, all new electrical service and distribution, chilled water upgrades, all new mechanical systems, new windows, modifications to the exterior wall for energy and air sealing, extension of the southern stair tower to provide access to the roof, a generator for backup power, and significant sitework upgrades to provide access to the building. The building will include laboratories, collaborative workspaces, offices, classrooms, and support spaces.

Project Status

Bids have been received and, subject to Board approval, a contract with the general contractor will be executed.

Attachment 5

The University of Vermont

Office of the Vice President for
Finance and Administration

Vice President's Report

May 20, 2022

Board of Trustees
Budget, Finance and Investment Committee

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

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The Vice President for Finance and Administration is required to annually provide updates on the following two accounts.

Capital project pre-funding account

Balance as of April 30, 2022	$0.00

Net tuition stabilization fund

There have been no withdrawals from or deposits into the fund this past year.

Authorized reserve May 16, 2014	$4,500,000
Reserve balance as of April 30, 2022	$4,500,000