

**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, Frank Cioffi, Kevin Christie, R. Stanton Dodge, Katelynn Giroux, Ed Pagano, Shap Smith, Tristan Toleno, and Catherine Toll

Representatives: Faculty Representatives Jane Knodell and Guillermo Rodriguez, Foundation Representative Bob Plante, Alumni Representative Myron Sopher, Staff Representatives Kunie Renaud and Aimee Gale, Student Representatives Evan Siegel and Ashleigh Clark, and Graduate Student Representatives (vacant) and Goodness Rex Nze-Igwe

Friday May 17, 2024

1:00 p.m. – 2:00 p.m.

Livak Ballroom (417-419), Dudley H. Davis Center

AGENDA

	Item	Enclosure	Discussion Leader(s)	Time
	Call to order			*1:00 p.m.
1.	Approval of February 9, 2024 meeting minutes	Attachment 1	Don McCree	1:00-1:02
2.	Vice President's report <ul style="list-style-type: none">• Housekeeping changes to investment related policies• Proposed list of approved managers for cash management• Fossil fuel divestment update• Comprehensive Sustainability Plan update• UVM Endowment Investments• Capital project prefunding account• Net tuition stabilization fund• Net asset reporting	Attachment 2; Appendices A-D	Richard Cate Claire Burlingham	1:02-1:07
3.	Resolution approving amendments to the Budget, Finance & Investment Committee charge	Attachment 3; Appendix A	Don McCree	1:07-1:10

	Item	Enclosure	Discussion Leader(s)	Time
4.	Report of the University of Vermont Investment Management Company <ul style="list-style-type: none"> • Endowment performance update • Asset allocation update • Resolution to reaffirm the Investment of Endowment Cash Policy 	<p>Separate distribution</p> <p>Attachment 3</p>	Don McCree	1:10-1:25
5.	Resolution approving revisions to the Energy Efficiency (Green) Revolving Loan Fund	Attachment 3; Appendix B	Richard Cate	1:25-1:30
6.	Preview of FY 2025 budget assumptions		Richard Cate Shari Bergquist	1:30-1:45
7.	Other business**		Don McCree	1:45-2:00
	Adjourn			2:00 p.m.

*Times are approximate.

**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, February 9, 2024, at 1:00 p.m., in the Livak Ballroom, 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Don McCree¹, Vice Chair John Dineen¹, President Suresh Garimella, Susan Brengle, Robert Brennan, Frank Cioffi², Kenny Nguyen, Ed Pagano¹, Shap Smith, and Catherine Toll

REPRESENTATIVES PRESENT: Faculty Representative Guillermo Rodriguez, Foundation Representative Bob Plante¹, Alumni Representative Myron Sopher, Staff Representative Kunie Renaud, Student Representatives Evan Siegel⁴ and Ashleigh Clark, and Graduate Student Representative Goodness Rex Nze-Igwe

PERSONS ALSO PARTICIPATING: Board Chair Ron Lumbra³, Vice President for Finance & Administration Richard Cate, University Budget Director Shari Bergquist, and University Controller Claire Burlingham

ABSENT: Trustees Kevin Christie and Tristan Toleno, Faculty Representative Jane Knodell, Staff Representative Aimee Gale, and Student Representative Dan Peipert

¹Participated via remote conferencing.

²Joined the meeting at 1:15 p.m.

³Joined the meeting at 1:05 p.m.

⁴Joined the meeting at 1:08 p.m.

Chair Don McCree called the meeting to order at 1:02 p.m.

Approval of minutes

A motion was made, seconded, and voted to approve the minutes of the October 20, 2023, meeting.

Debt policy annual review

University Controller Claire Burlingham noted that this committee is required to approve any recommended changes to, or reaffirm, the university's debt policy annually. The administration consulted with UVM's debt advisors, the Yuba Group, and is seeking approval of two non-substantive revisions to the policy, included as appendix A.

Referencing attachment 3 in the meeting packet, Controller Burlingham reported on the university's debt ratio analysis. The Total Cash and Investments to Debt is a leverage ratio and is well within UVM's target of >1.25%. The Debt Burden ratio is a measure of debt service over operating expenses. This ratio has increased from 4.9% in FY22 to 5.5% in FY23 even though the university has not taken on new debt. The reason for the increase is twofold, first the total debt service increase is due to the recognition of operating lease payments and IT subscription payments as required by new Governmental Accounting Standards Board rules. Secondly, the effect of the decrease in the Other Post Employment Benefits liability of \$240 million reduced our total expenses. Even with the ratio at 5.5% the university is still within the required policy target of <5.75% and is at about the medium range compared to peer institutions.

The following resolution was presented to the committee:

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 2022;

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 it was unanimously voted to refer the resolution to the Board for approval.

Action Items

Vice President Richard Cate explained that contracts that meet the threshold for Board approval are presented at the monthly Executive Committee meetings. However, the January meeting was canceled and the March meeting is replaced by a special Board meeting. Therefore, the following are being presented today:

- A three-year contract extension approval with American Chemical Society for subscription fees which includes ACS All Publications Access to journal content, e-books, and an online reference guide that focuses on scientific publishing, new topics, and core techniques in the sciences.
- A contract with Presidio Networked Solutions for network equipment for firewall security, updated wireless access, and network switching equipment.

UVM is replacing the campus wide aging Nortel system equipment installed in 1998 that will be fully decommissioned by end of 2024.

- A contract with The Yuba Group LLC, who has provided outstanding debt advisory consulting services to the university for many years and recently submitted the more attractive bid to continue the contract. Both Vice President Cate and Chair McCree commented on their excellent service.

In addition, the administration is seeking approval to proceed with negotiations to lease apartment-style housing in South Burlington (former Holiday Inn site), that would accommodate about 160 undergraduate students. The lease would run from Spring 2024 to Summer 2027 to bridge the time until Catamount Woods, a new housing project under construction, is fully operational. This leased space would operate similarly to a residential hall, with Residential Assistants living in the building.

Lastly, the committee considered a resolution setting Vermont resident and non-resident tuition rates at \$975 per credit for the Sustainable Innovation Masters in Business Administration (SI-MBA) program for two fiscal years (FY26 and FY27). This rate falls between the university's standard Vermont resident rate of \$678 per credit and non-resident rate of \$1,720 per credit, with the goal of setting a uniform price for the entire degree program for all students at \$43,875. Creating this single rate for all SI-MBA students requires the Board to approve an upward adjustment of the resident per credit rate from \$678 to \$975 for this graduate program.

The following resolutions were presented for the committee's consideration:

Resolution approving contract extension with American Chemical Society

BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to enter into a contract extension with American Chemical Society for subscription fees beginning January 1, 2024 through December 31, 2026, for an amount not to exceed \$325,000.

Resolution approving contract with Presidio Networked Solutions

BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to enter into contract with Presidio Networked Solutions for telephony licensing and support beginning March 2, 2024 through March 1, 2029, for an amount not to exceed \$1,200,000.

Resolution approving contract with The Yuba Group, LLC

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 The Yuba Group, LLC for debt advisory consulting services beginning March 1, 2024 through February 28, 2027, with two one-year renewal options, for an amount not to exceed \$465,000 in aggregate.

Resolution approving the Sustainable Innovation Masters in Business Administration (SI-MBA) graduate tuition for fiscal year 2025

BE IT RESOLVED, that the Board of Trustees hereby approves a uniform rate of \$975 per credit for both in-state and out-of-state students in the Sustainable Innovation Masters in Business Administration Program effective with the 2025-2026 and 2026-2027 academic years.

A motion was made, seconded, and it was unanimously voted to refer the resolutions to the Board for approval.

Vice President Cate introduced the following resolution:

Resolution authorizing negotiation and execution of real estate contract

BE IT RESOLVED, that the Board of Trustees hereby authorizes the Vice President for Finance and Administration, or his successor or designee, to negotiate, finalize, and execute agreements regarding the leasing of real estate, located at 1068 Williston Road, South Burlington, VT, on the material terms and conditions reported on this date.

Following a brief discussion, a motion was made, seconded, and the following roll-call vote was taken: Don McCree – yes, John Dineen – yes, Susan Brengle – yes, Robert Brennan –yes, Frank Cioffi – no, Kenny Nguyen – yes, Suresh Garimella – yes, Ed Pagano – yes, Shap Smith – yes, and Catherine Toll – yes. By a 9-1 vote, the resolution was referred to the Board for approval.

Report of the Investment Subcommittee (ISC)

ISC Chair Rob Brennan referred committee members to the supplemental performance update report (sent under separate distribution) provided by Prime Buchholz, the university's investment advisor. UVM's endowment continued a consistent uptick in performance. The market value of the endowment as of December 31, 2023, was \$812.4 million in the long-term pool, and about \$50 million in philanthropic assets/investments.

ISC Chair Brennan next outlined the history of and the proposal to disband the Investment Subcommittee. The University of Vermont Investment Management Company (UVIMCO) was created in February 2023 to oversee and manage the combined endowment assets of the University and the UVM Foundation. An Investment Management Agreement executed in January 2024 protects the University's interests, including without limitation, the university's interests in receiving information about the activities, affairs, and financial condition of UVIMCO and the funds it manages for the benefit of the University. Therefore, the need for the ISC has become obsolete.

Vice President Cate and Chair McCree publicly lauded Trustee Brennan's tireless leadership and expertise he has provided to the ISC over the years.

The following resolution was presented:

Resolution disbanding the Investment Subcommittee

WHEREAS, on November 11, 2006, the Investment Subcommittee ("ISC") was established by the Board of Trustees as a Subcommittee of the Budget, Finance and Investment ("BFI") Committee and charged with oversight of investment strategy, and the hiring, and termination of managers and advisors engaged in the investment of the University's Long-Term Investment Pool, including the Endowment Fund; and

WHEREAS, the ISC was assigned the responsibility for adjusting individual investment allocations to conform to the University's asset allocation policy, and regular review of investment related policies and directed to make recommendations on such to the BFI Committee for its consideration and referral to the Board for action; and

WHEREAS, the ISC was authorized to make decisions relating to investment managers and investments that are necessary in the best interests of the University with a report of such to the BFI Committee; and

WHEREAS, in February 2013, the ISC charge was amended to include responsibilities assigned to it under an Investment Management Agreement between the University and the University of Vermont Foundation under which Foundation assets are co-invested with the assets of the University; and

WHEREAS, in 2022, an advisory committee comprised primarily of current and former university trustees carefully studied mechanisms for the University and the University of Vermont Foundation to combine

endowment assets and establish a nonprofit investment management subsidiary of the Foundation to oversee and manage the combined endowment assets in order to best meet the fiduciary responsibilities of the University and the Foundation; and

WHEREAS, on February 11, 2023, the Board of Trustees authorized the creation of an investment subsidiary company, the University of Vermont Investment Management Company ("UVIMCO"), to oversee and manage the combined endowment assets of the University and the Foundation; and

WHEREAS, the Operating Agreement for UVIMCO requires a nine-member Board of Managers, four classified members appointed by the Foundation's Board of Directors, three classified members appointed by the University of Vermont Board of Trustees, and the University's President and the Foundation's President and CEO as *ex officio* members; and

WHEREAS, on April 17, 2023, the Foundation Board of Directors authorized the creation of UVIMCO and approved the appointments of Robert Brennan, Robert Cioffi, Meg Guzewicz, and H. Whitney Wagner as members of the Board of Managers; and

WHEREAS, on May 20, 2023, the University of Vermont Board of Trustees approved the appointments of Susan Brengle, David Daigle, and Don McCree as members of the Board of Managers; and

WHEREAS, on January 30, 2024, an Investment Management Agreement was executed between UVIMCO and the University that protects the University's interests, including without limitation, the University's interests in receiving information about the activities, affairs and financial condition of UVIMCO and the funds it manages for the benefit of the University;

THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby disbands the Investment Subcommittee, with thanks to its current and former members for their service, including: Chairs Rob Brennan, Rob Cioffi, David Daigle, and Sam Bain; and members, Briar Alpert, David Aronoff, Susan Brengle, Jeff Davis, Susan Hudson-Wilson, Don McCree, John Snow, and Jeannette White; and

BE IT FURTHER RESOLVED, that any responsibility and authority previously delegated to the Investment Subcommittee, which has not otherwise been assigned to UVIMCO by contract shall be the responsibility and authority of the BFI Committee, which shall have the authority delegated to it by Article VII of the University Bylaws.

A motion was made, seconded, and it was unanimously voted to refer the resolution to the Board for approval.

Fiscal year 2025 budget

University Budget Director Shari Bergquist discussed the key assumptions in developing the fiscal year 2025 budget thus far.

- A 3.5% tuition increase for out-of-state students and the implementation of a new \$1,000 program fee for majors within the College of Nursing and Health Sciences, the College of Engineering and Mathematical Sciences, and the Grossman School of Business. As of now, the anticipated size of the entering undergraduate class is approximately 3,000; however, May 1, 2024 is the deadline that students must pay their acceptance fee to guarantee enrollment for the fall semester. Enrollment updates will be presented at the May 2024 Board meeting. Because of these changes, growth in undergraduate net tuition and fees is expected.
- For FY 2025, the governor has recommended a 3% increase to the university's state appropriations; however, because this may not be officially approved by the legislature until May, we have not yet included this in the FY 2025 budget.
- A slight growth in Facilities and Administration cost recovery revenue is expected based on an increase in grant activity and slight growth in the return of cash investments.
- Of note, healthcare costs have risen dramatically which has considerably influenced the medical component of the active employee full-time fringe rate. As such, the FY 2024 fringe rate of 43.8% is expected to increase to 52.5% in FY 2025.
- Even with a 6% increase in electricity, the utilities budget is projected to be decreased overall by 3.1% as a result of a cost reduction in natural gas.

The formal FY 2025 budget will be presented for Board of Trustees' approval in May 2024.

Vice President's Report

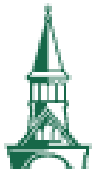
Vice President Cate reminded members that his Vice President's report was submitted in the materials as attachment 4 and includes an annual update on the annual Green Revolving Loan Fund and status updates university building projects.

Adjournment

There being no further business, the meeting was adjourned at 2:02 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

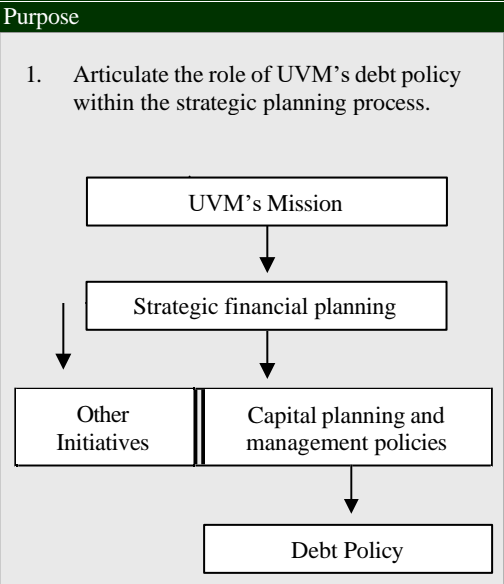
Revised, February 2023

[Revised, February 2024](#)

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OVERVIEW



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

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

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

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



INTRODUCTION AND OBJECTIVES

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

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

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

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



OVERSIGHT

Purpose	
<ol style="list-style-type: none"> 1. Provide mechanism for oversight and review on periodic basis. 2. Provide management flexibility to make ongoing financing decisions within the framework of the policy. 	<p>By adopting this policy and regularly reviewing it with the appropriate Board of Trustee committee, management will follow and report on guidelines and requirements regarding debt utilization. With appropriate authorizations consistent with the policy, management will have flexibility to implement specific financial transactions and utilize approved financing vehicles in accordance with stated procedures.</p> <p>The Office of the Vice President for Finance and Administration will manage all funding sources, including debt, for capital projects authorized by the Board. The structure of any individual transaction (e.g., maturity, interest rate mode, use of derivative products, other financing structures) will be based upon overall University needs to ensure that (i) long-term costs to the University and its operating units are minimized consistent within the context of other strategic objectives and (ii) overall risk does not exceed acceptable levels as defined in this policy.</p> <p>Because this debt policy is a living document, the appropriate Board of Trustee committee will review this policy on an annual basis and report any recommended changes or revisions to the Board of Trustees. This review process is necessary to ensure that the policy remains consistent with the University's objectives and responsive to evolving practices, competitive pressures in the external environment, and financial indicators.</p>

POLICY RATIOS

Purpose	
<ol style="list-style-type: none"> 1. Identify core ratios. <ol style="list-style-type: none"> a. Operating Statement—Debt Burden Ratio. b. Balance Sheet Leverage—Leverage Ratio. 2. Clearly communicate with key parties such as rating agencies the University's philosophy regarding debt and management's ongoing assessment of debt capacity and affordability. 	<p>This policy establishes limits to measure the total amount of outstanding debt and leases compared to University balance-sheet resources and the annual operating budget.</p> <p>These ratios can be derived from the financial statements and other information and are subject to review periodically. The ratios are to be calculated using annual audited financial statements of the University and should not include "Discretely Presented Component Units" of the University such as the University's associated fundraising foundation.</p> <p>The policy identifies ratios that (i) are based on current GAAP requirements and (ii) are consistent with ratios utilized in the higher education industry to permit benchmarking.</p> <p>In addition to the two primary policy ratios below, the University may consider tracking other ratios in addition to the policy ratios. Listed below are the policy ratios and limits that will be followed.</p> <hr/> <p><i>Ratio 1 – Debt Burden Ratio</i></p> <p>This ratio measures the University's ability to repay debt service associated with all outstanding debt and leases and the impact on the overall budget and includes all activities of the University. The defined limit for this ratio is intended to maintain the University's long-term operating flexibility to fund existing requirements and new initiatives, although the University may target a desired ratio below this limit.</p> $\frac{\text{ANNUAL DEBT SERVICE}}{\text{TOTAL EXPENSES}} < 5.75\%$ <p>The measure is based on aggregate operating expenses as opposed to operating revenues because expenses typically are more stable (e.g., no one-</p>



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

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

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

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

This policy establishes a debt policy limit (floor) for this ratio of 1.25 to ensure that sufficient balance sheet strength is maintained at all times.

$$\frac{\text{TOTAL CASH \& INVESTMENTS}}{\text{AGGREGATE DEBT}} \geq 1.25x$$

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

The 1.25x 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 1.25x.

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.

Ratios as a Credit Factor

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

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



TYPES OF FINANCINGS

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



represents a more expensive source of capital relative to tax-exempt issuance. Examples of appropriate cases to utilize taxable debt include timing, fees and rates relative to tax-exempt rates, the nature of the project being funded, and private use, among others.

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

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

Derivative Products

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

Other Financing Sources

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



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

PORTFOLIO MANAGEMENT OF DEBT

Purpose

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

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

Variable Rate Debt

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

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

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

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

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

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 lines 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.



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

- Cash Management & Liquidity Policy
- Endowment Budget Policy
- Endowment Administrative Fee Policy
- Quasi-Endowment Funds Policy
- Proxy Votes and Shareholder Resolutions
- Underwater Endowment Guidelines

M&T Bank
Wells Fargo Advisors

Long-term pool:

Units of the University of Vermont's Pooled Endowment

Fossil fuel divestment

The resolution for the divestment of fossil fuel holdings in the endowment which was passed by the Board of Trustees in July 2020 required UVM to divest from all public direct fossil fuel investments by July 2023, which was completed in September of 2020.

The resolution also requires that "UVM allow all preexisting commitment to multi-year private investment funds involving fossil fuels to lapse without extension or renewal and make no additional investments in such funds." The University currently has four small positions in our private equity which we cannot exit until the end of our commitment period which will be no later than 2030.

The status of the current private equity investments are as follows:

Fossil Fuel investments in the Long Term Pool portfolio

Investment Manager	Inception	Terms/Exit Date
CF - Capital Natural Resources IX	2013	~ June 6th, 2028
Ener-Vest Energy	2015	Dissolved no later than April 24, 2029.
Trace Capital (formerly Denham Capital)	2016	Dissolved no later than June 30, 2029.
NGP Natural Resources	2019	Dissolved no later than December 31, 2029.

Comprehensive Sustainability Plan

Since the release of the Comprehensive Sustainability Plan in April 2023, the University has made substantial progress on its goals (**see Appendices B & C**). In March 2024, UVM drilled a geothermal test well to investigate the feasibility of heating and cooling campus buildings with renewable, geothermal energy. In addition, the University's electric fleet tripled in size to 23 vehicles and an EV charging project is now underway across campus to support electric vehicles, marking the largest single investment in EV infrastructure in the state of Vermont. UVM also achieved its goal of a 60% reduction in greenhouse gas emissions by purchasing carbon offsets from the Vermont Land Trust and the Nature Conservancy, supporting landowners and maple sugar makers in northern Vermont

UVM Endowment Investments

For information on UVM Endowment Investments see Consolidated Endowment Managers List - **Appendix D**

Capital project pre-funding account

Balance as of April 30, 2024	\$0.00
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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, 2024	\$4,500,000

Net Asset Balance

The University Cash Management and Liquidity Policy calls for the institution to retain unrestricted, unencumbered cash reserves in an amount not less than \$30 million, and requires an annual report on the matter to the Board. As of June 30, 2023, this amount was \$40.9 million.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

ENDOWMENT ADMINISTRATION FEE POLICY

Resolution Reaffirming Endowment Administration Fee policy

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

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves that an endowment management fee equal to 100 basis points, 80 of which shall flow to the University of Vermont Foundation and 20 of which shall flow to the University, shall be applied to the University endowment beginning as of July 1, 2024 and continuing through June 30, 2025; 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~~ Budget, Finance & Investment Committee will review ~~and make a recommendation to the Budget, Finance and Investment Committee regarding the and~~ reaffirmation or revision of the *Endowment Administration Fee Policy* each year no later than December 31.

Adopted by: Board of Trustees - September 13, 2003

*Reaffirmed: Board of Trustees - September 8, 2007
Board of Trustees - September 5, 2008*

Amended: Board of Trustees - October 24, 2009

Reaffirmed: Board of Trustees - October 30, 2010

Board of Trustees - October 22, 2011

Board of Trustees - November 8, 2012

Board of Trustees - October 26, 2013

Board of Trustees - October 18, 2014

Board of Trustees - October 3, 2015

Board of Trustees - October 22, 2016

Board of Trustees - October 21, 2017

Board of Trustees - January 31, 2020

Board of Trustees - May 15, 2020

Amended: Board of Trustees - September 25, 2020

Board of Trustees - October 29, 2021

Board of Trustees - October 29, 2022

Board of Trustees - October 21, 2023

Amended: Budget, Finance & Investment Committee - May 17, 2024

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

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 Budget, Finance and Investment Committee~~](#) 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 27, 2018

Board of Trustees - January 31, 2020

Board of Trustees - September 25, 2020

Board of Trustees - October 29, 2021

Board of Trustees – October 29, 2022

Board of Trustees – October 21, 2023

[Amended: Budget, Finance & Investment Committee – May 17, 2024](#)

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

PROXY VOTES AND SHAREHOLDER RESOLUTIONS

On any particular issue, the Vice President for Finance and ~~Treasurer~~[Administration](#), Controller, Senior Accountant, or Endowment Accountant shall commit the proxy votes of the University in accord with specific guidelines approved by the ~~Investment Subcommittee of the~~ [Budget, Finance and Investment Committee](#) of the Board of Trustees. In the absence of such specific guidelines, except for matters of routine corporate business, the Vice President for Finance and ~~Treasurer~~[Administration](#), Controller, Senior Accountant, or Endowment Accountant shall cast an abstaining vote. In any instance when such specific guidelines do not exist, the Socially Responsible Investing Advisory Council may study the issue and develop a recommendation for the Vice President for Finance and ~~Treasurer~~[Administration](#). All decisions by the ~~Investment Subcommittee~~[Budget, Finance and Investment Committee](#) concerning proxy voting will be published on the Socially Responsible Investing Advisory Council webpage, as updated on an annual basis.

Ed. Note: Copies of the guidelines referenced above may be obtained from the University ~~Treasurer~~[Vice President for Finance and Administration](#).

Adopted by the Board of Trustees: February 8, 2003

Amended by the Board of Trustees: August 25, 2005

Amended by the Board of Trustees: December 5, 2008

Amended by the Executive Committee: July 22, 2013

Amended by the Board of Trustees: February 8, 2014

[Amended by the Budget, Finance and Investment Committee: May 17, 2024](#)

Quasi-Endowment Funds

Policy Statement

The University, through its Board of Trustees, may establish, alter, or terminate quasi-endowment funds. A quasi-endowment fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the University, not by an external donor, and (2) the University may spend down the principal of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund's principal and earnings may be expended only for that purpose.

Reason for the Policy

From time to time the University may decide to designate assets as quasi-endowment funds. These funds gain the benefit of the earning power of the University's consolidated endowment pool while retaining the flexibility to be expended in whole or in part. Because the creation, management, and termination of quasi-endowment funds involve the University's consolidated endowment pool, they may proceed only with the approval of the Board of Trustees. These funds create a mechanism for the University to save and invest sums of money to be spent over time to achieve long-range academic objectives.

Applicability of the Policy

This policy applies to all University of Vermont faculty, staff, and students and to all academic and non-academic units.

Policy Elaboration

A minimum asset value of \$50,000 is necessary to establish a quasi-endowment fund. A department may use its own internal funds for this purpose.

Once established, a quasi-endowment fund's principal must remain within the consolidated investment pool for at least three years. New cash or assets may be added to a quasi-endowment

fund only if that cash or those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund.

Following the establishment of a quasi-endowment fund and the expiration of the three-year lock-up period, its principal may be partially or totally expended only with the approval of the Board.

Definitions

A quasi-endowment fund is an expendable fund designated by the Board of Trustees for medium- to long-term investment. A quasi-endowment fund is established by the Board to function like an endowment fund but may be totally expended at the discretion of the Board. The fund's assets are invested in the same manner as those of a true endowment and have the same payout provisions.

Procedures

Requests or proposals to establish quasi-endowments must be directed in the first instance to the University Controller. That official may then advance the request or proposal to the Vice President for Finance and Administration (VPFA). If the VPFA determines that a quasi-endowment should be established, said establishment will be subject to the approval of the [Board of Trustees Investment Subcommittee Budget, Finance and Investment Committee or the Executive Committee of the Board of Trustees.](#)

Forms

None

Contacts

Questions related to the daily operational interpretation of this policy should be directed to:

University Controller
Claire Burlingham
(802) 656-2903

The Vice President for Finance and Administration is the official responsible for the interpretation and administration of this policy.

Related Documents/Policies

None

Revision History

Approved by the University of Vermont Board of Trustees: May 21, 2011
Approved by the President on June 7, 2011 and reaffirmed: May 7, 2016

Reaffirmed by the University of Vermont Board of Trustees Chair: May 20, 2016

Reaffirmed by the University of Vermont Board of Trustees: October 26, 2019

[Amended by the Budget, Finance and Investment Committee: May 17, 2024](#)

University of Vermont and State Agricultural College

Board of Trustees

Underwater Endowment Guidelines

Executive Summary: The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was passed by the State of Vermont effective May 5, 2009. UPMIFA broadens and clarifies the latitude of institutions to manage overall endowment returns, without specifically isolating those particular endowments that because of timing of receipt of the gift and market conditions are deemed underwater. Rather, the institution is expected to define an overall prudent approach both to distribution of funds for spending and long term preservation and growth of capital. The University shall continue with its uniform endowment distribution practice in accordance with the statute.

Guidelines: The University shall continue to calculate and make distributions on an annual basis, valuing endowment shares as of December 31 and using the average of the prior 13 quarter endowment value as a basis for the calculation. The distribution for the endowment fee and spending will be set at a level recommended by the [Investment Subcommittee and the](#) Budget, Finance and Investment Committee and authorized by the Board of Trustees.

In making a determination to appropriate or accumulate, the University shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the University and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The average expected total return from income and the appreciation of investments;
- (6) Other resources of the University; and
- (7) The investment policy of the University.

The University shall identify any gifts which restrict the expenditure of principal and/or the historic dollar amount under UPMIFA. To the extent expenditure restrictions are not applicable, underwater endowments and their relative proportion of total endowments will be defined and reported to the [Investment Sub Committee](#) [Budget, Finance and Investment Committee](#) as of each December 31 valuation. This information, together with the overall endowment performance and market conditions will be part of the annual review and confirmation and/or change in the overall endowment spending policy.

Definitions:

Above water Endowments: Endowments for which Market Value exceeds Historical Dollar Value

Endowment Spending: Amounts distributed from endowments based on endowment spending rule adopted by Board of Trustee resolution. Currently the rule allows for spending of 4.5% of the average of the last thirteen quarters market value as of 12/31. These amounts are transferred from the endowment accounts to separate operating accounts from which program expenditures are made in accordance with any restrictions established by the donor agreement.

Endowment Fee An amount distributed from the endowments to cover administrative costs. Currently the Board of Trustees has authorized an administrative fee of .5% of the average of the last thirteen quarters market value as of 12/31.

Expenditures: Amounts expended from operating accounts funded by endowment spending. This represents the actual use of the funds for the endowment purpose.

Historical Dollar Value: The corpus or total amount of gifts and donor stipulated reinvestment to an endowment.

Net appreciation: Market value, net of fees, in excess of the historic dollar value.

Reserve Balances: Endowment spending amounts transferred from endowment accounts to the operating accounts in prior periods that have not been expended.

True Endowment: Funds received from donors with the stipulation that the principal be maintained permanently and be invested to produce income and appreciation to be expended for the purposes specified by the donor.

Underwater Endowments: Endowments for which Market Value is temporarily less than Historical Dollar Value

Approved by the Executive Committee: April 13, 2009

Revised per passage of The Uniform Prudent Management of Institutional Funds Act (UPMIFA) by the State of Vermont effective May 5, 2009

Amended by the Budget, Finance and Investment Committee: May 17, 2024

CASH MANAGEMENT AND LIQUIDITY POLICY

Introduction

This Cash Management and Liquidity Policy governs the investment of UVM pooled cash and sets the minimum liquidity target for the University. The pooled cash includes all funds of the University other than the funds that are held in the University endowment and certain plant, restricted and loan reserves, for which separate investment guidelines have been established. This statement will be subject to periodic review and possible modification by the Budget, Finance and Investment Committee, as the Committee considers necessary to achieve cash management and investment and liquidity requirements.

I. Cash Management

Investment Objectives

University pooled cash for purposes of investment allocation shall be divided into three asset groups as follows:

Short-term pool:	Cash that is expected to be needed for normal operating expenditures within a one-year period. The primary objective is preservation of principal and liquidity. Maximization of investment income without undue exposure to risk is a secondary objective.
Intermediate-term pool:	Cash that is expected to be needed within a period of one year to six years. The primary objectives are preservation of principal and maximization of investment income without undue exposure to risk.
Long-term pool:	Cash that is not expected to be needed for operational purposes for a period exceeding six years and/or that may be designated as a permanent core. The primary investment objective is to achieve consistent long-term growth of the pool with limited exposure to risk.

Maturity Guidelines

Short-term pool:	The average weighted maturity for a short-term portfolio shall be between one day and one year.
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Intermediate-term pool:	The average weighted maturity for intermediate-term portfolio shall be between one year and six years.
Long-term pool:	Permanent core cash may be invested in any investment that is allowable under the University's <i>Statement of Objectives and Policies</i> for the Endowment Fund and that meets the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Performance Objectives

Short-term pool:	The benchmark for the short-term portfolio shall be total return that meets or exceeds the yield of three-month U. S Treasury securities.
Intermediate-term pool:	The benchmark for intermediate-term portfolio shall be total return that meets or exceeds the Bloomberg Barclays 1-5 Year U.S. Treasury Bond Index.
Long-term pool:	The benchmark for the investment of the long-term pool shall correspond to the benchmarks for each asset class as specified in the University's <i>Statement of Objectives and Policies</i> for the Long Term Investment Pool, including the Endowment Fund.

Allowable Investments for Asset Groups

For all of the asset groups described below, the ~~Treasurer~~ Vice President of Finance and Administration (VPFA) will develop in conjunction with the Board of Trustees ~~Investment Subcommittee (ISC)~~ Budget, Finance and Investment (BFI) Committee -a list of approved funds and fund managers from which the ~~Treasurer~~ VPFA may select managers as appropriate. This list will be reviewed and approved annually by the ~~ISC~~ BFI Committee.

Short-term and Intermediate-term Pool:	<p>Investments in the short-term and intermediate-term portfolio are restricted to U.S. Treasury and government agency securities, money markets, high quality corporate and asset-backed securities, and commercial and bank paper, whereas the intermediate-term pool may have maturities up to six years. Investments shall be in marketable securities of the following types and with the noted credit ratings:</p> <ol style="list-style-type: none"> 1. Debt securities rated Aaa, Aa, A or Baa by Moody's Investor's Service, Inc. or AAA, AA, A or BBB by Standard & Poor's Corporation. 2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.
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3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in debt obligations of institutions within any single holding company.
4. Asset-backed securities (ABS) rated Aaa by Moody's Investor's Service, Inc. or AAA by Standard & Poor's Corporation.
5. Commercial paper rated A-1 or higher by Standard and Poor's or Prime-1 (P1) by Moody's Investor's Service, Inc.
6. Bankers' acceptances or negotiable certificates of deposit issued by banks rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers' acceptances or floating rate notes of the institutions within any single holding company.
7. Repurchase agreements of banks having Fitch ratings no lower than BB secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.
8. Commingled funds may be used if they are in compliance with the above guidelines.

Long-term pool:

Investment of the long-term pool shall be restricted to those that are allowable under the University's *Statement of Objectives and Policies* for the Endowment Fund and that meet the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Moral, Ethical and Social Considerations

Cash balances will be invested consistently with the moral, social and ethical criteria adopted by the Board of Trustees on recommendation of its Budget, Finance and Investment Committee as related to the Long-Term Investment Pool, including the Endowment Fund. Criteria for socially responsible investing shall include, where advisable and consistent with investment quality, return, and safety guidelines, the use of community and State institutions for investment purposes. Where returns are reasonably equal (within 10 basis points), preferences will be given to Vermont-based financial institutions.

Investment Management Responsibility and Structure

Cash management and investment responsibility resides with the ~~Vice President for Finance and Treasurer~~ VPFA through the University Controller.

1. Investments may be made internally using allowable instruments and institutions; OR,
2. Investment managers may be engaged to invest University assets consistent with this Policy. Subject to this Policy and a written agreement between the University and the investment manager, the investment manager will be given discretion to select individual securities and to make adjustments to the structure of the portfolio.

I. Liquidity

This Cash Management and Liquidity Policy establishes a Minimum Liquidity Target for the University of \$30 million, subject to future modification by the Budget, Finance, and Investment Committee. Liquid funds that are unrestricted, unencumbered General Fund Net Assets (as such capitalized term is used in the audited financial statements of the University) shall be used to satisfy the Minimum Liquidity Target. For the purposes of this Policy, General Fund Net Assets that are restricted in their use, or otherwise encumbered by Board or administrative action, shall not be available to satisfy the Minimum Liquidity Target. The objective of this policy is to ensure that the University operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs.

II. Administration and Reporting

- A. The ~~Treasurer~~ VPFA will report to the Budget, Finance and Investment Committee annually, the following:
 1. Cash balances in each asset group;
 2. Investments in each asset group by manager and investment type or fund; and
 3. Performance of each individual investment type within each asset group.
 4. A schedule of unrestricted, unencumbered General Fund Net Assets compared to the Minimum Liquidity Target.
- B. As delegated by the Board of Trustees through its resolutions, specified University officials, including the ~~Treasurer~~ VPFA, are authorized to open accounts with banks, investment firms, or commercial paper institutions, and/or to execute purchases and sales, in order to implement this Cash Management and Liquidity Policy.
- C. This Cash Management and Liquidity Policy will be subject to annual review by the ~~Investment Subcommittee and the elements of the policy related to liquidity will be subject to annual review by the Budget, Finance, and Investment Committee~~ BFI Committee.

Adopted by the Board of Trustees: October 15, 1993
Revised by the Board of Trustees: October 12, 2002
Revised by the Board of Trustees: August 27, 2005
Revised by the Board of Trustees: November 11, 2006
Revised by the Board of Trustees: February 5, 2010
Revised by the Board of Trustees: October 3, 2015
Revised by the Board of Trustees: February 6, 2016
Revised by the Board of Trustees: February 4, 2017
Revised by the Board of Trustees: February 2, 2019
Revised by the Board of Trustees: May 15, 2020
Amended by the Budget, Finance and Investment
Committee: May 17, 2024

Comprehensive Sustainability Plan Progress Report 2024

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE







After one year since the announcement of University of Vermont’s inaugural Comprehensive Sustainability Plan, UVM has made strong progress towards achieving carbon neutrality through the following initiatives:

- Purchase of local carbon offsets
- Exploring geothermal energy
- Installing EV charging and purchasing electric fleet vehicles

Decarbonization

ENERGY & CLIMATE

- GOAL:** Reduce greenhouse gas emissions (GHGs) 60% below 2007 levels by 2024.
-  **PROGRESS:** Purchased Vermont carbon offsets from the Vermont Land Trust and The Nature Conservancy to cover our Scope 3 emissions.
- GOAL:** Carbon neutral by 2030.
-  **PROGRESS:** Development of a campus energy plan and launch of Decarbonization Advisory Group are underway.




Plans for 57 new fleet electric vehicle (EV) charging ports and 69 new public charging ports, marks a significant increase in campus charging and represents the **largest EV charging investment from an employer in the State of Vermont.**



PROGRESS TRACKING

-  = ACHIEVED
-  = ON TRACK
-  = CAN IMPROVE


BUILDINGS

- GOAL:** Reduce GHG emissions in major University buildings.
-  **PROGRESS:** UVM drilled the first of two geothermal test wells this spring to investigate the feasibility of geothermal energy on campus. Mapping utility metering infrastructure on campus to prioritize buildings with high energy use is a priority.

TRANSPORTATION

- GOAL:** Reduce GHG emissions associated with the UVM fleet.
-  **PROGRESS:** Increased number of EVs in fleet to 25. The first 10 ports of fleet specific networked EV chargers were installed.
- GOAL:** Reduce conventional single-occupancy vehicle commutes.
-  **PROGRESS:** Launched a new bikeshare program. Added a third CarShare Vermont car to campus. Two new bike parking shelters accommodating over 100 bikes installed on campus.

Research & Learning


- GOAL:** Launch Sustainable Solutions Lab (SSL) and cultivate research that uses campus as a “living lab.”
-  **PROGRESS:** The SSL hosted three graduate and one undergraduate student in the first cohort. Secured funding for additional students.

Sustainable Solutions Lab student, Erin Camire, tagging trees on campus.





Operations

FOOD & DINING

- GOAL:** Increase spending on Vermont-grown food to 25% by 2030.
-  **PROGRESS:** UVM Dining increased the local food availability in retail locations and catering, and launched the Vermont Burger Co.



WASTE

- GOAL:** Reduce total pounds of waste generated per campus user 10% by 2035 from 2019 baseline.
-  **PROGRESS:** Total amount of waste generated decreased in FY23 compared to 2019 baseline.
- GOAL:** Increase composting and recycling by a combined 10% or more by 2035 from 2019 baseline.
-  **PROGRESS:** Total amount of materials recycled increased from FY22 to FY23. A campus-wide waste characterization study has been recommended and approved by the Sustainable Campus Fund.



UVM Dining increased partnership with Global Village Foods, a small, black-owned, family business in Vermont that creates ready-to-eat, African inspired cuisine.

LANDSCAPE


- GOAL:** Prioritize the purchase of electric grounds management equipment.
-  **PROGRESS:** Developing a formal standard for the prioritization of electric equipment is under discussion.
- GOAL:** Increase the acreage of sustainable and native plantings on campus.
-  **PROGRESS:** All garden beds were mapped and evaluated for pollinator friendliness. The suggested plant list provided in design standards was revised to be more sustainable.

Map of pollinator friendly garden beds and trees. The areas in green are the most pollinator friendly.





Governance and People

INVESTMENTS

- GOAL:** Increase percentage of positive sustainability investments and shareholder advocacy.
-  **PROGRESS:** Achieved in 2024.

PURCHASING

- GOAL:** Improve purchasing practices to increase sustainable purchases across the University.
-  **PROGRESS:** Office of Sustainability has begun reviewing relevant RFPs to recommend opportunities for enhancing sustainability.

- GOAL:** Implement the CSP and revise the Plan on a five-year basis.
-  **PROGRESS:** Created Sustainability Leadership Committee and launched implementation committees.

Drilling geothermal test wells is a key step in implementing the CSP.




Driving Change: UVM Seeks Carbon Neutral Goal

UVM Sustainability Plan's first year highlights include Vermont's largest investment in EV charging, travel offsets, and geothermal study

By

KEVIN COBURN

April 16, 2024

Just one year after announcing its first [Comprehensive Sustainability Plan](#) (CSP) last Earth Day, the University of Vermont has built strong momentum toward the goal of achieving carbon neutrality by the end of the decade.

Over the past 12 months, UVM tripled its fleet of electric vehicles, drilled a test well to explore the possibilities of geothermal energy on campus and purchased local carbon credits to significantly reduce UVM's Scope III emissions.

"This university is dedicated to research, discovery, and action for people and planet. The steadfast commitment to sustainability we've made in our Comprehensive Sustainability Plan reflects that dedication," said President Suresh Garimella. "The plan guides the efforts of our students, faculty, and staff in this work and drives us toward real success in helping to shape a healthier world."

Over the past year, UVM made major strides toward reducing net greenhouse gas emissions to zero by 2030:

Exploring geothermal energy. In March, UVM took a significant step in exploring the feasibility of geothermal energy on campus. The university drilled a geothermal test well on the Athletic Campus and—with funding from UVM's [Sustainable Campus Fund](#)—plans are underway to drill a second test site on the Trinity Campus. These projects address the need to find renewable energy solutions for the largest source of greenhouse gases on campus—heating and cooling campus buildings. This geothermal pilot project will help inform a campus energy plan, due for completion this fall.

Boosting UVM's electric vehicle fleet. Reducing greenhouse gas emissions from campus vehicles is a key goal. UVM's plan calls for reduction of the overall fleet size by 10% by 2030 and increasing the number of electric light-duty fleet vehicles to 100% by 2040. Last year, UVM's electric fleet more than tripled from seven vehicles to 23. UVM's fleet procurement procedure encourages UVM vehicle owners to go electric when older gas fuel models are retired.

Vermont's largest EV charging installation. By leveraging federal, state, and local rebates and incentives, as well as significant capital investment, UVM is embarking on a

massive electrification project that will install nearly 100 EV charging ports across campus over the next 18 months. This represents the single largest investment in EV infrastructure in the state of Vermont, creates concrete progress toward the CSP's ambitious sustainable transportation goals for the university, and has established UVM as a leader in campus EV charging networks.

Purchasing local carbon credits. The purchase of carbon credits from the Cold-Hollow Carbon (CHC) consortium fulfills UVM's commitment to reduce greenhouse gas emissions to 60% below 2007 levels by this year—while offsetting UVM's indirect Scope III emissions such as business travel and employee commuting. The CHC project brings together landowners in several northern Vermont towns to collectively protect acreage large enough to qualify for sale of carbon credits. In January, UVM purchased the carbon credits through The Nature Conservancy and the Vermont Land Trust. In addition to supporting UVM's climate goals, the carbon credits—which are recognized by the American Carbon Registry—benefit Vermont's timber industry and landowners so they can manage their forest in ways that increase the amount of sequestered carbon.

Additional progress highlights include:

- Investing \$30M from operating reserves in socially responsible funds, targeting companies prioritizing renewable energy investments, clean water technologies, and gender equity on their leadership boards
- A new campus sustainability fundraising effort
- Collaborations between Facilities Management and the Leahy Institute for Rural Partnerships to develop and train Vermont's green workforce
- Supporting minority-owned businesses in a new partnership with Global Village Foods, a small, black-owned, family business in Vermont
- Mapping all garden beds on campus and evaluating them for pollinator friendliness through the Sustainable Solutions Lab.

Over the next year, UVM will launch waste characterization studies—one in fall 2024 and another in the spring of 2025—which will provide up-to-date information on the composition of the university's waste stream. These studies will identify what programs are working and inform new programming to reduce waste. UVM will also launch a Decarbonization Advisory Group comprised of students, faculty and staff to explore additional ways to reduce carbon emissions on campus.

"The progress we're seeing is the result of a community at UVM that is committed to working together on these pressing issues," said Elizabeth Palchak, UVM's Director of Sustainability. "Across campus, students, faculty, and staff are collaborating and problem-solving on climate science, health and well-being, engineering and policy to contribute to the work of creating a healthier planet."

[Read more about the CSP here](#), including the complete plan.

List of Funds in which UVM Consolidated Endowment is Invested (as of 2/29/24)

Alpine Investors IX-A	Dover Street VIII Cayman Fund LP	Spark Capital Growth Fund IV
American Funds EuroPacific Growth F-3	Dover X Feeder Fund	Spark Capital VII
Arlington Capital VI	Ecosystems Integrity Fund III	Starwood MAR
Asia Alternatives Delaware IV	Ecosystems Integrity Fund IV	Starwood NRE
Asia Alternatives Delaware V	Ecosystems Integrity Fund V	Starwood Opportuntiy Fund XI
Asia Alternatives IV	Elephant Partners III	TA Associates XIV-A
Asia Alternatives- Sentaku/Yukon	Elephant Partners IV	Thoma Bravo Fund XIV
Asia Alternatives V	EnerVest Energy Institutional Fund XIV-C	Thoma Bravo Fund XV
Audax Fund VII-A	FPA Crescent Supra Instl Fund	Trace Energy Denham Oil & Gas Fund
Bain Capital RE III-B	GreatHill Equity Partners VII	TrueBridge Capital Partners Fund V (Cayman)
Baupost Value Partners IV	GreatHill Equity Partners VIII	TrueBridge Capital Partners Fund VI (Cayman)
Baxter Street	Greenhouse Long Only Onshore Fund LP	TrueBridge Capital Partners Fund VII (Cayman)
Blackstone RE Partner X LP	KSL Capital Partners Fund V	TrueBridge Capital Partners Fund VIII (Cayman)
Canyon Balanced Fund (Cayman)	Lindsell Train Global Equity	TrueBridge Global Premier Fund I
Capricorn Technology Impact Fund	Lone Star Real Estate Fund III	TrueBridge Seed & Micro-VC Fund I
CenterBridge Capital Partners III	Madison International Real Estate Liq. Fund VI	TrueBridge Seed & Micro-VC Fund II
CenterBridge Credit Prtnrs T.E (Bronx Whitestone)	NGP Natural Resources Fund XII	TrueBridge-Kauffman Fund II (Cayman)
CenterBridge Credit Prtnrs T.E (Reserves)	Overlook Partners Fund	TrueBridge-Kauffman Fund III (Cayman)
CF Capital International Partners VI	Ownership Capital Global Equity (USD) Fund	TrueBridge-Kauffman Fund IV (Cayman)
CF Capital Natural Resources Partners IX	Palantine Real Estate Fund III	Vanguard I-Term Treasury Index Fund
CF Capital Private Equity Partners VII	Palantine Real Estate Fund IV	Vanguard S-Term Bond Index Instl. Fund
CF Capital Venture Partners VI	ParkerGale Capital II	Vanguard Total World Stock Index Fund Inst'l
CF Capital Venture Partners VII	Peppertree Capital Fund VII QP	Vanguard Treasury Money Market
CF Capital Venture Partners VIII	Peppertree Capital Fund VIII QP	Varde Dislocation Fund Offshore
Charlesbank Offshore Equity Fund X	PepperTree Capital Fund X QP	Varde Investment Partners LP
Davidson Kempner Insttutional Partners	Polunin EM Developing Countries Fund	W Capital Partners III (Cayman)
Davidson Kempner Opportunities Int'l VI	Private Equity Partners VI	Wellington Select Leaders CTF
Diameter Offshore Fund LP	RA Capital Healthcare International Fund	WILsquare Capital Partners Fund II, LP
Dover Street IX Cayman Fund LP	Rhumblin S&P 500 Index Account	
Dover Street VII Cayman Fund LP	Silver Point Credit Fund III	

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 17, 2024

Resolution approving amendments to the Budget, Finance & Investment Committee charge

BE IT RESOLVED, that the Board of Trustees hereby approves amendments to the Budget, Finance & Investment Committee charge appearing as Appendix A to this document.

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

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 – May 21, 2022
Reaffirmed by:	Board of Trustees – May 20, 2023
Reaffirmed by:	Board of Trustees –

Resolution approving revision to the Energy Efficiency (Green) Revolving Loan Fund

WHEREAS, on February 3, 2012, the Board authorized the administration to create an energy efficiency revolving loan fund in order to reduce energy costs and UVM's carbon output, and authorized the Vice President for Finance to draw from existing liquid assets up to \$13 million to create an energy efficiency revolving loan fund;

WHEREAS, on October 17, 2014, the Board approved revisions to the energy efficiency loan fund to eliminate the requirement that project savings be used to return 5% interest to the general fund and that loans must be backed by encumbering other University unrestricted net assets:

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves amendments to the Energy Efficiency (Green) Revolving Loan Fund to extend the maximum payback period from 7 to 15 years to expand the scope of qualifying projects as explained in Appendix B to this document.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

COMMITTEE ON BUDGET, FINANCE AND INVESTMENT

The Committee shall have responsibility for overseeing the development of strategic, long-range institutional financial plans and related plan objectives. It shall engage in ongoing assessment of the current and long-range financial status of the institution.

The Committee shall oversee the formation and approval of annual budgets. It shall oversee the creation, implementation, and periodic review and revision of financial, treasury, investment and debt management policies.

The Committee shall review, and make recommendations to the Board regarding student tuition and fees.

The Committee shall receive routine endowment performance updates from the University of Vermont Management Company, LLC (“UVIMCO”) and approve the establishment of Quasi-Endowment Funds, and the setting of asset allocation policy targets and allowable ranges.~~retain investment managers and financial advisors as necessary and desirable in the conduct of its work.~~

The Committee will exercise its charge in a manner consistent with University governance, including the Board’s reserved rights and delegations of authority.

Approved by the Board of Trustees: September 9, 2006

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

Approved as amended by the Board of Trustees: October 18, 2014

Approved as amended by the Board of Trustees:

BFI Committee Operational Elaboration of Charge

The jurisdiction of the Committee includes:

- Strategic financial planning, including short and long-range financial status assessment
- The annual capital and operating budgets, and quarterly institutional financial statements
- State appropriations and capital requests
- Receipt of periodic updates from the Foundation CEO regarding fundraising goals and progress
- Fund investment decisions (such as those relating to the endowments that are not invested in the long-term pool and similar funds, agency funds, trusts and, as lawfully available, funds from bonds, loans, and other sources in excess of immediate debt payment requirements), including assets management and allocation, and policies relating to socially responsible investment
- Debt management, including the adequacy of assets to meet external debt obligations, and issuance of debt
- Cash, central bank, and commercial paper policies
- Dissolution, merger, sale, pledge, or transfer of all or substantially all of institutional assets
- Such other matters consistent with its charge as may be referred to the Committee
by the Board Chair with notice to the Board

Energy Efficiency (Green) Revolving Loan Fund**May 17, 2024****Board of Trustees
Budget, Finance & Investment Committee****Prepared By
Richard H. Cate, Vice President for Finance and Administration**

The administration is proposing to lengthen the payback period required for the energy efficiency revolving loan fund. In extending the payback period required for projects, larger, more impactful projects will qualify and result in energy cost savings that will repay the loans, plus interest, so that additional projects can be funded.

The Energy Efficiency (Green) Loan Fund has been highly effective since its development in 2012 and remains the largest in the country at \$13 million. A rolling list of potential projects was developed and then prioritized based on their payback period, internal rate of return (IRR), and the availability of remaining funds in the revolving loan fund. Before a project is funded, the payback period and the IRR calculations are reviewed by Efficiency Vermont, a non-profit corporation that provides technical assistance to Vermont households and businesses in reducing their energy costs, in addition to Vermont Gas Systems, Burlington Electric Department or Green Mountain Power, our utility providers.

This proposal is to extend the current maximum payback period from 7 to 15 years to expand the scope of projects that would qualify for funding. In making this change, we expect to fund projects like heat pump installations in our buildings and perhaps small geothermal heating and cooling projects. Some experts estimate a 10-to-12-year payback period for most geothermal projects. Only projects with a total cost of less than \$3 million will be funded. The administration will also provide an annual report on the results of the program.

The calculated amount of annual savings from projects will be transferred each year out of the general fund utilities budget. These funds will be transferred as a principal payment to the revolving loan fund account to be used for other projects. To maintain a conservative approach, if utility rates increase beyond those anticipated in the original pro forma for a project, the resulting increase in savings will not be factored into the repayment plan. The savings will therefore be primarily based on a reduction in energy usage.

The chart below describes projects funded with the revolving loan fund since 2012.

Project description	Date	Project cost	Total payback to date
LUMEC Ext Lighting Phase I	3/5/2012	31,237.78	9,712.78
Simpson Hall Insulation HVAC	3/6/2012	16,160.00	7,939.00
L/L Mech/Elect THERMAXX	3/28/2012	24,633.00	16,750.00
Shoebox LED Ext Lighting	4/26/2012	26,615.00	8,940.00
Bollard LED Ext Lighting	5/25/2012	6,353.27	6,353.27
UH South-Thermal Blankets	5/25/2012	18,315.92	13,755.92
KIM LED Exterior Lighting	5/25/2012	8,088.80	4,763.80
UH North-Thermal Blankets	5/25/2012	14,751.00	8,361.00
LUMEC Ext Lighting Phase II	7/26/2012	24,668.00	7,588.00
Christie - Blankets Phase I	7/30/2012	19,498.05	14,573.05
Christie-Blankets Phase II	7/30/2012	13,065.03	9,765.03
Chiller Plant Expansion	6/11/2014	3,000,000.00	600,000
Energy Improvements Waterman	7/28/2015	467,095.00	241,899.52
Attain Net Metering	3/3/2016	800,000.00	800,000.00
Miller Research Farm Solar	10/24/2016	42,000.00	17,000.00
Stafford 2nd Fume Hood Upgrade	3/20/2019	115,013.94	74,089.94
CFR 13M Revolving Fund Project	4/20/2021	967,032.24	907,032.24
Total		5,594,527.03	2,748,523.55

Expanding the capacity of the revolving loan fund would help the university make the investments needed to meet its goal of reducing on-campus greenhouse gas emissions, specifically regarding thermal energy, and help move UVM toward our goal of carbon neutrality by 2030.