THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

FULL BOARD

Friday, February 5, 2021

12:50 p.m. - 1:50 p.m.

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

AGENDA

	Item	Enclosure/ Exemption	Discussion Leader(s)	Time
	Call to order			**12:50 p.m.***
1.	Approval of September 25, 2020 meeting minutes	Attachment 1	Ron Lumbra	12:50-12:52
2.	Public comment		Ron Lumbra	12:52-1:07
3.	Committee reports			
	Audit		Shap Smith	1:07-1:12
	Educational Policy & Institutional Resources		Carolyn Dwyer	1:12-1:17
	Budget, Finance & Investment		Don McCree	1:17-1:22
4.	VT Agricultural College Board		Tristan Toleno	1:22-1:27
5.	UVM Board		David Aronoff	1:27-1:32
6.	Board Governance Committee		Frank Cioffi	1:32-1:37
7.	Election of board & university officers		Ron Lumbra Frank Cioffi	1:37-1:42
8.	Approval of consent agenda	Attachment 2	Ron Lumbra	1:42-1:45
9.	Other business		Ron Lumbra	1:45-1:50
	Motion to adjourn			**1:50 p.m.**

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

Attachment 1

BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Friday, September 25, 2020, at 11:35 a.m. The meeting was held via remote conferencing due to the COVID-19 pandemic.

MEMBERS PRESENT: Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Briar Alpert, David Aronoff, John Bartholomew, Otto Berkes, Robert Brennan, Kevin “Coach” Christie, Frank Cioffi, John Dineen, Johannah Donovan, Carolyn Dwyer, President Suresh Garimella, Jodi Goldstein, David Gringeri, Don McCree, Carol Ode, Ed Pagano, Shap Smith, Berke Tinaz, Tristan Toleno, and Samuel Young

MEMBERS ABSENT: Governor Phil Scott and Secretary Curt McCormack

ALSO PARTICIPATING: None

Chair Ron Lumbra called the meeting to order at 11:36 a.m.

Public comment

Chair Lumbra opened the public comment period by reviewing the process. He then invited the following persons to address the board:

Julie Roberts, President of United Academics and Professor of Linguistics, expressed concern about faculty inclusion in pandemic planning and requested that the administration do more to include faculty and staff in a leadership alliance.

Justin Morgan Parmett, United Academics State and Higher Education Committee Chair and Lecturer in the Theatre and Dance Department, expressed his view of the importance of faculty inclusion and the need for more collaboration.

Susan Comerford, Associate Professor of Social Work, shared concerns regarding the removal of the Black Lives Matter flag from the Davis Center flagpole, the closure of the UVM Children’s Center, and the United Academics bargaining impasse.

Helen Parmett, Associate Professor of Theatre & Dance and Director of Speech and Debate and the Lawrence Debate Union, expressed concern regarding the University’s ability to attract and retain faculty of color and suggested putting more resources into the existing entities on campus that do anti-racism work, such as the identity centers.

Patrick Brown, Chair of United Academics Civil Rights Committee and Lecturer in the Department of Community Development & Applied Economics, shared thoughts regarding the relocation of the Black Lives Matter Flag from the Davis Center to the University’s Mosaic Center and asked that the flag fly at the Davis Center.

Approval of previous meeting minutes

A motion was made, seconded and it was voted to approve the minutes from the July 14, 2020 meeting as presented.

Committee reports

Audit Committee

Chair Shap Smith reported that the committee met on July 13 and September 14, 2020. At both meetings the committee received status updates on the FY 2020 Financial Statement and Uniform Guidance audits. There are no issues to report at this time. At the September meeting computer controls assessment were reviewed with external auditors reporting no issues with the design of the controls over the PeopleSoft and Maximus systems.

At the July meeting, external auditor KPMG discussed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the allocation that the University received through the Higher Education Emergency Relief Fund. Chief Internal Auditor William Harrison provided a summary of internal audit activity as well as the status of the internal audit work plan as of May 31, 2020 and audit recommendations. Chief Risk & Public Safety Officer Al Turgeon offered an overview of the biennial risk assessment process and discussed a number of changes under consideration. Any recommended changes will be presented to the Audit committee. Lastly, the committee was introduced to the LiveSafe app that will provide a mobile communications platform and risk mitigation tool for students, employees, and visitors. The LiveSafe app went live in August 2020.

At the September meeting, the committee received annual reports on FY 2020 presidential housing expenditures as required by the President's Official Residence University Operating Procedure and presidential travel expenses in accordance with the committee's charter. The committee also received an update on information and cyber security (enterprise risk management risk #12). Chief Information Officer Simeon Ananou explained how the protection of UVM systems and data continue to be a top priority and how resources are being realigned for the greatest impact. Lastly, as previewed at the Committee of the Whole meeting, the committee conducted its annual review of its charge and charter and is referring revisions to the charter for board approval.

Educational Policy and Institutional Resources Committee (EPIR)

Chair Carolyn Dwyer reported that Provost Prelock reported on enrollment, recruitment and retention activities, providing highlights of data not available to include at the time her written report was submitted. She also offered updates on virtual orientation sessions and mental health support for students. The committee received reports on: faculty development and the four teaching modalities and use of instructional technology; efforts to advance the research enterprise; and highlights of the summer and fall equity and inclusion activities. Chair Dwyer encouraged all trustees to read the reports included in the meeting materials. Lastly, the committee endorsed the creation of a Micro-Certificate of Graduate Studies in the Graduate College for board approval.

Budget, Finance and Investment Committee (BFI)

Chair McCree reported that the University has been operating on an interim budget, previously approved by the board through September 30, 2020, due to uncertainty regarding undergraduate and graduate enrollment due to the COVID-19 pandemic. The committee reviewed the FY 2021 operating budget of $741 million, thirty percent of which are restricted funds ($225.4 million), which includes $33.4 million of state and federal COVID funding. He noted funds received directly from the state must be used for COVID-related purchases by the end of the calendar year and that there will continue to be pandemic-related costs that currently are not covered yet.

The committee reviewed the proposed general fund budget of $370.3 million built on projected fall and spring enrollment numbers that reflects 455 fewer students than last year. This presents a $21.4 million shortfall, of which all but $9.5 million has been covered through salary reductions, support center budget reductions and other means. The remaining $9.5 million will come from academic units. Chair McCree stressed the need to develop budgets that do not rely on the use of one-time reserves.

The committee unanimously endorsed a resolution approving Fiscal Year 2021 budget planning assumptions for the general fund, and summer session rates for Fiscal Year 2021 that will remain the same as last year's.

Chair McCree reported that the value of the University's endowment as of July 31, 2020 was $557 million. As recommended by the Investment Subcommittee, the committee reaffirmed the Endowment Budget policy with no changes, and approved a revision to the Endowment Management Fee policy to include the fiscal year end date for which the administrative management fee shall be applied to the University endowment.

The final action item endorsed by the committee was a resolution authorizing the administration to enter into a lease amendment with Lake Champlain Community Sailing Center to allow extension of the current agreement for leased space for up to three additional three-year terms. This extension puts the aggregate time over five years, which requires board approval.

The committee received an update on the external audit. It was noted that KPMG is completing its fieldwork regarding the FY 2020 financial statement audit. To date, there are no material weaknesses or significant deficiencies.

The committee received an annual update on the dual enrollment voucher program. As of September 25, 2020, 424 students took classes at UVM through the program in FY 2020 and another 100 high school students took classes at UVM outside of the program.

Lastly, the committee met in executive session to receive an update on the On-Campus Multipurpose Center project.

Vermont Agricultural College Board

Chair Tristan Toleno reported that there will be a new legislative session starting in January for the public trustees who are currently serving in the legislature. The board discussed the importance of strong funding for the University, even in the face of revenue challenges the state may face. Support from the state should include not only an ongoing commitment to the

University's traditional funding, but also to COVID relief and other programs that are strategically important.

The board also discussed the legislative summit and reimagined how it might occur in the COVID-19 context. They will consider offering the summit virtually early in the legislative session rather than what they have traditionally done in November.

University of Vermont Board

Chair David Aronoff reported that the University of Vermont Board reviewed a summary of the Wilbur Trust Fund financial report from July 1, 2019 through July 31, 2020, which has a value of $21,808,767. The remainder of the meeting was in executive session to discuss trustee recruitment and succession planning for future board members.

Approval of consent agenda

Chair Lumbra introduced the consent agenda and offered an opportunity for discussion.

COMMITTEE OF THE WHOLE

1. **Resolution authorizing agreement with the City of Burlington to provide COVID educational circuits**

BE IT RESOLVED, that the Vice President for Finance and Administration, or his successor or designee, is hereby authorized to negotiate and execute a one-year agreement with the City of Burlington to provide COVID education to UVM students living in certain Burlington neighborhoods during the fall 2020 and spring 2021 semesters, for an amount not to exceed $100,000.

2. **Resolution approving Audit Committee Charter revisions**

WHEREAS, the Audit Committee annually reviews its Charter and Guidelines and recommends to the Board of Trustees revisions thereto in view of evolving accounting standards, legal developments and experience gained;

BE IT RESOLVED, that the Board of Trustees hereby approves the revisions to the Audit Committee Charter and Audit Committee Guidelines, as included in Appendix A to this document.

3. **Resolution authorizing new residency policy for medical school students**

BE IT RESOLVED, that Board of Trustees hereby approves the new residency policy for medical school students recommended by the President, the Provost, and the Dean of the Larner College of Medicine, as included in Appendix B to this document.

EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

4. **<u>Resolution approving the creation of a Micro-Certificate of Graduate Study in the Graduate College</u>**

BE IT RESOLVED, that the Board of Trustees approves the creation of a Micro-Certificate of Graduate Study in the Graduate College as approved and advanced by the Provost and President on September 21, 2020.

BUDGET, FINANCE & INVESTMENT COMMITTEE

5. **<u>Resolution approving Fiscal Year 2021 budget planning assumptions: general fund</u>**

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2021, which lead to a General Fund operating expense budget for the University of $370,334,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

6. **<u>Resolution approving summer session tuition</u>**

BE IT RESOLVED, that the Board of Trustees hereby approves the tuition rate for summer session 2021 of $478 per credit hour for in-state students and $1,204 per credit hour for out-of-state students except that, with prior approval from the Provost, graduate programs may maintain summer tuition rates for 2021 in-state and out-of-state students equal to the prior fall and spring tuition rates for their program.

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

7. **<u>Resolution reaffirming the Endowment Budget Policy</u>**

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

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

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

Adopted by: *Board of Trustees - May 13, 1995*
Reaffirmed: *Board of Trustees - September 8, 2007*
Board of Trustees - September 5, 2008
Board of Trustees - October 24, 2009
Board of Trustees - October 30, 2010
Board of Trustees - October 22, 2011

Board of Trustees - November 8, 2012
Board of Trustees - October 26, 2013
Board of Trustees - October 18, 2014
Board of Trustees - October 3, 2015
Board of Trustees - October 22, 2016
Board of Trustees - October 20, 2017
Board of Trustees - October 27, 2018
Board of Trustees - January 31, 2020
Board of Trustees –

8. **Resolution approving revisions to the Endowment Administration Fee policy**

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

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

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

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

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

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

Board of Trustees –

9. **Resolution authorizing lease agreement extension with Champlain Community Sailing Center**

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

There being no discussion, a motion was made, seconded and the consent agenda was unanimously approved as presented.

Executive Session

At 12:11 p.m. Chair Lumbra entertained a motion to enter into executive session for the purpose of discussing the evaluation of a public officer. He noted that no action is anticipated following and that the session is anticipated to last approximately 20 minutes.

All in attendance were excused from the meeting with the exception of trustees. President Garimella was excused from the beginning of the session and invited to join at 12:50 p.m.

The meeting was re-opened to the public at 1:16 p.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ron Lumbra, Chair

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

AUDIT COMMITTEE

Charter

This Charter sets forth the responsibilities of the University Board of Trustees Audit Committee.

I. Principal Responsibilities

The principal responsibilities of the Committee shall include:

a. promoting the development and monitoring the effectiveness of an institutional system of risk assessment and internal controls. At least annually, reviewing with management the University's processes for identifying, prioritizing, mitigating, and reporting institutional risks;

b. reviewing and, as appropriate, making recommendations to the Board, regarding institutional policies relevant to the scope of Committee responsibilities, including conflict of interest, ethical and fraudulent conduct, whistleblower protection, and document retention;

c. ensuring that audit plans encompass significant and material aspects of University operations;

d. full authority and oversight of the internal audit function including appointment decisions, performance evaluations, and employment termination of the chief internal auditor;

e. implementing a selection process to retain the independent auditor and making a recommendation to the Board of Trustees for approval. Recommending such additional audits as the Committee and/or the Board must approve under the Board's reserved authority;

f. maintaining direct and effective communication with independent auditors on behalf of the Board;

g. reviewing the results of internal and external audits (including the annually audited financial statements), and assessing the quality and timeliness of management's response and corrective actions;

h. reviewing the effectiveness of the University's practices related to monitoring its compliance with laws and regulations;

i. reviewing the results of management's investigation and resolution of any reported, or otherwise discovered, significant instances of noncompliance;

j. evaluating the scope and quality of internal and independent audit services, and the degree of coordination and appropriate degree of independence between them;

k. reporting regularly and promptly to the Board regarding matters within the scope of the Committee charge; and,

l. periodically reviewing expense reimbursements, or summaries thereof that have been submitted by the President and reviewed and certified by the Vice President for Finance and Treasurer.

II. Membership

The University of Vermont Board of Trustees shall annually appoint at least 5 of its members to the Committee. Its members shall be independent of management and the University including its component units and affiliated organizations. For the purposes of this charter, “independence” is defined as rendering a Trustee ineligible for Committee service if he or she (1) is employed by the University; (2) is a partner or employee of a firm retained to conduct an audit of the University; (3) held such University employment or audit engagement at any time during the previous three years; or (4) is receiving consulting, advisory, or other compensatory fees for services provided to the University. Members of the Investment Subcommittee are eligible for appointment to the Audit Committee, but no such member may serve as its Chair or Vice Chair. The University President is ineligible for service as a member, ex officio or otherwise, of the Audit Committee, as a University official and employee.

Committee members shall otherwise be subject to the Conflicts of Interest Policy in the conduct of their work.

Members of the Committee shall receive orientation appropriate to their Committee membership. All members should have a general understanding of general accounting, business and finance principles, including the ability to read and understand institutional financial statements, whether gained preceding service on this Board of Trustees or during Committee orientation. At least one member of the Committee should possess accounting or financial expertise.

III. Authority

The Committee is authorized to investigate any matter within the scope of its Charter, with full and direct access to all pertinent University records, personnel, independent auditors and consultants.

IV. Adoption of Charter

This Charter shall be effective as of the date of its approval by the Board. The Committee will annually review the Charter and recommend to the Board revisions thereto, in view of evolving accounting standards, legal developments and experience gained.

Audit Committee Guidelines

These Guidelines serve as an operational supplement to the Audit Committee Charter. They are intended to reflect generally accepted accounting industry standards and practices applicable to non-profit corporations and higher education institutions.

The Guidelines shall be reviewed annually by management, and management shall report annually to the Committee regarding the status of the Guidelines. The Committee shall make revisions to the Guidelines as necessary or appropriate in view of evolving accounting standards and practices, legal developments and experience gained.

I. Retention of the Independent Audit Firm

a. The Committee shall annually authorize and direct the Committee Chair to retain the independent audit firm to conduct the mandatory annual audit of the financial statements and/or compliance audits. In conjunction with such retention, the Committee will assess the independence and objectivity of the firm by obtaining statements from the firm on relationships between the firm and the University. The Committee will review and assess any relationships disclosed that may impact auditor objectivity and independence.

b. The Committee shall solicit requests for proposals relative to the mandatory annual audit of the financial statements and/or compliance audits from qualified independent audit firms no less than once every five years.

c. The Committee shall ensure the proper rotation of the lead audit partner, in accordance with standards of the profession. ~~In the event that an independent audit firm is retained to conduct the mandatory annual audit of the financial statements and/or compliance audit for seven or more consecutive years, the Committee shall, as a condition of retention of the firm, require rotation of the lead audit partner on the University engagement.~~

II. Retention of Other Audit Services

a. The independent audit firm retained to conduct the mandatory annual audit of the financial statements and/or compliance audits generally shall not be eligible for University engagements to perform non-audit services that would violate the U.S. Government Accountability Office Independence Standard. If, due to extenuating circumstances, and in the exercise of its reasonable discretion, management deems it to be in the best interests of the University to retain the independent audit firm for non-audit services, the proposed retention is subject to review and action by the Committee where the retention will result in fees of $25,000 or more.

b. Contracts for non-audit services with independent audit firms not already retained by the University to conduct the mandatory annual audit of the financial statements and/or compliance audits are subject to review and recommendation by the Committee and subsequent Board consideration and action when such retentions will result in fees of $ 250,000 or more.

III. Oversight of Audits

The Committee will, no less than once annually, and otherwise periodically as necessary or desirable:

a. review annual audit plans developed by the Office of Audit Services, and receive regular progress reports relative to such plans;

b. review audit plans developed in consultation with independent audit firms, including (i) the critical accounting policies and practices to be used; (ii) all alternative treatments of financial information discussed with management, ramifications of alternative treatment and the treatment preferred by the firm; (iii) other material communications between the firm and management; and (iv) required communications from the firm under ~~Statement of~~ Auditing Standards AU-C Section 250~~No. 114, as amended~~;

c. subject to subsequent Board consideration and action, review and accept the mandatory annual audit of the financial statements. Review the Uniform Guidance audit, and the financial agreed upon procedures report of institutional National Collegiate Athletic Association programs;

d. resolve disagreements between management and the independent audit firm regarding financial reporting;

e. review the independent audit firm management letter comments regarding institutional financial and information technology and security internal controls, accounting policies and procedures, and management's response to those comments;

f. review with management and the independent audit firm their respective judgments about the quality of University accounting principles; the consistency, and the degree of aggressiveness or conservatism, in the application of accounting principles; the reasonableness of significant accounting judgments; and the clarity and completeness of the financial statements and related disclosures;

g. confirm with management ~~and the independent audit firm respectively~~ that the annual financial statements disclose all material off-balance sheet transactions, arrangements, obligations, and other relationships of the University with unconsolidated entities or other persons that may have a material current or future effect on institutional financial condition, and the results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses;

h. receive reports from management, the Office of Audit Services and the independent audit firm, regarding new and significant accounting standards to understand their impact on institutional financial statements;

i. receive reports from the Office of Audit Services regarding any findings of~~financial~~ fraud which, in single incident or aggregate, results in an institutional uninsured or insured loss in excess of $10,000, or potentially significant reputational damage to the university;

j. review the organizational structure, qualifications, independence, scope of services inclusive of office charter, and adequacy of resources of the University's Office of Audit Services;

k. annually review the appointment, evaluate the performance and set the salary of the chief internal auditor;

l. identify and document specific administrative responsibilities relevant to the routine operations of the office of chief internal auditor that are assigned to the President;

m. ensure that regular quality assessment reviews of the internal audit operations are performed in accordance with Institute of Internal Auditors standards; and,

n. meet separately with both the internal and external auditors without management representatives present subject to the requirement of the Vermont open meeting laws.

IV. Internal Controls

The University's executive management and the Board of Trustees Audit Committee have adopted the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to help assess and enhance its internal control systems.

a. Certifications

i. The Committee will receive periodic reports from management on representations it is rendering in conjunction with mandatory annual audit of the financial statements and/or compliance audits as well as significant and material debt financing, such as issuance of bonds.

ii. Without limitation on IV.a(i), the Committee will receive from the Chief Financial Officer (CFO) a record of certification along with the annual financial statement report that:

a. The CFO has approved the financial statements,

b. Based on the CFO's knowledge, the report does not contain any material errors or omissions,

c. Based on the CFO's knowledge, the financial statements materially present the financial condition and result of operations,

d. The CFO is responsible for establishing and maintaining a system of internal controls over financial reporting, and that,

e. The CFO has disclosed to the auditors and the Audit Committee all significant internal control deficiencies and changes that could materially affect financial data.

b. Policy Review.

The Committee will receive for its review and comment and, if necessary, its recommendation to the Board, institutional policies relevant to its scope of work, including conflict of interest, ethical and fraudulent conduct, whistleblower protection, and documents retention.

c. Required Disclosures and Compliance Monitoring.

The Committee shall oversee compliance with the Board Reserved Rights and Delegated Authority resolution. Violations of the Board Reserved Rights and Delegated Authority resolution identified by management or the internal audit office shall be reported to the Committee.

d. Confidential Reporting.

The committee will ensure that the University has a mechanism that permits confidential communications from employees and others regarding potential financial or accounting improprieties or nonfeasance.

V. Enterprise Risk Management

a. Oversee management's enterprise risk management process on behalf of the Board.

b. Receive periodic updates on management's process to identify, prioritize, mitigate, and report institutional risks including the process to map risks to relevant Board Committees.

VI. Compliance and Privacy

a. Review with the Office of Compliance and Privacy Services, and management the effectiveness of the University's practices related to monitoring compliance with laws and regulations;

b. Review with the Office of Compliance and Privacy Services and management, findings of internal compliance auditing and monitoring activities;

c. Review with the Office of Compliance and Privacy Services and management, findings of government agency audits, investigations, reviews and monitoring activities that the Director considers significant, that are initiated by a government agency as a result of a whistleblower report, or on a for-cause basis, or that result in a fine, penalty, refund, disallowance or questioned cost in excess of $10,000;

d. Review with the Office of Compliance and Privacy Services and management, the process for communicating the Code of Conduct and Ethical Standards to University personnel and for monitoring compliance therewith;

e. Receive periodically, but not less than annually, reports from the Office of Compliance and Privacy Services on its activities;

f. Receive updates from the Office of Compliance and Privacy Services, and management on new and emerging compliance issues, including their impact to the University.; and,

g. Receive as needed, through the Audit Committee Chair, compliance matters communicated directly by the Chief Internal Auditor or Director of Compliance Services and Chief Privacy Officer.

As approved by the Board of Trustee: November 13, 2004
Approved as amended by the Board of Trustees: September 8, 2007
Revised by the Audit Committee: November 12, 2007
Approved as amended by the Board of Trustees: December 1, 2007
Revised by the Audit Committee: April 28, 2009
Approved by the Board of Trustees: May 16, 2009
Revised by the Audit Committee: October 11, 2010
Approved by the Board of Trustees: October 30, 2010
Revised by the Audit Committee: November 14, 2011
Approved by the Board of Trustees: February 4, 2012
Revised by the Audit Committee: September 15, 2014
Approved by the Board of Trustees: October 18, 2014
Revised by the Audit Committee: September 12, 2016
Approved by the Board of Trustees: October 22, 2016
Revised by the Audit Committee: July 10, 2017
Approved by the Board of Trustees: October 21, 2017
Approved by the Board of Trustees: September 25, 2020

POLICY

Title: Residency - Larner College of Medicine

Policy Statement

The Vermont Legislature has established a lower rate of tuition for students who are Vermont residents. These regulations define eligibility requirements for in-state status classification within the Larner College of Medicine. All students enrolled at the Larner College of Medicine shall be assigned an in-state or out-of-state status classification consistent with these regulations. The establishment of domicile in Vermont is necessary, but not sufficient, for a student to qualify for in-state status.

Reason for the Policy

To define criteria for in-state residency status of medical students in accordance with Vermont Statute (Title 16, Chapter 75, section 2282).

Applicability of the Policy

This policy applies to all Larner College of Medicine students.

Definitions

In-state status: eligible for Vermont resident tuition rate.

Medical Experience: paid or volunteer work in a hospital, clinic, hospice, or other health care setting that is appropriate work experience to benefit a medical school application, including working as an emergency medical technician (EMT), medical scribe, or certified nursing assistant (CNA); volunteering at a hospice or indigent care clinic; volunteering on a medical mission trip; shadowing a physician via a preceptorship; or conducting academic laboratory research.

Procedures

In-State Classification Rules

1. Domicile shall mean a person's true, fixed, and permanent home. It is the place at which one intends to remain indefinitely, and to which one intends to return when absent.
2. In addition to establishing domicile, an in-state status applicant must reside in Vermont continuously for one full year prior to the semester for which in-state status is sought unless the applicant's absence is

temporary and for the express purpose of gaining Medical Experience, as defined herein, to support their application to the Larner College of Medicine, provided that:

   a. their absence from Vermont for the purpose of gaining Medical Experience does not exceed four academic semesters, excluding the summer term, prior to matriculation;
   b. the applicant did not take steps to establish domicile in another state, other than legally required to effectuate the Medical Experience (e.g. filing of state taxes at the resident rate); and
   c. the applicant was eligible for in-state status under UVM's Residency Policy for a minimum of one full year (12 months) immediately prior to leaving Vermont to gain Medical Experience.

3. A residence or domicile established for the purpose of attending UVM shall not qualify a student for in-state status.

4. An in-state status applicant who applies for admission or registers for class within one year of moving to the state shall have created a rebuttable presumption that residency in Vermont is for the purpose of attending UVM and/or acquiring in-state status for tuition purposes.

5. A domicile or residency classification assigned by a public or private authority other than UVM neither qualifies nor disqualifies a student for UVM in-state status. Such classification may be taken into consideration, however, in determining the student's status at UVM.

6. Receipt of financial support by a student from his/her family shall create a rebuttable presumption that the student's domicile is with his/her family, regardless of whether the student has reached the age of 18.

7. A student of parents legally separated or divorced may be granted in-state status if a noncustodial or joint custodial parent is domiciled in Vermont and has contributed more than 50 percent of financial support for at least one year prior to the semester for which in-state status is sought.

8. The burden of proof as to eligibility for in-state status rests with the student. Eligibility must be established by clear and convincing evidence.

Irrespective of a student's in-state status as defined in this Policy, upon submission of appropriate documentation, UVM will charge members of the armed forces, veterans, and qualifying family members thereof, the in-state tuition rate in accordance with federal law (e.g. the Higher Education Opportunity Act and 38 U.S.C. 3679(c)) and further detailed in the University's Tuition Billing for Members of the Armed Forces, Veterans, and their Families Operating Procedure.

<u>In-State Status Classification Documentation</u>

1. The student must submit with the Application for In-State Status all relevant information.

2. The classification decision shall be made by the Residency Officer based upon information furnished by the student, information requested of the student, and other relevant information available consistent with University policies and procedures and legal guidelines.

3. Additional documents and/or verification may be requested.

4. The student's failure to produce information requested may adversely affect the decision for in-state status.

5. A student or others furnishing information may request the deletion of irrelevant private data from documents.

6. A determination of in-state status is valid only if a student actually enrolls for the semester in question. If a student does not enroll, they must submit a new and timely Application for In-State Status for subsequent semesters.

Appeal of In-State Status Classification

The decision of the Residency Officer must be appealed in writing to the Residency Appellate Officer within thirty calendar days of the date of the Residency Officer's written decision. Appeal to the Residency Appellate Officer is the final internal appeal at UVM.

In-State Status Reclassification

1. A student who does not qualify for in-state status classification may reapply for such classification once each semester by submitting the Application for In-State Status to the Residency Officer.
2. In-state status reclassification becomes effective for the semester for which the successful application was made, provided that the Application for In-State Status was received on or before the last day to add/drop classes for that semester. An application may be submitted as early as 75 days in advance of the first day of classes for a semester or as requested by the Residency Officer. Approved residency reclassification will not be applied retroactively to previous terms.

Re-Examination of Classification Status:

Classification status may be re-examined upon the initiative of the Residency Officer in the exercise of sound discretion. Circumstances such as periodic enrollment may be cause for re-examination. An in-state student who leaves Vermont may be required to re-apply and re-establish residency upon returning.

Contacts

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):	
Title(s)/Department(s):	**Contact Information:**
Residency Officer	Registrar@uvm.edu (802) 656-8515
Residency Appellate Officer	Residency.Appeals@uvm.edu (802) 656-2045

Forms/Flowcharts/Diagrams

- Application for In-State Status

Related Documents/Policies

- Residency Policy - Undergraduate and Graduate Studies
- Tuition Billing for Members of the Armed Forces, Veterans and their Families

Regulatory References/Citations

- Higher Education Opportunity Act and 38 U.S.C. 3679(c)
- Vermont Statute (Title 16, Chapter 75, section 2282)

Training/Education

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

About This Policy

Responsible Official:	Vice Provost for Enrollment Management	**Approval Authority:**	President and the Chair of the Board of Trustees
Policy Number:		**Effective Date:**	
Revision History:			

Attachment 2

DRAFT
CONSENT AGENDA

February 5, 2021

COMMITTEE OF THE WHOLE

1. **Resolution accepting fiscal year 2020 audited financial statements**

WHEREAS, the financial statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2020, have been audited by KPMG LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

WHEREAS, the audited financial statements for the fiscal year 2020 were presented to the Audit Committee of the Board of Trustees at the Audit Committee's November 9, 2020 meeting;

WHEREAS, the Audit Committee approved a resolution recommending acceptance of the FY 2020 audited financial statements;

BE IT RESOLVED, that the Board of Trustees hereby accepts the FY 2020 audited financial statements as recommended by the Audit Committee.

EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

2. **Resolution approving the creation of an Entry-Level Doctorate in Occupational Therapy in the College of Nursing and Health Sciences in conjunction with the Graduate College**

BE IT RESOLVED, that the Board of Trustees approves the creation of an Entry-Level Doctorate in Occupational Therapy in the College of Nursing and Health Sciences, in conjunction with the Graduate College, as approved and advanced by the Provost on December 16, 2020 and President on December 17, 2020.

3. **Resolution approving the creation of a Bachelor of Science in Community-Centered Design in the College of Agriculture and Life Sciences**

BE IT RESOLVED, that the Board of Trustees approves the creation of Bachelor of Science in Community-Centered Design in the College of Agriculture and Life Sciences as approved and advanced by the Provost on December 16, 2020 and President on December 17, 2020.

4. **Resolution approving the termination of the Master of Science in Bioengineering in the Graduate College**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Master of Science in Bioengineering in the Graduate College, as approved and advanced by the Provost on February 2, 2021and President on February 3, 2021.

5. **<u>Resolution reaffirming Equal Opportunity policies</u>**

BE IT RESOLVED, that the Board of Trustees reaffirms the Equal Employment Opportunity/Affirmative Action policy, attached here as Appendix A; and

BE IT FURTHER RESOLVED, that the Board of Trustees reaffirms the Equal Opportunity in Educational Programs and Activities and Non-Harassment policy, attached here as Appendix B.

BUDGET, FINANCE & INVESTMENT COMMITTEE

6. **<u>Resolution reaffirming the Debt policy</u>**

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

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

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

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

7. **<u>Resolution approving revisions to the Statement of Investment Policies and Objectives</u>**

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

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

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

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

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

8. **<u>Resolution on socially responsible investing</u>**

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

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

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

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

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

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

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

WHEREAS, the Investment Subcommittee has again reviewed these resolutions;

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

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

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

9. **<u>Resolution approving appointment of Investment Subcommittee advisor</u>**

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

10. **<u>Resolution approving tuition rates for fiscal year 2022</u>**

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

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

11. **<u>Resolution setting the comprehensive fee, student government association and inter residence association fees for fiscal year 2022</u>**

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

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

12. **Resolution approving graduate student senate fee for fiscal year 2022**

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

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

13. **Resolution approving continuous registration fee for graduate students for fiscal year 2022**

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

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

14. **Resolution approving room and meal plan rates for fiscal year 2022**

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

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

15. **Resolution approving execution of bond refunding**

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

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

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

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Issuance of Series 2021 Note.

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

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

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

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

Section 4. Authorization of Note Purchase Agreement. The Series 2021 Note shall be sold to New York Life pursuant to the terms of the Note Purchase Agreement. The Series 2021 Note shall be authenticated and delivered to or upon the order of New York Life upon payment of the purchase price set forth in the Note Purchase Agreement. The form and content of the Note Purchase Agreement is hereby approved. The Vice President for Finance and Treasurer and the President each are hereby authorized and directed to execute and deliver the Note Purchase Agreement for and on behalf of the

University, in substantially the form and content made available to the University, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Note Purchase Agreement, the Vice President for Finance and Treasurer, the President and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Note Purchase Agreement as executed.

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

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

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

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

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

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

Exhibit A
Term Sheet

The University of Vermont

Indicative Summary of Pricing and Terms

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

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

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

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

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

Appendix A

OFFICE OF AUDIT AND COMPLIANCE SERVICES
UVM.EDU/POLICIES

POLICY

Title: Equal Employment Opportunity/Affirmative Action Policy Statement

Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal employment opportunity and to a program of affirmative action in order to fulfill that policy. The President of the University fully supports the University's equal employment opportunity policy and the University's affirmative action program.

The University will accordingly recruit, hire, train, and promote persons in all positions and ensure that all other personnel actions are administered without regard to unlawful criteria including race, color, religion, ancestry, national origin, place of birth, sex, sexual orientation, disability, age, positive HIV-related blood test results, genetic information, gender identity or expression, or status as a disabled veteran, recently separated veteran, active duty wartime or campaign badge veteran, or Armed Forces service medal veteran (collectively "protected veterans"), or crime victim status, as these terms are defined under applicable law, or any other factor or characteristic protected by law, and ensure that all employment decisions are based only on valid job requirements.

In addition, the University of Vermont recognizes that discriminatory harassment and sexual harassment are forms of unlawful discrimination, and it is, therefore, the policy of the University that discriminatory harassment and sexual harassment will not be tolerated. The University also prohibits unlawful harassment on the basis of other characteristics protected by law.

Further, employees and applicants will not be subjected to harassment, intimidation, threats, coercion, or retaliation because they have engaged in or may engage in the following: filing a complaint or assisting or participating in an investigation regarding alleged discrimination or harassment as prohibited in the policy statement above; filing a complaint or assisting or participating in an investigation, compliance evaluation, hearing, or any other activity related to the administration of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 ("VEVRAA"), Section 503 of the Rehabilitation Act of 1973 ("Rehabilitation Act"), or the Affirmative Action provisions of any other federal, state or local law; opposing any act or practice made unlawful by VEVRAA or any other federal, state, or local law requiring equal employment opportunities for individuals with disabilities or protected veterans; or exercising any other rights protected by VEVRAA or the Rehabilitation Act. Additionally, the University will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant.

The University of Vermont maintains an audit and reporting system that: measures the effectiveness of the University's affirmative action program; indicates any need for remedial action; determines the degree to which the University's objectives have been attained; measures the University's compliance with its affirmative action obligations; and determines whether individuals with disabilities and veterans have had the opportunity to participate in all University sponsored educational, training, recreational and social activities.

Sources: Titles VI and VII of the Civil Rights Act of 1964; the Immigration Reform and Control Act of 1986; Title IX of the Education Amendments of 1972; the Equal Pay Act of 1963; the Age Discrimination in Employment Act of 1967; the Age Discrimination Act of 1975; Sections 503 and 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; Section 402 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974; Executive Order 11246; the Genetic Information Nondiscrimination Act of 2008; and the Vermont Fair Employment Practices Act, all as amended; and such other federal, state and local non-discrimination laws as may apply.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior policy statements regarding its subject matter. It may be modified only by written statement issued by the President as Chief Executive Officer of the University or by formal action by the University of Vermont and State Agricultural College Board of Trustees. This Policy Statement is designed to express the University's intent and commitment to comply with the requirements of federal, state, and local non-discrimination laws. It shall be applied co extensively with those non-discrimination laws and shall not be interpreted as creating any rights, contractual or otherwise, that are greater than exist under those laws.

Contacts

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):	
Title(s)/Department(s):	**Contact Information:**
Director, Office of Affirmative Action and Equal Opportunity	428 Waterman Building (802) 656-3368
Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
Questions about disability related issues	
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher (802) 656-0945
Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of such agencies may be obtained from the Office of Affirmative Action and Equal Employment Opportunity.	
The University has developed an Affirmative Action Plan. The portions of the plan required for disclosure are available for inspection during normal business hours; contact the University's Public Records Officer at (802) 656-8937.	

Related Documents/Policies

- Disability Accommodation for Employees and Applicants for Employment
- Discrimination, Harassment, and Sexual Misconduct Policy
- Equal Opportunity in Educational Programs and Activities and Non-Harassment
- Handling and Resolving Discrimination, Harassment, and Sexual Misconduct Complaints

Regulatory References/Citations

- Titles VI and VII of the Civil Rights Act of 1964
- Immigration Reform and Control Act of 1986
- Title IX of the Education Amendments of 1972
- Equal Pay Act of 1963
- Age Discrimination in Employment Act of 1967
- Age Discrimination Act of 1975
- Sections 503 and 504 of the Rehabilitation Act of 1973
- Americans with Disabilities Act of 1990
- Section 402 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974
- Executive Order 11246
- Genetic Information Nondiscrimination Act of 2008
- Vermont Fair Employment Practices Act

About This Policy

Responsible Official:	Vice President for Finance and Administration	**Approval Authority:**	President and the Chair of the Board of Trustees
Policy Number:	V. 4.23.11	**Effective Date:**	February 4, 2017
Revision History:	• V. 7.0.1.1 effective April 7, 2006 • V. 7.0.1.2 effective September 5, 2008 • V. 7.0.1.3 effective April 13, 2009 • V. 7.0.1.4 effective March 8, 2010 • V. 7.0.1.5 effective May 22, 2011 • V. 7.0.1.6 effective May 19, 2012 • V. 7.3.7/V. 7.0.1.7 effective February 9, 2013 • V. 7.3.8 effective February 8, 2014 • V. 7.3.9 effective February 7, 2015 • V. 7.3.10 effective February 6, 2016 • Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018, March 6, 2019 • Reaffirmed by the President February 3, 2020 and the Chair of the Board of Trustees January 30, 2020 • Responsible official officially changed from the Vice President for Human Resources, Diversity and Multicultural Affairs and Vice President for Finance and Administration on May 1, 2020		

Appendix B

OFFICE OF AUDIT AND COMPLIANCE SERVICES
UVM.EDU/POLICIES

POLICY

Title: Equal Opportunity in Educational Programs and Activities and Non-Harassment

Policy Statement

The University of Vermont and State Agricultural College is committed to a policy of equal educational opportunity. The University therefore prohibits discrimination on the basis of unlawful criteria such as race, color, religion, national or ethnic origin, age, sex, sexual orientation, marital status, disability, or gender identity or expression, as those terms are defined under applicable law, in admitting students to its programs and facilities and in administering its admissions policies, educational policies, scholarship and loan programs, athletic programs, and other institutionally administered programs or activities made available to students at the University. The University also prohibits harassment, as defined in the Vermont Statutes at Title 16, section 11(a)(26). Unlawful harassment is a form of discrimination and is therefore prohibited. Sources: Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Vermont Public Accommodations Act; and such other federal, state, and local non-discrimination laws as may apply.

Note: This Statement of Policy is the official University of Vermont Equal Educational Opportunity Policy Statement and supersedes all prior statements regarding its subject matter. It may be modified only by written statement issued by the President as Chief Executive Officer of the University or by formal action by the University of Vermont and State Agricultural College Board of Trustees. This Policy Statement is designed to express the University's intent and commitment to comply with the requirements of federal, state, and local non-discrimination laws. It shall be applied co-extensively with those non-discrimination laws and shall not be interpreted as creating any rights, contractual or otherwise, that are greater than exist under those laws.+

Contacts

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):	
Title(s)/Department(s):	**Contact Information:**
Questions regarding this policy statement or compliance with its provisions may be directed to:	
Dean of Students	41-43 South Prospect Street Burlington, VT 05405 (802) 656-3380
Or	
Director, Office of Affirmative Action and Equal Opportunity	428 Waterman Building Burlington VT, 0405 (802) 656-3368
Questions may also be directed to government agencies having oversight and enforcement authority with respect to the referenced laws. A complete listing of those agencies may be obtained from the Office of Affirmative Action and Equal Opportunity.	
Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
Questions about disability related issues	
Student Accessibility Services ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Sharon Mone (802) 656-4075 Amber Fulcher (802) 656-0945

Related Documents/Policies

- Discrimination, Harassment, and Sexual Misconduct Policy
- Equal Employment Opportunity/Affirmative Action Policy Statement
- Handling and Resolving Discrimination, Harassment, and Sexual Misconduct Complaints

Regulatory References/Citations

- Age Discrimination Act of 1975
- Americans with Disabilities Act of 1990
- Section 504 of the Rehabilitation Act of 1973
- Title VI of the Civil Rights Act of 1964
- Title IX of the Education Amendments of 1972
- Vermont Public Accommodations Act
- Vermont Statutes at Title 16, section 11(a)(26)

About This Policy

Responsible Official:	Vice President for Finance and Administration	**Approval Authority:**	President and the Chair of the Board of Trustees

Policy Number:	V. 4.24.11	Effective Date:	February 4, 2017
Revision History:	• V. 7.0.5.1 effective April 7, 2006 • V. 7.0.5.2 effective September 5, 2008 • V. 7.0.5.3 effective April 13, 2009 • V. 7.0.5.4 effective March 8, 2010 • V. 7.0.5.5 effective May 22, 2011 • V. 7.0.5.6 effective May 19, 2012 • V. 7.4.7/V. 7.0.5.7 effective February 9, 2013 • V. 7.4.8 effective February 8, 2014 • V. 7.4.9 effective February 7, 2015 • V. 7.4.10 effective February 6, 2016 • V. 7.4.11 Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018 and March 6, 2019 • V. 7.4.11 Reaffirmed by the President February 3, 2020 and the Chair of the Board of Trustees January 30, 2020 • Responsible official officially changed from the Vice President for Human Resources, Diversity and Multicultural Affairs to the Vice President for Finance and Administration on May 1, 2020		

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

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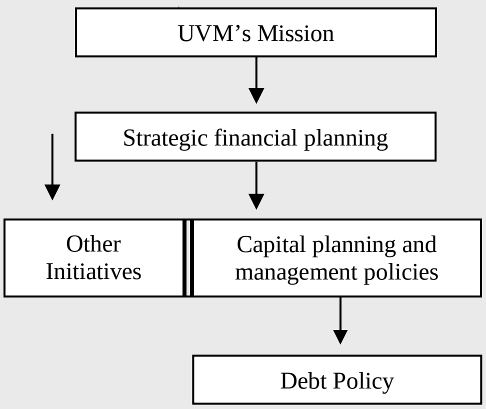
OVERVIEW

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, and external University-supported debt.

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

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

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

Introduction and Objectives

Purpose

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

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

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

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

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

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

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

OVERSIGHT

Purpose

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

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

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

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

POLICY RATIOS

Purpose

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

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

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

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

Ratio 1 – Debt Burden Ratio

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

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

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

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

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

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

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

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

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

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

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

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

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

Ratios as a Credit Factor

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

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

TYPES OF FINANCINGS

Purpose

1. Review of all potential funding sources for projects.
2. Maximize tax-exempt University-issued debt.
3. Commercial Paper program.
    a. Provide bridge funding.
    b. Provide continual access to capital.
    c. Issuance on a taxable or tax-exempt basis.
4. Manage derivative products, including swaps.
5. Consider other financing sources.
    a. Management will explore securitizations, joint ventures and other financial structures to provide for the optimal funding for any project.

The University recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources will be reviewed by management within the context of the debt policy and the overall portfolio to ensure that any financial product or structure is consistent with UVM's objectives. Regardless of what financing structure(s) is(are) utilized, a full understanding of the transaction, including (i) quantification of potential risks and benefits, and (ii) analysis of the impact on University creditworthiness and debt capacity, will be required. Any financial transaction which, in management's opinion utilizes the University's credit, will be subject to the limits set forth in this policy regardless of source.

Tax-Exempt Debt

The University recognizes that debt will remain a long-term component of the University's capitalization over the foreseeable future due in part to its continued need for capital and the substantial economic benefits associated with tax-exempt debt. Therefore, financial transactions will be managed on a portfolio basis with a long-term perspective. (In all circumstances, however, individual projects must continue to be identified and tracked to ensure compliance with all tax and reimbursement requirements).

Debt will be structured to meet the University's comprehensive long-term objectives, and each project being financed will be required to provide a sound business plan, including the source of repayment for the debt and appropriate and realistic repayment terms. Among other things, the repayment terms will require that the loan term is no greater than the expected componentized useful life of the asset financed. Additionally, the financed project will be required to budget and fund principal payments on a fully amortized basis.

Taxable Debt

While all of the University's capital projects may not qualify for tax-exempt debt, taxable debt should only be used in appropriate cases as it generally represents a more expensive source of capital relative to tax-exempt issuance.

Commercial Paper

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

Derivative Products

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

Other Financing Sources

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

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

PORTFOLIO MANAGEMENT OF DEBT

Purpose

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

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

Variable Rate Debt

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

(i) take advantage of repayment/restructuring flexibility;

(ii) benefit from historically lower average interest costs; and

(iii) diversify the debt portfolio; and,

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

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

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

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

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

GLOSSARY

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

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

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

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

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

GAAP – refers to Generally Accepted Accounting Principles.

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

UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

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

II. FIDUCIARY STANDARDS

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

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

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

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

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

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

IV. CONFLICT OF INTEREST POLICY

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

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

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

V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

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

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

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

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

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

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

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

VI. FINANCIAL & INVESTMENT OBJECTIVES

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

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

VII. ASSET ALLOCATION

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

[1] Real total return is the sum of realized and unrealized capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Consumer Price Index.

~~volatility: primarily, high quality intermediate bonds for the former and absolute return hedge funds for the latter.~~ The ISC, with input and assistance from staff and external advisors, shall periodically examine the policy portfolio targets and consider adjustments to the asset allocation as may be appropriate (for example, due to a material change in the capital market assumptions). Changes to the policy portfolio targets will be reviewed and approved by the ISC and presented to the Budget, Finance and Investment Committee and the Board, as necessary.

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

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

VIII. REBALANCING

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

IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS

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

Overall Fund

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

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

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

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

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

Asset Classes & Managers

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

Due to the broad nature of the asset classes and the unique style of managers, it is important to note that the specific benchmark of the individual manager may not necessarily be the same as the benchmark for the particular asset class composite as defined below. For example, the ~~Total U.S.~~Public Global Equity benchmark is ~~the S&P 500~~MSCI ACWI but US equity ~~small cap~~ managers, for example, will be compared to ~~the~~ an appropriate ~~small cap~~US equity benchmark~~s~~.

+Asset Class	Market Index Used in Target Benchmark[2]	Underlying Investments
Public Global Equity	MSCI ACWI	Portfolios are expected to focus on public global, US, international developed, and/or emerging markets.
Marketable Alternatives	Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index	Investment mandates may include: multi-strategy arbitrage, event arbitrage, distressed securities, credit/capital structure arbitrage and long/short equity investments in global markets.
Private Investments	~~Weighted Benchmark composed of C|A medians as follows:~~ ~~Private Equity 40%~~ ~~Venture Capital 30%~~ ~~Real Estate 20%~~ ~~Natural Resources 10%~~	This asset class includes private investment strategies of all types, including but not limited to buyouts, venture capital, secondaries, distressed, real estate, private energy, and similar strategies. Market values

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

	MSCI ACWI, lagged	and return information is lagged by one quarter, or more, as the underlying investments are not readily valued at the close of the latest quarter.
~~Public Real Assets~~	~~Dynamic benchmark that reflects each underlying investment's individual benchmark and their respective weight within the Real Assets allocation.~~ ~~*(The Dynamic benchmark will evolve as asset types are added or removed from the portfolio and as the allocation changes over time.)*~~	~~Holdings may include natural resource related equity securities, MLPs, diversified commodities, US issued TIPS and other, similar public investment strategies.~~
Fixed Income	Bloomberg Barclays Aggregate Bond Index	Holdings may consist of U.S. Treasury bonds, mortgages, and corporate credit investments.

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

X. MANAGER GUIDELINES

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

I. MANAGER REPORTING

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

Regular communication from all managers concerning investment strategy and outlook is expected. The ISC will regularly review a Watch List that is maintained to highlight managers’ relative performance when it is outside the normal range or expected returns, new organizational issues, and/or any significant changes in strategy that raise concerns. Additionally, managers are required to inform the University of Vermont of any significant change in firm ownership, organizational structure, professional personnel, or fundamental investment philosophy. Managers will also send a copy of their form ADV to the University at least annually.

II. PROXY VOTING GUIDELINES

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

III. GUIDELINES FOR TRANSACTIONS

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

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

ASSET ALLOCATION POLICY TARGETS

December 2020

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

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