

**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, January 31, 2020, at 2:30 p.m. in the Silver Maple Ballroom, 401 at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair David Daigle, Vice Chair Ron Lumbra, Secretary Curt McCormack, Briar Alpert, David Aronoff, Cynthia Barnhart, John Bartholomew, Otto Berkes, Robert Brennan, Kevin “Coach” Christie, Frank Cioffi, Johannah Donovan, Carolyn Dwyer, President Suresh Garimella, Jodi Goldstein, David Gringeri, Sidney Hilker, Bernard Juskiewicz, Don McCree, Ed Pagano, Shap Smith, Tristan Toleno, and Samuel Young

MEMBERS ABSENT: Governor Phil Scott and Carol Ode

ALSO PARTICIPATING: Incoming Trustee Berke Tinaz

Chair David Daigle called the meeting to order at 2:34 p.m.

**Board Governance Committee report**

Committee Chair Frank Cioffi reported that the committee met yesterday to review proposed amendments to the *Guidelines for the Selection of Trustees* and noted that all board policies and guidelines are revisited periodically by university and board leadership. He briefly reviewed the various sources for appointing members to the board and acknowledged that the guidelines are intended as a resource for the recruitment of trustees regardless of their source of appointment.

Chair Cioffi further reported that trustees already have received a copy of the proposed amendments, which received unanimous support from the Governance Committee. The following resolution was presented for approval:

**Resolution approving amendments to the *Guidelines for Selection of University Trustees***

BE IT RESOLVED, that the Board of Trustees hereby approves the amendments to the *Guidelines for Selection of University Trustees* appearing as Appendix D to this document.

An opportunity for final comments was offered. There being none, a motion was made, seconded, and the resolution was unanimously approved.

**Public comment**

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

Benjamin Wagner, a UVM junior and representative from UVM-affiliated group Organize, who shared concerns about investments and urged the board to act on the group’s proposal to divest from fossil fuels and to adhere to the university’s vision statement “to be among the nation’s premier small research universities preeminent in our

comprehensive commitment to liberal education, environment, health and public service.”

Paul Bierman, Professor of Geology and Natural Resources, expressed his view of the importance of diversifying the membership of the board of trustees, and presented a copy of a petition in support of further diversification. Professor Bierman also urged trustees to divest from fossil fuels and to pledge to decarbonize UVM.

Julie Roberts, President of United Academics and Professor of Linguistics, reported collective bargaining negotiations began last week. She shared themes and priorities that emerged from a meeting with faculty, this past fall, including salaries, workload concerns, job security for non-tenured faculty, and a provision to increase support and retain faculty of color and other underrepresented groups.

Zoe Kennedy, a UVM sophomore, shared concerns regarding Sodexo, the university’s food service provider. She reported on allegations that private prisons operated by Sodexo have systemic issues that result in human rights abuses for inmates and prison workers, and she encouraged UVM to end their contract with Sodexo.

Sophie Smith, a UVM junior majoring in environmental studies and chair of the Student Government Association Committee on Environment, expressed support for Organize’s proposal to divest from fossil fuels and shared concerns regarding UVM’s stated environmental values and the economic implications of climate change. She distributed a document to trustees that asked the board to adopt a resolution assuring the campus community of its commitment to the environment and to create an advisory committee to make a recommendation about divestment.

### **Approval of previous meeting minutes**

A motion was made, seconded and it was voted to approve the minutes from the October 26, 2019 meeting as presented.

### **Committee reports**

#### *Audit Committee*

Trustee David Gringeri offered a summary report of meetings held on November 4, 2019 and January 30, 2020. At the November meeting, the committee reviewed the draft fiscal year (FY) 2019 annual financial report and audit. The audit resulted in no significant deficiencies or material weaknesses and the financial statements were accepted and recommended for board acceptance. A resolution accepting the financial statements appears on today’s consent agenda for approval.

Also in November, the committee reviewed highlights from Director of Compliance Services and Chief Privacy Officer Tessa Lucey’s annual report. The committee reviewed its work plan for the year and the draft 2020 audit and compliance work plan.

At yesterday afternoon’s meeting, the committee received a presentation on the FY 2019 NCAA Agreed-Upon Procedures report and management’s response. University Controller Claire Burlingham and KPMG reported no significant adjustments were identified as a result of the

procedures performed. Controller Burlingham also reported the results of the Uniform Guidance audit pertaining to federally sponsored programs. No findings related to compliance and internal control were identified during the audit.

Additionally, the following updates were provided:

- Chief Internal Auditor Bill Harrison provided a summary of current internal audit projects and reviewed the status of open audit recommendations.
- Director Lucey presented the results of the 2019 compliance survey. Overall, the results continue to show some level of improvement across most measures and indicate that the culture of compliance continues to move in the right direction.
- Vice President for Operations and Public Safety Gary Derr and Chief Risk & Public Safety Officer Al Turgeon provided a status update on the enterprise risk management (ERM) program. The ERM review process will be shifting to a biennial schedule.
- Lastly, the committee reviewed the results of the 2019 committee assessment survey. Overall, the survey participants agreed that the committee performs effectively.

#### Educational Policy and Institutional Resources Committee (EPIR)

Committee Chair Carolyn Dwyer reported that the committee had an incredibly engaging meeting. Provost & Senior Vice President Patricia Prelock led a discussion about transforming the existing academic excellence goals to a more current set of academic goals that support the president's strategic academic priorities, including: (1) student success and access, (2) enhancing our research portfolio, and (3) meeting our land grant mission. The committee discussed the university's current and potential role in each, as well as the process that will be employed to develop the new goals. The committee looks forward to receiving updates as this process unfolds.

The committee heard from students involved in a variety of clubs about the value of club engagement and how it supports personal, professional, and career development. Presenters included the vice president of the Indian Students' Association, the president of the UVM Forestry Club/Student Chapter of the Society of American Foresters, the co-director of Camp Kesem and the president of the Women in Business Club. The students tied their experiences in their respective clubs to the land-grant mission as well as noting career opportunities as a result of their club participation.

The committee endorsed the following academic proposals for board approval:

1. Termination of the Master of Education in Reading and Language Arts in the College of Education and Social Services in conjunction with the Graduate College. The degree is dormant and has not accepted students since 2011. All other M.Ed. programs remain.
2. The termination of the Bachelor of Arts in Engineering in the College of Engineering and Mathematical Sciences due to low enrollment since inception. All other B.S. degrees in Engineering remain.

3. The creation of a minor in Bioinformatics in the College of Agriculture and Life Sciences.
4. The creation of a minor in Biosecurity in the College of Agriculture and Life Sciences.
5. Termination of the Bachelor of Music degree in the College of Arts and Sciences due to low enrollment since inception. The B.A. in music remains.
6. The creation of a post-professional Doctorate of Occupational Therapy in the College of Nursing and Health Sciences in conjunction with the Graduate College.

The committee also reaffirmed the Equal Employment Opportunity/Affirmative Action and Equal Opportunity in Educational Programs and Activities and Non-Harassment policy statements. Both policies were reformatted in the new policy template, which includes a regulatory reference/citation section that lists laws, acts, statues, and regulations for which the policy was developed.

The meeting concluded with an opportunity for members to ask questions regarding the following written reports:

- Provost report
- Annual Vice President for Human Resources, Diversity & Multicultural Affairs report
- Annual student affairs report
- Capital projects progress reports

Budget, Finance and Investment Committee (BFI)

Chair Don McCree reported that the committee had a productive meeting and unanimously endorsed resolutions for approval by the board including:

1. \$49 million in expenditures to complete the development and construction of the Firestone Medical Research Building with sources of funding coming from a combination of the Larner College of Medicine Dean's reserves, University Medical Education Association, UVM Medical Group, the President's Fund and the Dean's Fund.
2. An increase in expenditures for the Recital Hall expansion and renovation project with additional funding from the donors to retain program priorities and the remaining balance from existing reserves from the UVM Foundation and the University.
3. The committee conducted their annual review of the university Debt policy and recommend reaffirmation with no changes.
- 4 & 5. At the recommendation of the Investment Subcommittee, the committee reaffirmed the Endowment Budget and the Endowment Administrative Fee policies with no changes.
6. All FY 2021 student fees, with no increase in comprehensive fees with the exception of the athletic/recreation fee (\$130 per semester beginning fall 2020, and an additional

\$70 per semester beginning in fall 2021), which was approved at the May 2019 board meeting for the multi-purpose center.

7. Room and meal plan rates for FY 2021. Based on new program additions/changes, facility renovations, and debt payment responsibilities, the predominant residence hall traditional double room will increase 3.00% over the current year's rate, not to exceed \$8,756. The predominant meal plan will increase 3.5% over the current year's rate, not to exceed \$4,568, based on UVM's contract with Sodexo.
8. The appointment of Whitney Wagner and David Daigle as advisors to the Investment Subcommittee for a one-year period, beginning March 1, 2020.

Investment Subcommittee Chair Rob Brennan reported that all asset classes had a positive return and the market value of the endowment as of December 31, 2019, was \$565 million. He noted that the UVM Foundation has \$31 million in assets not invested in the endowment.

As of December 31, 2019, the university's general fund is at 84% of its revenue, and has spent 53% of its expense budget. It is expected that the university will meet its budget targets this fiscal year.

The committee reviewed the funding mechanisms the university uses for various active capital projects and conducted its annual review of net assets and green revolving loan fund. Net assets totaled \$260.5 million at the end of FY 2019. In keeping with the amendments to the Cash Management and Liquidity policy, the unencumbered unrestricted liquidity pool exceeds \$30 million by \$4.6 million. The green revolving loan fund balance as of November 30, 2019 is \$10.4 million.

Lastly, the UVM Foundation reported commitments totaling \$33.2 million for the on-campus multipurpose center and projects to have cash receipts for the project totaling \$15.6 million by December of 2021.

#### Vermont Agricultural College Board

Chair Tristan Toleno reported that the Vermont Agricultural College Board discussed and unanimously endorsed the recommended amendments to the *Guidelines for the Selection of University Trustees*.

The board discussed multiple bills in the 2020 legislative session including: Minimum wage; paid family leave; UVM board gender parity; compensation for athletes; and bills related to increasing the primary care workforce.

The board also debriefed the 2019 legislative summit on innovations in education and research for the benefit of Vermont, which was held at UVM's Larner College of Medicine, and planning for this year's summit. The board acknowledged that attendance continues to be a challenge and considered options for maximizing participation. It was suggested rotating the date between the fall and spring semesters as well as alternating the location of the event between the UVM campus and Montpelier. Primary Care Workforce and the Center on Rural Addiction's work were suggested as possible topics for this year. The board will continue to discuss these options.

University of Vermont Board

Chair Ron Lumbra reported that the University of Vermont Board also reviewed, discussed, and unanimously endorsed the recommended amendments to the *Guidelines for the Selection of University Trustees*.

The board reviewed a summary of the Wilbur Trust Fund financial report from July 1, 2019 through November 30, 2019. Chair Lumbra reminded trustees that the Wilbur Trust Fund was established by James Benjamin Wilbur and funds are invested under the oversight of the Investment Subcommittee. He noted the Wilbur Trust currently has assets totaling \$22 million, from which a portion is used to help make tuition more affordable for Vermont high school students. Annually, at this time of year, the board receives a report on recipients who have received grants in the previous academic year. He noted that the report includes charts tracking recipients by gender and ethnicity over the last ten years. Chair Lumbra further noted that in academic year 2018-2019, one hundred ninety-nine Vermont residents received grants totaling \$931,803.

The remainder of the meeting was held in executive session to discuss trustee recruitment and succession planning for future board members. At the conclusion of executive session, the board re-appointed Don McCree and appointed John Dineen, both effective March 1, 2020, for six-year terms. Mr. Dineen is a 1986 alum from New Hampshire and has a diverse skillset in the fields of health care and finance, having served as CEO of GE Healthcare and currently as an advisor for a private equity firm.

Chair Lumbra reported that in addition to Trustee McCree, he and Cynthia Barnhart were due to complete their terms of service on February 29, 2020. He reminded trustees that on December 11, 2019 the board met off-cycle to approve the appointment of Trustee Barnhart to an additional six-year term, commencing on March 1, 2020. Additionally, as a result of Board Chair David Daigle's decision to step down as chair, and resign his seat on the board at the end of February 2020, the board appointed Chair Lumbra to fill the remaining two-years of the term being vacated by Board Chair Daigle.

Lastly, the board voted to elect David Aronoff as Chair, Jodi Goldstein as Vice Chair, and Briar Alpert as Secretary. Each officer will serve one-year terms through May 2020.

Board Governance Committee

Chair Cioffi reported that the committee convened on December 12, 2019 to initiate the nominations process. On December 17, 2019, Board Chair David Daigle informed all trustees that he would not seek re-election as chair and intended to step down from the board at the end of February to facilitate an orderly transition of board leadership.

On that same day, Chair Cioffi informed trustees that Vice Chair Ron Lumbra was willing to stand for election as chair, trustee Cynthia Barnhart was willing to stand for election as vice chair, and incumbent Secretary Curt McCormack was willing to stand for re-election. Trustees were informed that nominations occurred at the December 12, 2019 Committee on Board Governance meeting and that trustees Lumbra and Barnhart were eligible to stand for election because of action taken at the December 11, 2019 UVM Board meeting. Following these communications, Committee on Board Governance members reached out to individual trustees to solicit nominations.

The committee convened on January 6, 2020, and at the meeting, guided by input of all participating trustees, and its own deliberations, voted on a slate of candidates. Following the meeting, a memo was issued to the board advising of the slate of board and university officer nominations, to be voted on at today's meeting.

### **Election of Board Officers**

Chair Daigle reminded trustees, in accordance with the University Charter, the chair is elected at the first meeting after new trustee terms begin on March 1<sup>st</sup>. The election of chair will occur at a special board meeting scheduled on March 2, 2020 at 1:00 p.m.

Chair Daigle acknowledged that he will continue in office through the expiration of his term on February 29, 2020, after which the Vice Chair serves as Interim Chair until the new chair is elected on March 2, 2020.

He then asked Frank Cioffi, Chair of the Board Governance Committee, to identify the slate by office and proposed nominee.

Committee Chair Cioffi presented the following slate:

Chair:	<u>Ron Lumbra</u> [no action]
Vice Chair:	<u>Cynthia Barnhart</u>
Secretary:	<u>Curt McCormack</u>
Assistant Secretary:	<u>Sharon Reich Paulsen</u>

Chair Daigle asked for additional nominations. No further nominations were made. A motion was made, seconded and Trustees voted unanimously to elect the proposed slate of board officers.

In accordance with the bylaws, Board Chair Daigle next entertained a motion for appointment of the following university officers, by virtue of their office, for a one-year term beginning March 1, 2020, or until their successors take office:

Provost:	<u>Patricia Prelock</u>
Treasurer:	<u>Richard Cate</u>

A motion was made, seconded and trustees voted unanimously to elect the proposed slate of university officers. Trustees Barhnart and McCormack recused themselves from the vote on the officer positions to which they were nominated.

### **Retiring Trustees**

Chair Daigle recognized and thanked Trustee Sidney Hilker who will be completing her term at the end of February. Chair Daigle then read a resolution in recognition of Ms. Hilker's service on the board and presented her with a framed copy.

Vice Chair Ron Lumbra recognized and thanked Chair David Daigle, who will conclude his chairmanship and step off the board at the end of February. Vice Chair Lumbra read a resolution

in recognition of Chair Daigle's leadership and service on the board, and presented him with a framed copy.

### **Approval of consent agenda**

Chair Daigle introduced the revised consent agenda, noting that resolutions presented and endorsed following executive sessions at this morning's Committee of the Whole and Budget, Finance & Investment meetings (#2 & #17), and retiring trustee resolutions (#18-19), have been added. Additionally, resolution #15 was revised at the Budget, Finance & Investment meeting to include the graduate student fee and the amount of the comprehensive fee was corrected from \$2,188 to \$2,448.

An opportunity for discussion was offered. There being none, Chair Daigle presented the following resolutions to be voted on as a consent agenda:

#### **COMMITTEE OF THE WHOLE**

##### **1. Acceptance of fiscal year 2019 audited financial statements**

WHEREAS, the financial statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2019, have been audited by KPMG LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

BE IT RESOLVED, that the Board of Trustees hereby accepts the FY 2019 audited financial statements as recommended by the Audit Committee and presented today, and acknowledges receipt of the FY 2019 financial report.

##### **2. Resolution authorizing negotiation of collective bargaining agreements with United Academics and United Electrical**

BE IT RESOLVED, that the Board of Trustees authorizes the administration to negotiate collective bargaining agreements with United Academics and United Electrical on the material terms reported on this date.

#### **EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE**

##### **3. Resolution approving the termination of the Master of Education in Reading and Language Arts in the College of Education and Social Services in conjunction with the Graduate College**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Master of Education in Reading and Language Arts in the College of Education and Social Services in conjunction with the Graduate College, as approved and advanced by the Provost on December 16, 2019 and President on December 19, 2019.

**4. Resolution approving the termination of the Bachelor of Arts in Engineering in the College of Engineering and Mathematical Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Bachelor of Arts in Engineering in the College of Engineering and Mathematical Sciences, as approved and advanced by the Provost and President on December 19, 2019.

**5. Resolution approving the creation of a minor in Bioinformatics in the College of Agriculture and Life Sciences**

BE IT RESOLVED, that the Board of Trustees approves the creation of a minor in Bioinformatics in the College of Agriculture and Life Sciences, as approved and advanced by the Provost on December 16, 2019 and the President on December 19, 2019.

**6. Resolution approving the creation of a minor in Biosecurity in the College of Agriculture and Life Sciences**

BE IT RESOLVED, that the Board of Trustees approves the creation of a minor in Biosecurity in the College of Agriculture and Life Sciences, as approved and advanced by the Provost and President on December 19, 2019.

**7. Resolution approving the termination of the Bachelor of Music degree in the College of Arts and Sciences**

BE IT RESOLVED, that the Board of Trustees approves the termination of the Bachelor of Music degree in the College of Arts and Sciences, as approved and advanced by the Provost and President on January 28, 2020.

**8. Resolution approving the creation of a post-professional Doctorate of 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 a post-professional Doctorate of Occupational Therapy in the College of Nursing and Health Sciences in conjunction with the Graduate College, as approved and advanced by the Provost and Provost on January 28, 2020.

**9. Resolution Reaffirming Equal Opportunity Policies**

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**

### **10. Resolution authorizing expenditures for the development and construction of the Firestone Medical Research Building project**

WHEREAS, on June 11, 2018, the Executive Committee approved the University's recognition of Steven N. Firestone, M.D. '69 as naming gift donor for a project heretofore called the Firestone Medical Research Building; and

WHEREAS, on October 26, 2018, the Board of Trustees authorized the expenditure of \$6 million to undertake the expenditures necessary to complete the project design, including construction drawings for the project; and

WHEREAS, on May 18, 2019, the Educational Policy & Institutional Resources Committee approved the project scope for the project and referred it to the Budget, Finance & Investment Committee for future financial review; and

WHEREAS, the administration has presented a plan for funding the project without debt;

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the administration to undertake the expenditures necessary to complete the design and construction of the project at a cost consistent with its report of this date, with the understanding that bids for the construction cost have not yet been received and the administration will seek further authorization from the Board, prior to commencing construction, should the project cost exceed \$49 million; and

BE IT FURTHER RESOLVED, that the \$49 million in funds for total expenditures for the project be drawn from gift funds, dean's reserves, university general fund reserves, and reserves of the University Medical Education Associates.

### **11. Resolution authorizing expenditures for the Recital Hall expansion and renovation project**

WHEREAS, on July 3, 2018, the Executive Committee approved the Recital Hall expansion and renovation project at a cost not to exceed \$3,300,000;

WHEREAS, the administration today reported on a revised expenditure and funding plan that would increase the project cost by an additional \$1,004,000; and

WHEREAS, the University has received a written pledge commitment that would fund \$247,000 of the increase from additional gift funds, and the UVM Foundation and the University will provide the remaining \$757,000 from available reserves;

BE IT RESOLVED, that the Board of Trustees authorizes an additional \$1,004,000 for the Recital Hall expansion and renovation project for a total expenditure of \$4,304,000, to be expended in a manner consistent with the report made on this date.

**This resolution supplements the resolution approved by the Executive Committee on July 3, 2018.**

**12. Resolution reaffirming the Debt policy**

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

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

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

**13. Resolution reaffirming the Endowment Budget policy**

WHEREAS, on October 30, 2019, the Investment Subcommittee met, reviewed, and discussed the Endowment Budget policy;

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

BE IT FURTHER RESOLVED, that the annual budget for spending from the 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*

**14. Resolution reaffirming the Endowment Administration Fee policy**

WHEREAS, on November 19, 2019, the Investment Subcommittee met, reviewed and discussed 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 a 0.25 percent fee applied to the University endowment for Fiscal Year 2020 to cover reasonable costs associated with endowment administration, management and operation; and

BE IT FURTHER RESOLVED, that calculation of the 0.25 percent 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*

**15. Resolution setting the comprehensive fee, student government association, graduate student and inter residence association fees for fiscal year 2021**

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates:

Student Government Association (SGA) Fee	\$222
Inter Residence Association (IRA) Fee	\$30
Comprehensive Fee	\$2,448
Graduate Student Fee	\$10

**16. Resolution approving room and meal plan rates for fiscal year 2021**

BE IT RESOLVED, that the Board of Trustees hereby approves room and meal plan rates for fiscal year 2021 as follows:

Room Rates Per Year	
Private Single with Bath	\$10,942
Private Double with Bath	\$9,720

Private Triple with Bath	\$8058
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

**17. Resolution approving appointment of Investment Subcommittee advisors**

BE IT RESOLVED, that the Board of Trustees approves the appointments of H. Whitney Wagner and David A. Daigle as advisors to the Investment Subcommittee, for a one-year period commencing March 1, 2020, subject to the terms and conditions reported on this date.

**FULL BOARD**

**18-19. Retiring Trustee Resolutions**

***David A. Daigle (2010-2020)***

WHEREAS, David A. Daigle is nearing the completion of his second consecutive term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, David Daigle has served the University of Vermont as a thoughtful, energetic, and dedicated member of the Board of Trustees for ten years including four years of resolute, insightful and outstanding leadership as Board Chair, , always discharging his responsibilities with focus, fortitude and extraordinary dedication to his alma mater ;

WHEREAS, David Daigle enriched the board through his services as chair of the ad hoc Presidential Comprehensive Review Committee, chair of the Annual Review Subcommittee, vice chair and chair of the Budget, Finance & Investment Committee, vice chair and chair of the Executive Committee, vice chair of the Investment Subcommittee, chair of the Presidential Housing Work Group, co-chair of the Presidential Search Committee, and chair of the University of Vermont Board, with additional service as a member of the Board Governance Work Group, the Honorary Degree Work Group, the Internationalization Work Group, the ad hoc Labor Advisory Group, the Work Group on Medical, Nursing and Health Sciences Education and Research, and leader of the Bond Work Group;

WHEREAS, David Daigle has further assisted the University generously as a member of the UVM Foundation Board of Directors, the UVM Foundation Leadership Council, the UVM National Campaign Steering Committee, the UVM National Campaign Council, the UVM Class Gift Committee, and as co-chair of the former Business School Board of Advisors;

WHEREAS, David Daigle has further enriched the university through his family's generous philanthropy designed to enhance the university's ability to attract and retain high quality faculty; to attract deserving, high-achieving students from throughout Vermont; and to support the on-campus multipurpose center project, designated to enhance student health and wellness on campus, as well as programs that encourage all UVM students to lead healthier lives;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee David A. Daigle.

***Sidney JB Hilker (2018–2020)***

WHEREAS, Sidney JB Hilker is nearing the completion of her term as Trustee of the University of Vermont and State Agricultural College; and

WHEREAS, Sidney Hilker has served as an insightful, dedicated, and thoughtful member of the board, providing constructive participation, articulate perspectives, sound advice, and positivity during her membership on board committees, including the Audit Committee; Budget, Finance and Investment Committee; Committee on Board Governance; and the Educational Policy and Institutional Resources Committee; and through her service on the Annual Review Subcommittee, Presidential Search Committee, and the Renaming Advisory Committee, all while pursuing her medical degree;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of Vermont and State Agricultural College expresses its appreciation, affection, and heartfelt best wishes to Trustee Sidney JB Hilker.

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

**Adjournment**

There being no further business, the meeting adjourned at 3:35 p.m.

Respectfully submitted,

David A. Daigle, Chair



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

<b>Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):</b>	
<b>Title(s)/Department(s):</b>	<b>Contact Information:</b>
Director, Office of Affirmative Action and Equal Opportunity	428 Waterman Building (802) 656-3368
<b>Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence</b>	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
<b>Questions about disability related issues</b>	
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

- [Discrimination and Harassment Policy](#)
- [Equal Opportunity in Educational Programs and Activities and Non-Harassment](#)
- [Procedures for Investigating and Resolving Discrimination Complaints](#)
- [Sexual Harassment & Misconduct](#)

## 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

<b>Responsible Official:</b>	Vice President for Human Resources, Diversity and Multicultural Affairs	<b>Approval Authority:</b>	President and the Chair of the Board of Trustees
<b>Policy Number:</b>	V. 7.3.11	<b>Effective Date:</b>	February 4, 2017
<b>Revision History:</b>	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 V. 7.3.11 Reaffirmed as revised by the President and the Chair of the Board of Trustees: February 3, 2018, March 6, 2019, January 31, 2020		



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

<b>Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):</b>	
<b>Title(s)/Department(s):</b>	<b>Contact Information:</b>
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.	
<b>Questions about policies related to Title IX, including sex discrimination, sexual harassment, and all forms of sexual violence</b>	
Title IX Coordinator Office of Affirmative Action and Equal Opportunity	Nick Stanton (802) 656-3368
<b>Questions about disability related issues</b>	
Student Accessibility Services	Sharon Mone (802) 656-4075
ADA/Section 504 Coordinator Office of Affirmative Action and Equal Opportunity	Amber Fulcher (802) 656-0945

## Related Documents/Policies

- [Discrimination and Harassment Policy](#)
- [Equal Employment Opportunity/Affirmative Action Policy Statement](#)
- [Procedural Guidelines for Handling and Resolving Discrimination Complaints](#)
- [Sexual Harassment & Misconduct](#)

## 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

<b>Responsible Official:</b>	Vice President for Human Resources, Diversity and Multicultural Affairs	<b>Approval Authority:</b>	President and the Chair of the Board of Trustees
<b>Policy Number:</b>	V. 7.4.11	<b>Effective Date:</b>	February 4, 2017
<b>Revision History:</b>	<ul style="list-style-type: none"> <li>• V. 7.0.5.1 effective April 7, 2006</li> <li>• V. 7.0.5.2 effective September 5, 2008</li> <li>• V. 7.0.5.3 effective April 13, 2009</li> <li>• V. 7.0.5.4 effective March 8, 2010</li> <li>• V. 7.0.5.5 effective May 22, 2011</li> <li>• V. 7.0.5.6 effective May 19, 2012</li> <li>• V. 7.4.7/V. 7.0.5.7 effective February 9, 2013</li> <li>• V. 7.4.8 effective February 8, 2014</li> <li>• V. 7.4.9 effective February 7, 2015</li> <li>• V. 7.4.10 effective February 6, 2016</li> <li>• 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; January 31, 2020</li> </ul>		



## **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

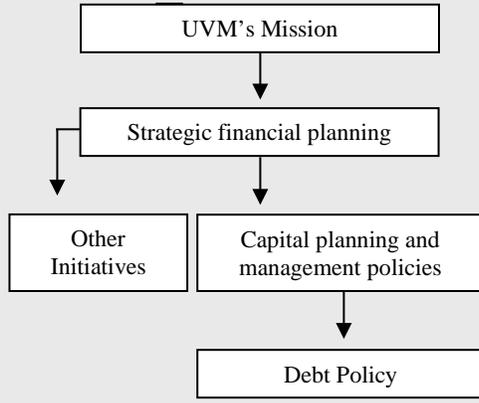
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**OVERVIEW**

**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
<ol style="list-style-type: none"> <li>1. Provide mechanism for oversight and review on periodic basis.</li> <li>2. Provide management flexibility to make ongoing financing decisions within the framework of the policy.</li> </ol>

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
<ol style="list-style-type: none"> <li>1. Identify core ratios.               <ol style="list-style-type: none"> <li>a. Operating Statement—Debt Burden Ratio.</li> <li>b. Balance Sheet Leverage—Leverage Ratio.</li> </ol> </li> <li>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.</li> </ol>

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*

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

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

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



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

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

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

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

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

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

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.

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

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

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*

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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*

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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*

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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
<ol style="list-style-type: none"> <li>1. Permit decisions regarding debt issuance and structure to be made on a portfolio basis, rather than on a per-project basis.</li> <li>2. Manage variable rate exposure of the debt portfolio.                             <ol style="list-style-type: none"> <li>a. Limit variable rate exposure.</li> <li>b. Manage the overall liquidity requirements associated with outstanding debt.</li> <li>c. Target overall variable rate debt exposure.</li> </ol> </li> <li>3. Evaluate exposure to other financing vehicles and third parties on a portfolio-wide basis.</li> </ol>

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.

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



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 AND STATE AGRICULTURAL COLLEGE

## BOARD OF TRUSTEES

**Guidelines for Selection of University Trustees**

With full deference to the discretion of the bodies and officials who appoint trustees to the University of Vermont and Agricultural College Board, the Board offers the guidelines set forth below for trustee selection. These criteria acknowledge desired competencies and the value of having trustees who reflect the diversity from which the University draws its students and faculty. A trustee's qualifications should encompass:

- Endorsement of the vision and mission of the institution
- Capacity to understand a large, complex organization
- High integrity and sensitivity to conflicts of interest
- Proven leadership and strong decision-making skills
- Commitment to the best interests of the University as a whole as well as the larger communities within which it operates
- Full acceptance of trustee responsibilities (as set forth in the Statement of Trustee Responsibilities), including preparation for and regular attendance at Committee and Board meetings and prompt completion of all work required of a trustee and participation in the life of the University through attendance at ceremonial and social events, as feasible
- Support of the principles articulated in Our Common Ground

In addition, the Board strives to include in its composition trustees who have the following skills and/or experience, recognizing that the University and the Board are best served by having a Board comprised of members with complementary skills and experience, and who reflect diversity in its many forms, including but not limited to gender, race, and ethnicity. The Board should include members who have:

- Financial acumen
- Knowledge of nonprofit organizations or other relevant sectors
- Experience in higher education or with issues facing educational institutions
- Appreciation of the diverse constituencies of which the University is comprised
- Familiarity with the regulatory and political processes
- Fundraising experience
- Familiarity with the needs of the community, the state, and the geographical areas and populations specially served by the University

Board and Committee Leadership, the University President and a student trustee selected by the Board Chair, will meet at least once annually as vacancies arise to discuss the Board's compositional needs.

Attachments:

✓ Strategic Action Plan

✓ Board Bylaws

✓—[Conflict of Interest Policy](#)

✓—[Board Schedule and Workload Expectations \(appended\)](#)

*Approved by the Executive Committee: January 8, 2007*

*Amendments endorsed by the Committee on Board Governance: September 24, 2010*

*Approved as amended by the Board of Trustees: October 30, 2010*

*Amendments endorsed by the Committee on Board Governance: December 10, 2012*

*Approved as amended by the Executive Committee: December 10, 2012*

*Amendments endorsed by the Committee on Board Governance: January 30, 2020*

*Approved as amended by the Board of Trustees: January 31, 2020*