UNIVERSITY OF MAINE SYSTEM
Board of Trustees

University of Southern Maine--Portland
May 20, 2002

Board of Trustees Meeting


Trustee James Mullen, Chair, convened the meeting.

1. Citizen Input. Citizen Comment is a time regularly set aside for comments from the public. No one had signed up to speak.

2. Acceptance of Minutes. The minutes for March 17, 18, 2002 were accepted as written.

3. Chair’s Remarks and Agenda. Trustee Mullen reported that he had attended USM’s recent Commencement exercises which, he said, were very well done and gratifying. He remarked that it is what Trusteeship is all about and thanked those Trustees who had participated in other University commencements.

Trustee Mullen thanked UMFK’s Presidential Search Committee: Trustees Gregory Cyr, Barry McCrum, and Sandra Prescott. He reported that the Chancellor had appointed Dr. Richard Cost to that position and he would take his position on August 1, 2002. Trustee Mullen extended the thanks of the Board to Dr. Donald Zillman who has been Interim President at the University of Maine at Fort Kent and who will return to his duties on the University of Southern Maine campus.

Trustee Mullen announced that Ryan Anderson was attending his last meeting as Student Trustee and thanked him for his hard work and input as a student member of the Board. Trustee Mullen reported that Ryan’s replacement has not been named by the Governor, but it is expected an appointment will be made during the summer. And, he announced that Trustee John DiMatteo had served the second of two 5-year terms and was also attending his last meeting. Trustee DiMatteo’s seat on the Board will be filled by Mr. Lyndel “Joe” Wishcamper, who was attending the meeting unofficially. Trustee Mullen thanked Trustee DiMatteo for his dedication, commitment, wisdom and guidance. On behalf of the Board he thanked Trustee DiMatteo for making the University System a better institution. Trustee Mullen remarked that one of Trustee DiMatteo’s areas of expertise has been finance. He said he has been an exemplary Finance Chair and presented him with a plaque proclaiming him “UMS Trustee Wizard for Finance.” Trustee DiMatteo responded that his ten-year tenure on the Board has been a gratifying experience and thanked his colleagues, students, faculty, administration, and Trustees.

Trustee Mullen also thanked once again Trustee Donald McDowell for his outstanding job as Interim Chancellor and presented him with a gift of appreciation.
Also attending her last meeting was USM Faculty Representative Luisa Deprez, and Trustee Mullen thanked her for her many contributions, such as her leadership role on the Life, Work and Citizenship project.

On behalf of the Board, Trustee Mullen extended congratulations to Trustee Charles “Wick” Johnson who was recently awarded Maine’s Small Business Person of the Year by the Small Business Association.

From the newspapers, Trustee Mullen reported that the System has learned that the Technical College System will become the Community College System for Maine. He said it is worth remembering that the University of Maine System has, in addition to its seven campuses, ten centers and one hundred sites state-wide, been addressing the higher education needs of Maine's communities for over a decade. He said that some would argue that the System has been the de facto Community College of Maine for a long time. UMS has been working with the Technical College System for a couple of years on the community college project and will continue to do so. He said that all forms of higher education represent access to opportunity and this access to opportunity cannot be constructed in a vacuum, for the State has neither the resources nor the time for that luxury. In the final analysis, he said, it is not important which entity becomes or oversees the Community College of Maine. What is important are the needs of the citizens of the State and the System is ready to do its part.

With regard to the FY2003 Operating Budget, Trustee Mullen stated that it is a significant document that has been developed in a financial environment that seems to change almost daily. He commended the Finance Committee of the Board, CFO Yestramski, Chancellor Westphal, the Presidents and their staffs for managing a way to make it work. He recalled that the System was presented with a 50% or $14 million increase in health insurance costs, this against the backdrop of significant shortfalls in State revenues for the next several years. Despite the difficulties, the University has a balanced budget for FY03 that includes a tuition increase of 4.6%. He said that any tuition increase in painful, but the System has done well to hold it to a moderate level. While colleges and universities around the country are regularly announcing double digit enrollment increases, the System remains more affordable than many peer institutions. The University of Maine continues to have the lowest tuition rate of any of the six New England Land Grants, and the other System campuses also compare very favorably with their New England peers. Trustee Mullen said there is no guarantee that the System can continue this level of affordability going forward in the uncertainties of the financial environment. Later in the summer or early fall, he said the Trustees will take a hard look at missions, the relevancy of what is offered, and quality, as the Board tries to set future direction for the System in the face of economic vagaries and demographic probabilities. He warned that the process will lead to making difficult choices, but the choices will have to be made in order to continue offering opportunity to the citizens of the State.

Trustees’ Awards for Advancement of Liberal Learning. Trustee Mullen gratefully acknowledged Trustee Wickham Skinner’s generous award each year for the advancement of teaching and announced this year’s awardees for the Advancement of Liberal Learning as follows: $5,000--USM: “Critical Public and/or Educated Workforce?,” by Ann Dean and Margie Fahey; $3,000--UMPI: “Reading Partnership,” by Barbara Smith Chalou; and $2,000--UMF: “UMF Global Affairs Forum,” by Kenneth Orosz, Scott Erb, and Louis Sell. Trustee Mullen said that not only should the people who received the awards be commended, but Trustee Skinner’s continued commitment to this project also deserves the Board’s thanks.

Trustee Mullen noted that Chancellor Westphal has been appointed as a Professor of Political Science at the University of Maine, effective May. He said it is significant for the fact that it fosters a better relationship between a System-level office and a particular campus, and it keeps the System administration in touch with its students.

Nominating Committee. Trustee DiMatteo, Chair of the Nominating Committee, whose membership included Trustees Prescott, Skinner and Weston, reported that the Committee nominates Trustee Mullen
as Chair for a second term and Trustee McDowell as Vice Chair for a second term. Trustee McCrum seconded the nominations and the Board unanimously approved the slate of officers for 2002-2003.

4. Chancellor's Agenda and Reports. Chancellor Westphal thanked both Chair Mullen and Vice Chair McDowell for their support. He echoed the Chair's remarks relative to the FY2003 budget and the strain the 2% additional cut requested from the Governor has made to the System. He said he is conferring with the Presidents and their respective staffs to develop a plan for the Governor the first part of June. Chancellor Westphal assured the Board and the public that everyone connected with managing the budget are working together in a practical and responsible manner. He went on to report that he has visited each of the campuses and found seven dynamic and different campuses. He said he also found the students to be excited about their education and connected to their faculties. The Chancellor then asked the Presidents to comment on activities on their campuses.

UMM--President John Joseph.

President Joseph reported that Doug Kell, the President of Kelco Company, and a resident of Ellsworth, has recently been elected as Chair of the Board of Visitors and Elizabeth Begin, from Portland and East Machias, is Vice Chair. The Board of Visitors did a fund raising drive in the last six months and exceeded their goal of $53,000 to replace some deceased trees and put in sidewalks on the UMM campus. The final public forum of the year for strategic planning is to be held on the campus, culminating the process this year. The document is helping to focus the institution on developing its niche and preparing for accreditation. UMM will undergo an accreditation review in the Spring of 2004. And finally, architects are working on the final plans for the new dormitory addition.

UMFK--President Donald Zillman.

As part of the transition process, Interim President Zillman reported that he has had several lengthy phone conversations with Dr. Richard Cost, the newly appointed President, and Dr. Cost comes with lots of energy and ideas for the campus. He said the process is going very well.

UMF--President Theo Kalikow

President Kalikow reported that the New England Association Accreditation team visited the campus for three days. It was a good visit and she expects a positive report. The addition to Scott Hall is targeted to be completed in the Fall. The architect for the design of the new education center will be PDT Architects of Portland. Senator Susan Collins will be the Honorary Chair for the Capital Campaign to finish that building. With regard to the endowed chair that is on the agenda for Board approval, the results of the search for that position will be coming to the Board in July. And, President Kalikow thanked Trustee Wick Johnson for representing the Board at Commencement.

USM--President Richard Pattenaude.

President Pattenaude thanked two members of his office staff, Kim Gore and Karen Casey, for their help in hosting the Board on campus. He said Commencement went well and he thanked Trustee Mullen for his eloquence and presence. He reported that enrollment is strong and there is a waiting list of 200 students for residence halls. He also recognized the achievements of three of his faculty: Professor Richard Maiman has written a book entitled “Lawyers at Work” which has been selected to receive the National Political Science Award; Studies in Action; J. Mark Scarcie, in the Music Department, has joined with Tony Morrison to put to music her September 11 memorial poem; and Lynn Kuzma, Professor of Political Science, reinvigorated a model of the United Nations and had 200 high school students from six high schools, 12 USM students, and people from the World Affairs Council on campus for three days of international affairs study.
UMPI--President Nancy Hensel.

President Hensel thanked Trustee McCrum for representing the Board at Commencement and the Chancellor for visiting the campus. She reported that UMPI had a 60th reunion for the classes of 1940, 1941, and 1942. Twenty alums were honored. A faculty retreat was held and there were discussions with the person who developed the National Survey of Student Exchange. The first University Day was held April 17 where students made presentations on their research. Jean Cashman, a faculty member, recently received a State award, along with some others, on legislative issues in social work. President Hensel reported that all three faculty in social work have now received state-wide or national awards. Another faculty member published a book entitled “The Professional Women of Pompeii”. Recruitment is going well and up from last year. The NEASC self-study is in progress and a visit is expected in the Fall of 2003. And, the campus is preparing for its centennial celebration in 2003.

UM--President Peter Hoff

President Hoff reported that the campus held its 200th Commencement graduating 1,666 in two ceremonies. He thanked Trustee William Johnson and Chancellor Westphal for attending. The Buchanan Alumni House will open May 31st and he invited all to attend. The House is named after Robert and Pearlee Buchanan, whose $1 million lead gift made its construction possible. Equally extraordinary was the fact that 13,000 individual alumni also gave to the project. The President reported that enrollment looks good with a bumper crop of students for next year. Professor George Denton was appointed to the National Academy of Science. Dr. Denton is Maine’s first appointee and it is hoped it will open the doors for more appointees from Maine. Dr. Denton is already a member of the Royal Swedish Academy.

UMA--President Charles Lyons

President Lyons reported that the average age of graduates at the recent Commencement was 35 and the average grade point average was 3.2, with 82% of the graduates women. An Honorary Degree was conferred on Austin Wilkins, Commissioner of Maine’s Forests for forty years. Also attending was Ambassador to Canada Kenneth Curtis who awarded the degree. President Lyons reported that construction begins soon on a new student center and classroom/technology building. He thanked Trustees Johnson and Skinner and Vice Chancellor Breece for joining faculty on a retreat day where they were working on focus and mission. He also reported Summer enrollment is good. At UMA this summer alone, 16 ITV courses are running with an average enrollment of 55. President Lyons said that the campus has crossed a major threshold in a year-long effort to become the primary vendor of higher education in Maine to Maine State employees. The Director of Human Resources for the State put out a memo to all State employees telling them about the agreement between the State and UMA and in forty-eight hours there were 1,100 responses from State employees for ITV courses. UMA will begin offering the program in the new State office building this Fall.

5. Committee Reports/Actions.

Audit. Trustee DiMatteo reported for Trustee Edward Fox, who was absent. The Audit Committee met on May 2 with KPMG, the external auditors, as well as internal auditor staff. There was a review of the comprehensive audit engagement of KPMG, which has become a year-round effort. A discussion was held on compliance issues and Trustee DiMatteo said the Board would hear more about it as compliance with federal and state regulations and various social laws continues to impinge further on the responsibilities of the campuses. The Committee also heard the status of internal audit work. And finally, there was discussion of changes to the Internal Audit Charter to redefine the scope of their responsibilities to conform with that of the Institute of Internal Auditing. The Committee excused the internal and external audit staff and continued discussion of the overall organization of audit responsibilities and risk.
Investment. Trustee Wick Johnson reported that the Investment Committee met on May 1 and continued the overview it had been undergoing with CFO Yestramski. The Committee looked at the investment policy for the endowment plan and agreed the goal would be to have a 9% long-term return on the endowment and structured accordingly. They endorsed a 5% rolling three-year average spending from the endowment. And, that the asset allocation would be 70% in equities and 30% in fixed income. A portion of the endowment and pension accounts will be put in high yield bonds. He reported that the move into high-yield bonds as an asset class has high returns and less risk for that return. The Committee asked New England Pension Consultants to conduct a search to recommend a manager for the high-yield bonds and two finalists came and spoke. The Committee selected T. Rowe Price. Five percent of the pension fund will be put in high yield bonds as well as seven percent of the endowment fund.

Finance/Facilities. Trustee DiMatteo reported on the FY2003 budget stating that the University is facing difficult budget times. The System is developing better budgeting techniques and strategic tools through the Office of the Chief Financial Officer. The University has a $14 million increase in health care insurance which it will need to meet without State assistance. The Committee also discussed a $45 million bond issue with regard to fixed- or variable-rate financing.

6. Consent Agenda. Trustee McDowell thanked Trustee Cyr for filling the role of Interim Vice Chair while Trustee McDowell was Interim Chancellor. On motion of Trustee McDowell, which was seconded by Trustee Cyr, the following recommendations were unanimously approved by the Board:

- **FY2003 Operating Budget.** The Board of Trustees approved the FY2003 Operating Budget and Student Charges as presented.

- **UMS Revenue Bond Financing.** The Board of Trustees authorized the System Treasurer on behalf of the University of Maine System to execute and deliver Swap Documents in conjunction with the issuance of the Series 2002 UMS Revenue Bonds and approved the resolution as presented.

- **Acceptance of Gifts, Grants, and Awards.** The Board of Trustees accepted with gratitude all gifts, grants and awards received since the last Board meeting.

- **Facilities Items.**
  - **Darling Marine Center Library Renovations, UM.** The Board of Trustees authorized the renovation of Darling Marine Center library in Wentworth Hall in the amount of $315,000, with funding provided from a National Science Foundation grant in the amount of $139,440, direct cost sharing in the amount of $59,760, and Darling Marine Center funds in the amount of $115,800.

- **Purchase of Property in Bradley and Eddington, Maine, UM.** The Board authorized the purchase of approximately 178 acres of forest land in the Bradley and Eddington area for a proposed purchase price of $31,000, contingent upon adequate funding in the Lands Account to buy the parcels, upon project viability, approval by all regulatory agencies for use of University property, and approval of all documents by University counsel.

- **Release of Property to MSAD #1 Through U.S. Dept. Of Education, UMPI.** The Board of Trustees authorized the transfer of ownership of Duplex 805 on Northern Road in Presque Isle to MSAD #1 through the U.S. Department of Education.

7. Information Items. The following items were included in the discussion materials for information only: the
Board Agenda Calendar and the Summary of Current Statistics.

8. **Next Meeting.** The next meeting of the Board of Trustees will be held at the Pineland Center, New Gloucester, on July 8, 2002.

Adjournment.

Sandra F. Johnson for
Mary Ann Haas, Clerk