

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine System
January 22, 2007

Board of Trustees Meeting

Present: Margaret Weston, Chair; Gregory Cyr, James Dowe, Jean Flahive, Charles Johnson, William Johnson, Chad Marquis, Barry McCrum, Marjorie Medd, Paul Mitchell, James Mullen, Victoria Murphy, and Charles O'Leary. **Absent:** Judith Andrucki, Susan Gendron, and Lyndel Wishcamper. **Chancellor:** Terrence MacTaggart. **Faculty Representatives:** Raymond Albert and Shallee Page. **Student Representatives:** CJ Bernard, Brian Clark, Marie Follayttar, Heather Hickey, Jeremy Logan, Samantha Starrett, and Eben Strout. **University Presidents:** Richard Cost, Cynthia Huggins, Theodora Kalikow, Robert Kennedy, Richard Randall, Richard Pattenaude, and Donald Zillman. **Chancellor's Staff:** James Breece, Tracy Bigney, John Diamond, Kelley Wiltbank, David Wilson, and Joanne Yestranski. **Press and Public.**

Trustee Weston, Chair, called the meeting to order and welcomed everyone.

Citizen Comment. Citizen Comment is a time regularly set aside for comments from the public. No one spoke during the citizen comment period.

Acceptance of Minutes. On a motion by Trustee Mullen, which was seconded by Trustee Marquis, the minutes from the following meetings were unanimously approved as presented:

- October 2, 2006 – Investment Committee meeting
- November 5, 2006 – Audit Committee and Finance/Facilities Committee Joint Session
- November 5-6, 2006 – Board Committee meetings and Board of Trustees meeting
- November 29, 2006 – Investment Committee meeting

Chair's Agenda and Report. Trustee Weston welcomed and introduced the two new Student Representatives to the Board of Trustees – Marie Follayttar from USM and Eben Strout from UM. During the Committee meetings several formidable challenges were discussed such as deferred maintenance and post employment health benefits. The Board also discussed many positive reports which included a presentation from faculty on their sabbatical research and the presentations from Presidents Kennedy & Pattenaude on the impact of the Maine Economic Improvement Fund (MEIF) has had on their campuses.

Trustee Weston encouraged everyone to participate in the campus visits for the three Chancellor candidates. Each open session will be available by Polycom through the State and these sessions will be posted on the Chancellor Search web site. Selection of the next Chancellor will be one of the most important decisions the Trustees will make this year.

Chancellor's Report. Chancellor MacTaggart thanked everyone for their participation in the great meetings over the past two days.

Governor's Budget Proposal

The Chancellor provided a brief update of the Governor's budget proposal compared to what the UMS submitted. The UMS has asked for an 8.4% increase and in the Governor's budget proposal the Educational and General Budget (E&G) has an increase of 2% for the next fiscal year and 2% for the

following year. The State Appropriation is approximately one third of our budget and the State Appropriation makes up about half of our E&G budget.

Brookings Report

Chancellor MacTaggart distributed a document that summarizes the key recommendations of what is referred to as the “Brookings Report”. Three of the key recommendations are increase higher education funding; create partnerships between businesses, State Government, investors and higher education; and decrease administrative and operational costs.

Committee Reports/Action.

Academic Affairs and Student Affairs Committees – Trustee William Johnson reported that the Committees met jointly and recommended the approval of several Academic Program Eliminations at UMA. The Committees reviewed the Academic Year Calendars, the Maine Economic Improvement Fund (MEIF) Annual Report, and the 2005-2006 Annual Report on Degrees Conferred. Eight faculty members provided an informative poster session on their sabbatical research. The Student Representatives to the Board of Trustees and Eric Landis, Maine Professor of the Year and Associate Professor of Civil Engineering at UM, led a discussion on effective teaching strategies.

Finance/Facilities Committee – Trustee Cyr reported that the Committee recommended approval of the Proposed Revisions to Facilities Policies 801 and 802, Lease of Space at USM, and State Funded Capital Requests: FY08-09 Biennium.

Human Resources and Labor Relations Committee – Trustee Flahive reported that the Committee agreed to forward to the consent agenda the following Appointments for Trustee Approval:

Richard R. Campbell, Chief Financial Officer, USM
Joseph F. Carr, Director of University Relations, UM
William H. Foster, Dean, Muskie School of Public Service and Professor with tenure, USM
Karen D. Kemble, Director of Equal Opportunity, UM
Laura L. Pruett, Vice President of Finance, UMA

Investment Committee – Trustee O’Leary reported that the Investment Committee met on November 29th. Assets in the Endowment Fund totaled \$109 million as of September 30, 2006, reflecting a \$3.4 million return on investment (3.2%) over the quarter. The Investment Committee chose to replace Private Capital, one of the current Small/Mid-Cap Equity managers with the small cap value equity portfolio managed by Mesirow Financial Investment Management, Inc., a Chicago-based firm. The Investment Committee chose to invest half of the Endowment Fund International Equity allocation with Globeflex International All Cap Equity Fund. Globeflex, founded in 1994, is a small, independent, employee-owned firm, based in San Diego, CA. The fund has \$5 billion in institutional assets and measures much of their success through very little client turnover. The Pension Fund totaled \$63.9 million as of September 30, 2006, reflecting a return on investment of \$2.3 million (3.7%) for the quarter. The Investment Committee chose to replace Private Capital, the current small/mid-cap equity manager, with the State Street Small Cap Index Plus Strategy. Both the Pension and Endowment Funds currently have other funds invested with State Street. The Operating Fund was up 1.81% for the quarter ending September 30, 2006 and 5.74% for the trailing 12-months, exceeding the budgeted needs for the same period.

Consent Agenda. On a motion by Trustee McCrum, which was seconded by Trustee William Johnson, the following recommendations were unanimously approved by the Board.

Confirm Student Representatives to the Board of Trustees. The Board of Trustees approved the appointments of Eben Strout as the Student Representative to the Board of Trustees from UM until May 2007 and Marie Follayttar as the Student Representative to the Board of Trustees from USM for a one year term.

Honorary Degree Nominations for 2008. The Board of Trustees approved the nominations for the 2008 Honorary Degrees as amended.

Proposed Revisions to Facilities Policies 801 and 802. The Board of Trustees approved the suggested changes to the Board Policies 801 and 802.

Lease of Space – USM. The Board of Trustees authorized the leasing of approximately 17,655 sq. ft. in the Central Maine Commerce Center for a one year period beginning March 1, 2007, at a lease rate of \$15.00 per square foot on a gross basis, contingent upon System Office review of all lease documents.

State Funded Capital Requests: FY08-09 Biennium. The Board of Trustees approved the FY08-09 State Funded Capital Requests: \$62 million of general facility requests; \$3 million emergency FY07 request for the Regional Optical Network; and \$66 million for R&D capital request.

Academic Program Eliminations. The Board of Trustees approved the elimination of the following Associates Degree programs at the University of Maine at Augusta: Architectural Studies, Liberal Arts, Landscape Horticulture, Financial Services, and Social Services.

Appointments for Trustee Approval. The Board of Trustees approved the appointments to the positions at or above the level of Dean or equivalent as recommended by the Chancellor, as follows:

Richard R. Campbell, Chief Financial Officer, USM
Joseph F. Carr, Director of University Relations, UM
William H. Foster, Dean, Muskie School of Public Service and Professor with tenure, USM
Karen D. Kemble, Director of Equal Opportunity, UM
Laura L. Pruet, Vice President of Finance, UMA

Information Items. The following items were included in the agenda for information only:

Poster Session on Sabbaticals
Academic Year Calendars
Student Success Discussion
Maine Economic Improvement Fund (MEIF) Annual Report
2005-2006 Annual Report on Degrees Conferred
Board Discussion of Labor Relations
Annual Report on Grants and Contracts
Agenda Calendar

Date of Next Meeting. The next meeting of the Board of Trustees will be held on March 18-19, 2007, at the University of Maine at Farmington.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk