

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine at Machias
November 6, 2006

Board of Trustees Meeting

Present: Barry McCrum, Vice Chair; Gregory Cyr, James Dowe, Jean Flahive, Charles Johnson, William Johnson, Paul Mitchell, James Mullen, Victoria Murphy, and Lyndel Wishcamper. **Absent:** Judith Andrucki, Susan Gendron, Chad Marquis, Marjorie Medd, Charles O’Leary, and Margaret Weston. **Chancellor:** Terrence MacTaggart. **Faculty Representatives:** Raymond Albert, Anne Blanke (for Terryu Colby), Dan Gunn (for Grace Denison), Shallee Page, Christine Standefer, and Fred Walker. **Student Representatives:** Aaron Robinson. **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 Yestramski. **Press and Public.**

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

Report from President Huggins. In June 2000, John H. Joseph arrived on this campus and he assumed the dual roles of architect and general contractor for the new UMM that he wanted to build. Then he set to work designing and implementing a branding and marketing process that radically redefined how this University thinks of itself and how it presents itself to the outside world. When President Joseph died in May of 2003, he left behind him a partially constructed house and no complete set of blueprints. That was a problem for us, and our building process stalled for a few years. Another problem was that UMM had already, figuratively speaking, moved into the unfinished and still very drafty house. In order to pay for the construction we had already eliminated several key positions and we cut our budget to the bone. Our enrollment faltered and we found ourselves facing a multifaceted problem with depleted resources. Over the past two years we have focused on rebuilding the infrastructure necessary for genuine sustainable success. We have been filling key positions in athletics, development and fund raising, public relations, web management, marketing, grant writing, career development, distance education and continuing education, student affairs, and last, but obviously not least, faculty. Are we succeeding? Yes, I’m pleased to say that we are. Have we found all of the answers? Not yet – but we are getting there.

I’d like to read to you a bit of an e-mail that I received back in September. I had invited the freshman class to meet with me after dinner one evening before the soccer game just to talk about how things were going for them. That’s the kind of thing we do on small campuses. One student e-mailed me the next morning and he apologized for not being there but here’s what he said: “I wanted to make sure that I was able to tell you how much I like being here. I think you are running such a great place. I really like all of my classes and professors. The classes are fun, although, I’ll admit there is about 110% more work to do here than in high school. But, the professors are good about asking us if we need help. All of the other students are very nice. The upperclassmen didn’t waste any time in making us feel part of the UMM family. Which is what it feels like here – a family. Basically, I couldn’t be happier. Thanks for giving me a chance to come to this school.”
Sincerely, Dan

Dan, by the way, was one of the gentlemen who served us at dinner last night and helped you find your way around yesterday afternoon.

Those of us who work in higher education often get so bogged down in worrying about what we need that we lose track of the value of what we already have. We live in a culture of scarcity. Focusing our energies on getting more money, more students, more buildings, more degree programs, more, more, more... UMM is no stranger to scarcity. We need a new Science Building as you heard last night. We need more students, especially to make up for enrollment decline of three years ago. We need a lot of things, but we also already have a lot of wonderful things going on here at Machias, as evidenced by Dan's e-mail to me. UMM's faculty and staff are enthusiastically engaged in a number of exciting and critically important initiatives that will serve the University and our students well over the next few years. The faculty are developing a broad-based assessment plan focused on the student learning outcomes, as you heard this morning. We just hired a wonderful New Student Success Coordinator. Several of our degree programs, such as Interdisciplinary Fine Arts and Recreation Management are up to their necks in mission alignment and program redesign that will attract students from out-of-state. A recent grant from the King Foundation has provided startup funds for an exciting new Book Arts program. By the way, did you know that we have a world renowned paper maker on campus, Bernie Vinzani? The number of student internships is growing by leaps and bounds with wonderful feedback from our local community partners. We have a brand new DNA sequencer sitting in a box in the Science Building waiting to be unpacked and setup.

From my perspective, this University has had a hard time in recent years, at least partially brought on by our traditional reluctance to remove our rose colored glasses and honestly examine our situation. But, the rose colored glasses are gone. Everyone on this campus and many local community members know exactly where we are, where we want to be in five years, and how we intend to get there. We know that it won't be easy; and we know that it depends largely on our ability to brand and market ourselves outside of the State of Maine. Will we get there? Yes, we will. The people that together make up the University of Maine at Machias are stubborn, hard working, proud, outspoken, as you know, and absolutely dedicated to the future of this wonderful college. And, Dan's e-mail, in my opinion is the best kind of evidence of that kind of success.

I want to thank you for your time this afternoon and thank you for your support always. I am deeply grateful and humbled by your trust and your confidence in me. I assure that I will give this presidency everything that I have, because the people at the University of Maine at Machias deserve nothing less. Thank you very much.

Trustee Flahive noted: President Huggins as Chair of the Human Resources and Labor Relations Committee and, on behalf of all of the Board of Trustees, we enthusiastically support your appointment. We are thrilled and your commitment and leadership to this University is outstanding. I have to also believe that your friend and mentor, John Joseph, is smiling down on you today, so happy trails President Huggins.

Citizen Comment. Citizen Comment is a time regularly set aside for comments from the public. The following people spoke during the citizen comment period:

No one signed up to speak at the meeting.

Acceptance of Minutes. On a motion by Trustee Mullen, which was seconded by Trustee Mitchell, the minutes from the September 10-11, 2006 Board Committee Meetings and Board of Trustees Meeting were unanimously approved as presented.

Chair's Agenda and Report. Trustee McCrum congratulated President Huggins and thanked her for all the hospitality, the wonderful accommodations and thanked the staff as well.

Chancellor's Report. Chancellor MacTaggart noted that the Trustees and audience received a handout on the Operational Audit. In sum, as a result of an examination of all the programs, initiatives, and offices within the System Office, we have identified 2.7 million dollars, over 2 fiscal years that can be reallocated back to campuses. Some highlights of those include:

- 11% or \$300,000+ reduction in the senior administration
- Shift of monies for nursing and research to the universities
- Five full- and part-time positions going away
- Million dollar reductions in the IT expenditures
- Cuts in virtually all of the operational budgets

The Chancellor will be meeting with the Presidents later in the week to discuss how the cash that is available from this, some of this is cost avoidance, and some of it is real base reductions which yields money in hand, might be allocated. The two broad areas for allocation will be projects or expenditures to strengthen the quality of what we do and maintain affordability for our students.

Committee Reports/Action.

Academic Affairs and Student Affairs Committees – Trustee William Johnson reported that the Committees met jointly and approved the Awarding of Academic Degrees. The Committees received an update on the Fall 2006 Enrollments and had a discussion about the Derek Bok article on “*The Critical Role of Trustees in Enhancing Student Learning*”.

Audit Committee – Trustee Dowe reported this was a joint meeting with the Finance Committee. The one Action Item was the Annual Audit Report. The Committee had a lengthy conversation in its regard with CFO Yestramski, as well as Steve Caron from KPMG. It was the Committee's view that it should be recommended for acceptance by the full Board. Trustee Dowe shared some comments from Steve Caron. Mr. Caron indicated that he had never seen the kind of cooperation, support and efficiency with which this “year end” close took place. The Committee also discussed the management letter in great deal and management had responses to each one of the issues that was outlined. The Committee spent some time talking about Risk Management. In the view of the members of the Audit Committee and Finance Committee, Risk Management is a top priority for this organization. UMF has totally embraced this concept and has served as the beta site to study the whole Risk Management process as it pertained to their campus. It will be a strong advocate for perpetrating the review process throughout the whole System. The audit function is changing just a little, with some organizational changes that have taken place within the Audit and Finance Departments. The System is going toward a co-source arrangement, working with outside experts to do certain audits while doing others internally. Trustee Dowe concluded by saying there are three things that UMS should be mindful of in the future: 1) disaster recovery; 2) developing a whistle blower policy; and 3) full disclosure to the Board on financial data. Trustee Cyr added that KPMG issued a standard clean opinion with no material defects.

Finance/Facilities Committee – Trustee Cyr reported that the Committee agreed to forward to the consent agenda approval of the following items: the total implementation budget for Project Enterprise of up to \$18 million, a ground lease with the University of Southern Maine Foundation, a three year lease at the Breakwater Marketplace in Rockland to house the University College program currently located in Thomaston, and the FY2006 Annual Financial Report.

Mr. Caron thanked the presidents, System and campuses staffs, the Chancellor and everyone involved in the diligent efforts that are put forth trying to run the System and run it properly. By concluding audits and by reviewing the financial statements, we see that they are.

Human Resources and Labor Relations Committee – Trustee Flahive reported that the Committee agreed to forward to the consent agenda the approval of a Collective Bargaining Agreement with the Associated C.O.L.T. Staff of the Universities of Maine MEA/NEA upon receipt of the notice of ratification by the Association, the ratification of the appointment of Cynthia Huggins as President at UMM, and the following Appointments for Trustee Approval:

Eric Rolfson, Associate Vice President for Development, UM
James D. Stepp, Interim Dean of Students, UMPI
James S. Ward, Assistant Vice President of Research, Economic Development and Governmental Relations, UM

Investment Committee – Trustee Wishcamper reported that the Committee met on October 2nd and the investment highlights are really good. The returns on the Endowment Fund for the fiscal year were 9.79%. Through investments there was a contribution to the System out of the endowment; a spending contribution of about 5 million dollars and it still resulted in a net increase in the Endowment Fund of 6.9 million dollars. The Pension Fund was up 9.6% and operating funds returned 5.26% for the year, which was actually over 5 million dollars just in short term earnings on operating funds which was a really good job by our staff and consultants. We seem to be in really good position in terms of our asset allocations.

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 the New Student Representative to the Board of Trustees. The Board of Trustees approved the appointment of Heather Hickey as the Student Representative to the Board of Trustees from UMFK.

Resolution Regarding “Opportunity Maine”. The Board of Trustees endorsed the efforts of “Opportunity Maine” to establish State tax incentives to encourage Maine residents to pursue post-secondary education in Maine and to live and work in Maine following graduation.

Honorary Degree Nomination for 2007. The Board of Trustees approved the nomination for an Honorary Degree for 2007, as presented.

Awarding of Academic Degrees. The Board of Trustees authorized the awarding of degrees in course for the Fall Commencement 2006 and Spring and Summer Commencements 2007 to

those students fully recommended by the appropriate faculties and the presidents of the respective institutions and/or divisions of the University of Maine System.

Approval of Collective Bargaining Agreement. The Board of Trustees authorized the Chancellor to execute the collective bargaining agreement with the Associated C.O.L.T. Staff of the Universities of Maine MEA/NEA, upon receipt of notice of ratification by the Association.

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

Eric Rolfson, Associate Vice President for Development, UM
James D. Stepp, Interim Dean of Students, UMPI
James S. Ward, Assistant Vice President of Research, Economic Development
and Governmental Relations, UM

Ratification of the Appointment of President, UMM. The Board of Trustees ratified the appointment of Dr. Cynthia Huggins as President of the University of Maine at Machias effective November 6, 2006 with the initial term ending June 30, 2008

Project Enterprise: Next Steps and Approval of Budget. The Board of Trustees approved a total implementation budget for Project Enterprise of up to \$18 million, with funding provided by 2002 UMS revenue bonds plus accrued interest and temporary investment income received over budget.

Approval of Ground Lease between USM and USM Foundation. The Board of Trustees approved the University of Maine System entering into the proposed ground lease with the University of Southern Maine Foundation, with ownership transfer to the University of Maine System in five years contingent upon approval of all lease and property transfer documents by System staff, as amended.

Rockland Center Lease. The Board of Trustees approved a three year lease at Breakwater Marketplace in Rockland to house the University College program currently located in Thomaston, at an annual lease cost of \$144,000, which includes build-out of all educational spaces.

Annual Financial Report FY2006. The Board of Trustees approved the FY2006 Annual Financial Report.

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

Fall 2006 Enrollments
Bok Article Matrix: A Discussion
Board Discussion of Labor Relations
Board of Visitors Annual Reports
Agenda Calendar

Date of Next Meeting. The next meeting of the Board of Trustees will be held on January 21-22, 2007, at the University of Maine System.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk