

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine System
March 16, 2009

Committee of the Whole Meeting

Present: Lyndel Wishcamper, Chair; James Dowe, Jean Flahive, Norman Fournier, Tamera Grieshaber, William Johnson, Barry McCrum, Marjorie Medd, and Wayne Newell, and Charles O'Leary. **Chancellor:** Richard Pattenaude.
Faculty Representatives: Raymond Albert, Terry Colby, Harold Jones, Jerry LaSala, Shallee Page, and Robert Rice. **Student Representatives:** Ashley Davis, Marie Follayttar, Kenneth Hoyt, Antony Mosquera, Cynthia Nesbit, and Charles Weiss. **University Presidents:** Selma Botman, Richard Cost, Allyson Handley, Cynthia Huggins, Theodora Kalikow, Robert Kennedy, and Donald Zillman.
System Staff: Tracy Bigney, James Breece, John Diamond, Rosa Redonnett, Kelley Wiltbank, and Rebecca Wyke.

Absent: Charles Johnson, Susan Gendron, Krisandra Horn, Paul Mitchell, and Victoria Murphy.

Trustee Wishcamper called the meeting to order.

Executive Session

On a motion by Trustee Medd, which was seconded by Trustee William Johnson, the Committee of the Whole agreed to go into Executive Session under provisions of 1 MRSA Section 405 6A & 6C for the purpose of discussing personnel reassignment and duties and labor contracts and upcoming negotiations between UMS and the employee labor unions.

On a motion by Trustee William Johnson, which was seconded by Trustee Grieshaber, the Committee of the Whole concluded Executive Session.

Chair's & Chancellor's Comments.

Trustee Wishcamper welcomed everyone. Chancellor Richard Pattenaude acknowledged the challenging times for the University of Maine System and applauded the efforts of the Presidents, campus leaders, and System Senior Staff to solve these issues. The UMS core mission is in the forefront and there is a great deal of work ahead. As evident of our continuing commitment to the quality of our institution, at this Board meeting the Board of Trustees will be reviewing the tenure nominations for 2009.

Appointment of the Trustee Nominating Committee.

The Board of Trustees authorized the Chair to appoint members of the Board of Trustees to the Trustee Nominating Committee for the purpose of presenting the names of members of the Board of Trustees to serve as Chair and Vice Chair for the Board for the Fiscal Year 2010.

On a motion by Trustee William Johnson, which was seconded by Trustee Flahive, the Committee agreed to forward the recommendation to the consent agenda for action.

Trustee Wishcamper appointed Trustees Murphy, Dowe and O’Leary to the Trustee Nominating Committee.

Approval of the Board Meeting Schedule and Calendar for 2009-2010 and 2010-2011

Academic Years. Chancellor Pattenaude explained the Board Meeting Schedule and Calendar for 2009-2010 and the proposed dates for 2010-2011. For cost savings the calendar has been developed as one-day meetings at the University of Maine System in Bangor. The Board Calendar is as follows:

2009-2010 Dates:

July 13, 2009
September 14, 2009
November 16, 2009
January 11, 2010
March 15, 2010
May 24, 2010

Proposed Dates for 2010-2011:

July 12, 2010
September 13, 2010
November 15, 2010
January 10, 2011
March 14, 2011
May 23, 2011

Trustee Wishcamper asked the Presidents and the Chancellor to find informal ways to engage Trustees on the campuses. Trustee Medd raised concern that it will be more challenging for the newly appointed Board members to become orientated with their role and the opportunity for interaction with the campuses now that the Trustees have agreed to move to one-day meetings at the System Office in Bangor instead of the two-day sessions on the campuses. Trustee William Johnson suggested that the Presidents should continue, on a rotating basis, to provide the Board with campus updates at the beginning of the Academic & Student Affairs Committee.

On a motion by Trustee O’Leary, which was seconded by Trustee Medd, the Committee agreed to forward the recommendation to the consent agenda for action.

Confirm Student Representative to the Board of Trustees. Chancellor Pattenaude presented the nomination from the University of Maine at Farmington for appointment as student representative to the Board of Trustees:

Student Representative:

Katherine DesFosses – UMF (finishing the term of Meridith Hughes ending Nov. 2010)

On a motion by Trustee Fournier, which was seconded by Trustee Medd, the Committee agreed to forward the recommendation to the consent agenda for action.

FY2010 Endowment Distribution Rate Per Share. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, explained the Investment Committee met on February 10, 2009 to review the fiscal year 2010 endowment distribution rate. Ms. Tracy Elliott, Director of Finance and Controller, had worked with the University’s investment consultant, NEPC, to learn other schools’ approaches to the calculation and had prepared calculations using two methods and several rates for the committee’s consideration. One calculation (the current method) took a weighted average approach, applying the spending rate to the calendar year end market value while also weighting the value of FY09’s estimated endowment distributions increased by inflation. The second calculation applied spending rates to a 3 year market value average. The second method, a method that better smoothes volatile markets, was adopted with a 5% spending rate. Ms. Wyke stressed that in adopting this market average method, the

University should commit to it in good times and in bad; the Investment Committee agreed. With a three year average, the negative impact of the past year will be eased in over time; by the same token, during good times, the increase in distributions will be realized over time. Regardless of the distribution method, FY10 endowment distributions will be down because of two factors: the market value of the endowment is down and 24% of funds are underwater, meaning that some endowments have market values at 12/31/08 that are less than corpus. Distributions on these individual endowments are suspended for FY10. The Committee acknowledged the campuses dependency on the endowment distributions, especially in these enormously difficult fiscal times.

The Investment Committee recommended that the Board of Trustees approved and ratify the FY10 endowment distribution rate per share of \$15.64336.

On a motion by Trustee Fournier, which was seconded by Trustee William Johnson, the Committee agreed to forward the recommendation to the consent agenda for action.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk