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

Financial Update.  Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, provided a financial update on the following items.

FY10 Forecast versus Budget as of February 28, 2010
The February Forecast is the second of three forecasts analyzing the status of the FY10 Budget. The UMS currently has a forecasted operating surplus of $9.8 million for FY10, or a surplus equivalent to 1.9% of our annual unrestricted operating budget. The major components of the forecast include the following:

- Implementation of a $5.9 million state appropriation curtailment in November 2009
- State Fiscal Stabilization Funds of $7.3 million. The forecast reflects $4.3 million of these funds having been expended and $1.8 million in reimbursement having been received. It is important to note that stimulus funds are underwriting our favorable performance in FY10.
- Temporary investment income is currently exceeding the annual budget by $7.7 million, this is the same amount as the net loss compared to budget for FY09.
- An increase in post-retirement healthcare costs, which can be significantly mitigated by implementing the recommendations of the Retiree Health Task Force. However, the estimated FY10 annual required contribution is still $2.2 million over budget.
- The FY10 Residence Hall Occupancy is down by 355, or 5.2% and the FY10 Spring Enrollment is above budget by 819 FTE, or 3.8%.

The University of Maine is projecting a $1.5 million net increase at the close of FY10. Spring enrollments were above budget by 409 FTE, or 4.8% and the residence hall occupancy is below budget by 161, or 4.4%, in part because the entering class did not fully occupy two residence halls set aside for first year students.

The University of Maine at Augusta is projecting a $1.2 million net increase at the close of FY10 and spring enrollments were above budget by 185 FTE, or 7.4%.

The University of Maine at Farmington is projecting a $643 thousand net increase at the close of FY10. Spring enrollments were above budget by 130 FTE, or 7.6% and the residence hall occupancy is below budget by 34, or 3.2%.
The University of Maine at Fort Kent is projecting a $68 thousand net loss at the close of FY10. This is an improvement since November, when UMFK projected a net loss of $127 thousand. Spring enrollments were below budget by 11 FTE, or 1.6% and the residence hall occupancy is below budget by 33, or 16.5%.

The University of Maine at Machias is projecting a $40 thousand net increase at the close of FY10. Spring enrollments were above budget by 37 FTE, or 6.8% and the residence hall occupancy is above budget by 2, or 0.8%.

The University of Maine at Presque Isle is projecting a $173 thousand net increase at the close of FY10. Spring enrollments were below budget by 3 FTE, or 0.3% and the residence hall occupancy is below budget by 30, or 10%.

The University of Southern Maine is projecting a $1.5 million net increase at the close of FY10. However, this projection does not include the impact on compensation costs of the proposed restructuring or the recently approved AFUM retirement incentive. Spring enrollments were above budget by 72 FTE, or 1.1% and the residence hall occupancy is below budget by 99, or 6.9%.

System Wide Services is projecting to break even. Reductions to the operating budget in personal services, supplies, utilities, professional services and travel offset the reduction in appropriation due to the curtailment.

Managed Investment Pool (including Endowment Fund)
In January 2010 the Managed Investment Pool, including the Endowment Fund lost 2.1% but has gained 13% for the fiscal year to date through January 31\textsuperscript{st}. The Market Value of the Managed Investment Pool is $144.2 million and changes in Market Value besides market fluctuation include contributions and distributions, including UMS contributions to the OPEB Trust, and the Maine Maritime Academy’s participation in the fund since January 2009.

Pension Fund
In January 2010 the Pension Fund lost 1.6% but has gained 12.4% for the fiscal year to date through January 31\textsuperscript{st} and the Market Value of the Pension Fund is $44.7 million.

Operating Fund
In January 2010 the Operating Fund grew by 0.3% and the fund has grown 5.1% for the fiscal year-to-date.

Update on FY10 Savings Target
The current Multi-Year Plan projects an $18.0 million gap in FY10. The Final Report and Implementation Plan shows the savings targets by year, as follows:

- **University/SWS Savings $11.5 million** - Implemented to balance the FY10 budget, these initiatives are on target to achieve the $11.5 million.

- **Workforce Management $6.5 million** – UMS has already implemented $6.4 million in savings towards the target to date through agreements with five bargaining units. UMS has a tentative agreement with PATFA which is awaiting ratification.
Hybrid IT Model and Other Savings $0.9 million – This initiative will achieve $0.6 million in FY10 and is on target to achieve $1.0 million by FY13.

Finance and Accounting/Waivers $0.4 million – The Touchnet convenience fee solution has been implemented at UMF, UMM and USM and is on target to achieve $350 thousand in savings. The Board of Trustees reviewed the tuition waivers at the November meeting and moved forward $700 thousand out of a possible $860 thousand in savings for FY11.

Strategic Procurement $0.6 -$1.1 million – The implementation of strategic sourcing is in progress and on target to achieve $600 thousand in savings. The upper end of savings, representing $1.1 million, requires implementation of the enterprise procurement model. The Shared Services Advisory Council endorsed the technology investment at their November 2nd meeting and streamlined accounts payable processing at their March 4th meeting. Therefore, good progress is being made to implement these savings for FY11.

Review of Low-Enrolled Courses $1.0 million – The implementation is underway and is on target to achieve the target of $1.0 million in savings.

Overall, the UMS appears to be on target to achieve savings close to the projected $18 million gap for FY10.

FY11 Supplemental Budget Status
The Governor’s Supplemental Budget originally proposed a $6 million reduction in appropriation to the University of Maine System for FY11. On March 3, 2010 the Governor proposed full restoration of those funds in a change package presented to the Appropriations Committee. On March 10, 2010, the Appropriations Committee concurred with the Governor and voted to include the restoration in the budget.

UMS State Appropriation and ARRA Education Stabilization Funding
In FY11 the E & G Appropriation is $176.4 million and $5.9 million of stabilization funding for a total of $182.3 million. In FY12 the stabilization funding disappears; therefore, the total Appropriation is $176.4.

Capital Projects Status Report. Mr. Eduard Dailide, System Director of Facilities Management and Planning, provided an update on the status of Board of Trustees approved capital projects.

Advanced Engineered Wood Composites Center Expansion at UM. Mr. Dailide, explained the Advanced Engineered Wood Composites (AEWC) Center expansion at UM. In September 2008, the Board of Trustees authorized construction of a $5 million addition to the AEWC Center. The addition, designed to test up to 50 meter wind turbine blades, comprised 15,242 gross square feet. Funding was awarded by the Maine Technology Institute (MTI). Construction commenced in November 2009, with $1,015,400 of available project funds expended to date. An additional $890,300 is currently encumbered for a total expended and encumbered to date of $1,905,700.

During 2009, the AEWC submitted a grant proposal to the National Institute of Standards and Technology (NIST). The proposal sought funding to expand the 15,242 square foot addition to
30,000 square feet to provide space for prototyping large composite structures, a large structural testing laboratory with a test stand capable of testing prototype 70-meter wind blades. In January 2010, UM was notified that its grant proposal in the amount of $12.4 million was successful. MTI and NIST concur with combining project funds.

The Board of Trustee requires notification when a Board approved project increases in scope as stated in Board Policy 701. The AEWC Expansion Project will increase from 15,242 square feet to 30,000 square feet with a corresponding increase in total project cost from $5 million to $17.4 million.

**Communication & Media Studies Space Renovation – USM.** Mr. Dailide explained the proposed Communication & Media Studies space renovation project at USM. The Communication & Media Studies academic program needs to be relocated from 68 High Street due to the proposed sale of that property. The University has determined it would be more cost effective to curtail operations at 68 High Street in advance of the sale.

The renovation, reconfiguration, and modernization of vacant space in the Sullivan Gym annex has been identified as a cost efficient alternative. The $500,000 cost of the renovation will be paid from proceeds from the sale of 68 High Street. In advance of receipt of those funds, this summer’s construction project and relocation costs will be covered by delaying some maintenance projects. These maintenance projects will be re-scheduled once the proceeds of the sale of 68 High Street are received.

On a motion by Trustee McCrum, which was seconded by Trustee Murphy, the Committee agreed to forward the recommendation to the content agenda.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk