

UNIVERSITY OF MAINE SYSTEM
Board of Trustees

University of Maine at Fort Kent
June 6, 2005

Board of Trustees Meeting

Present: James Mullen, Interim Vice Chair; James Dowe, Jean Flahive, Chad Marquis, Barry McCrum, Marjorie Medd, Charles O’Leary, Margaret Weston, and Lyndel Wishcamper. Absent: Judith Andrucki, Gregory Cyr, Susan Gendron, Charles Johnson, William Johnson, Paul Mitchell, and Victoria Murphy. Chancellor: Joseph Westphal. Faculty Representatives: Lucinda Cole, Grace Denison, Dana Humphrey, Bruno Hicks, Carol Kontos, Gerard NeCastro, and Allan Salo. New Faculty Representatives: Raymond Albert, Robert Rice, and Christine Standefer. Student Representatives: Whitney Bouchard, Rob Dean, Brandon Libby, Leah Malave, Benjamin Meiklejohn, and Zachary Smith. New Student Representative: Greta Martin. University Presidents: Richard Cost, Cynthia Huggins, Charles Lyons, Theodora Kalikow, Robert Kenney, Richard Pattenau, and William Shields. Chancellor’s Staff: Tracy Bigney, James Breece, John Diamond, Frank Gerry, Elsa Nuñez, Judy Ryan, Kelley Wiltbank, and Joanne Yestramski. Press and Public.

Trustee Mullen, Interim Vice 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 signed up to speak during the citizen comment period.

Acceptance of Minutes. On a motion by Trustee McCrum, which was seconded by Trustee Dowe, the minutes from the February 17, 2005 – Audit Committee meeting; March 8, 2005 – Investment Committee meeting; and March 14, 2005 Board of Trustees meeting and Committee meetings, were unanimously approved as presented.

Chair’s Agenda and Report. Trustee Mullen thanked President Cost, Ms. Naomi Nicolas, and the UMFK staff for hosting the Board of Trustees. The new members of the Board of Trustees were formally introduced and welcomed to the Board: Marjorie Medd from Norway, Charles O’Leary from Orono, and Chad Marquis from Fort Kent as the Student Trustee.

Trustee Mullen continued this remarks by commenting that not many years ago, while at UMFK, the Trustees starting changing our thinking about “the box were in” which is a term coined by a former Trustee Wickham Skinner. The discussions were how the UMS can get out of the box we are in which means continued support from the Legislature was declining, our expenses were increasing, and the System needed to do something about it. Those discussions were the genesis for the development of the Strategic Plan. The box we are in keeps getting smaller and smaller. In the last three years the UMS has been deappropriated by a total of \$16 million and in that same period of time the UMS health care insurance has increased by \$24 million. These two issues total \$40 million. To put that \$40 million into prospective, that amount is greater than the combined budgets of the UMFK, UMPI, and UMM. The UMS also has close to 1/3 of a billion dollars in deferred maintenance. So the box we are in keeps getting tighter and tighter and that is why it is so important that we keep pushing forward with the Strategic Plan, the efforts to centralize services, and operate more efficiently. Trustee Mullen recognized Donald McDowell and Wickham Skinner, former Trustees who resigned just prior to their terms ending because of

their strong feelings on some Legislative actions. These two men who worked very diligently on the Strategic Plan and were outstanding Trustees for 10 years. On behalf of all of the Trustees, Trustee Mullen expressed his thanks and recognized them for all of their time and energy they dedicated to the University of Maine System.

Recognize Trustees McDowell and Skinner. On a motion by Trustee Weston, which was seconded by Trustee McCrum, the Board of Trustees approved the following resolutions:

Resolution for Trustee Donald L. McDowell

Be it known to all that we, the members of the University of Maine System Board of Trustees, offer our sincere gratitude and deepest appreciation to

Donald L. McDowell
Trustee, 1995-2005; Vice Chair of the Board, 1999-2001, 2002-2003; and
Interim Chancellor, 2001-2002

for outstanding service, dedication, and commitment to the University of Maine System's mission, constituencies, and well-being. Approved this sixth day of June, 2005 at the University of Maine at Fort Kent - Fort Kent, Maine.

Resolution for Trustee Wickham Skinner

Be it known to all that we, the members of the University of Maine System Board of Trustees, offer our sincere gratitude and deepest appreciation to

Wickham Skinner, Ph.D.
Trustee, 1995-2005 and Vice Chair of the Board, 2003-2005

for outstanding service, dedication, and commitment to the University of Maine System's mission, constituencies, and well-being. Approved this sixth day of June, 2005 at the University of Maine at Fort Kent - Fort Kent, Maine.

Chancellor's Agenda and Reports. Chancellor Westphal expressed appreciation to President Charles Lyons for his leadership, service and dedication as President and presented him with a plaque.

Acknowledgement of President Lyons. On a motion by Trustee Weston, which was seconded by Trustee Medd, the Board of Trustees approved the following resolution:

Resolution for President Charles M. Lyons

Be it known to all that we, the members of the University of Maine System Board of Trustees, offer our sincere gratitude and deepest appreciation to

Charles M. Lyons, Ed.D.
President, University of Maine at Fort Kent
1999-2001
President, University of Maine at Augusta
2002-2006
Vice Chancellor for University College Outreach, University of Maine System
2001-2004

for outstanding leadership, service, and dedication as President and in advancement of the University of Maine System's mission, constituencies, and well-being. Approved this sixth day of June, 2005 at the University of Maine at Fort Kent - Fort Kent, Maine.

Chancellor Westphal continued his remarks by talking about the exciting things going on at the UMS. The UMS celebrated commencement for 5000 students in May, the spring full-time enrollment was 22,754 which is an increase of 118 more FTE students than the previous semester, and over all for this academic year the spring enrollment was 94% of the fall enrollment which is a very high retention rate. We currently have 2000 students that have transferred from the Maine Community Colleges, which is a 35% increase since 2001, and annually the UMS receives approximately 450 students transferring from the Maine Community College System. Total grants and contracts reached an all time high of \$120 million. The UMS used \$10.5 million from Maine Economic Improvement Fund (MEIF) to enable the UMS to leverage over \$42 million in external grants and contracts in targeted research for a total of \$53.3 million this past year. Our Universities are raising well over \$20 million per year in annual gifts and the combined University of Maine Foundation and the University of Maine System holdings total approximately \$250 million in endowment funds. The UMS contributes approximately \$1.3 billion annually to Maine economy.

Chancellor Westphal expressed his thanks to the Presidents and the System Senior Staff for their leadership and direction. The Legislature is currently working on Part 2 of the budget and the Appropriations Committee recently approved to expand the UMS borrowing capacity to \$220 million.

Committee Reports/Action.

Academic Affairs Committee – Trustee Mullen reported that five items were discussed which included a Bachelor of Applied Science at UMPI, Bachelor of Arts in Liberal Studies at UMA, Change to Board Policy Section 213: Honorary Degrees, University of Maine at Fort Kent Mission Statement, and a very informative report from the Committee on College Readiness.

Audit Committee – Trustee Dowe reported that the Committee met on February 17th and May 18th and expressed his thanks to Ms. Tracy Elliot, Director of Internal Audit, and her staff for a great job. The external auditors, KPMG, are stressing the importance of developing more thorough policies and procedures and recommended the UMS hire a position of Controller. The Audit Committee and System management agree with the recommendation. The engagement letter was signed with KPMG for the next year. KPMG feels the transition to PeopleSoft will provide an opportunity to put improved policies and procedures in place.

Finance/Facilities Committee – Trustee McCrum reported that the Committee discussed six action items including FY2006 Budget and Recommended Student Charges; Acquisition and Subsequent Transfer of Surplus Property at the Corea Naval Base in Gouldsboro, Maine; USM Leases for 400 Congress Street in Portland and 295 Water Street in Augusta; Dining Services Renewal Project at UM; Gift of a Sports Dome at UM; and Acquisition of Residential Property at UMFK. The Committee was also briefed on the UM Fundraising Campaign. The Co-generation Subcommittee was given a 60 days extension to report back to the Chancellor on their findings.

Human Resources and Labor Relations Committee – Trustee Weston reported that the Committee approved several items for the consent agenda: appointment of Karl E. Burgher as the President at UMPI; appointment of Mr. Richard Randall as the Interim President at UMA; appointment of Celeste Branham as the Vice President for Student and Community Service at

UMF; William Geller as the Vice President for Administration at UMF; Susan Hunter as the Associate Provost for Undergraduate Education at UM; and Gillian Jordan as the Dean of University College of Bangor at UMA. The Committee also received an Annual Report of Named Chairs and Professorships.

Investment Committee – Trustee Wishcamper stated the last meeting of the Investment Committee was in February and next meeting is scheduled for June 16th. The Board will receive a report at the September meeting.

Student Affairs Committee – Trustee Mullen reported the Committee received a very informative report on Strategic Direction # 1 Quality: Financial Aid Study and the Board will need to follow-up on this report after Phase 2 of the study has been completed.

Consent Agenda. On a motion by Trustee Mullen, which was seconded by Trustee Weston, the following recommendations were unanimously approved by the Board.

Confirm the New Faculty and Student Representatives to the Board of Trustees. The Board of Trustees approved the appointments of the Faculty and Student Representatives to the Board of Trustees as follows: Faculty Representatives: Robert Rice, UM; Raymond Albert, UMFK; and Christine Standefer, UMPI. Student Representatives: Leah Malave, UMA and Greta Martin, UMFK.

Election of Board Officers. The Board of Trustees approved the Board of Trustee slate of officers for 2005-2006 recommended by the Trustee Affairs Committee: Trustee Charles L. Johnson, III as Chair and Trustee Margaret Weston as Vice Chair.

Board of Trustees Meeting Calendar Changes. The Board of Trustees approved the Board Meeting Schedule and Calendar for the 2005-2006 fiscal year and the tentative dates for the 2006-2007 fiscal year, as presented.

Acknowledgement of President Shields. The Board of Trustees approved the following resolutions:

Resolution for William A. Shields

Be it known to all that we, the members of the University of Maine System Board of Trustees, offer our sincere gratitude and deepest appreciation to

William A. Shields, Ph.D.
Acting President, University of Maine at Presque Isle - 2004-2005

for outstanding leadership, service, and dedication as President and in advancement of the University of Maine System's mission, constituencies, and well-being. Approved this sixth day of June, 2005 at the University of Maine at Fort Kent - Fort Kent, Maine.

Resolution for Exclusion of Certain Directors or Officers. The Board of Trustees approved the Resolution for Exclusion of Certain Directors or Officers on Department of Defense grants as follows:

Whereas, current Department of Defense directives contain a provision making it mandatory that the Chair of the Board and all principal officers (such as President, Senior Vice President, Secretary, Treasurer, and

those occupying similar positions) meet the personnel security clearances requirements established for a contractor's facility security clearance; and

Whereas, said Department of Defense Regulations permit the exclusion from the personnel clearance requirements of certain members of the Board of Trustees and other officers, provided that this action is recorded in corporate minutes.

Now Therefore Be it Declared that the Chair of the Board, at least an official quorum of the Board of Directors (the executive committee of six members of the Board of Directors), and all principal officers (such as, President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions) at the present time do possess, or shall be processed for, the required security clearance; and

Be It Resolved that in the future, when any individual enters upon any duties as Chair of the Board, as a replacement for one of the cleared quorum of the Board, or as one of the principal officers of this corporation (such as President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions), such individual shall immediately make application for the required security clearance; and

Be It Resolved Further that the following members of the Board of Trustees and other officers shall not require, shall not have, and can be effectively excluded from access to CLASSIFIED information in the possession of the University and do not occupy positions that would enable them to affect adversely University policies or practices in the performance of classified contracts for the Department of Defense or the User Agencies of its Industrial Security Program: Judith W. Andrucki, Gregory G. Cyr, P. James Dowe, Jean M. Flahive, Susan A. Gendron, Charles L. Johnson III, William D. Johnson, Chad Marquis, Marjorie Murray Medd, Barry D. McCrum, Paul J. Mitchell, James D. Mullen, Victoria M. Murphy, Charles J. O'Leary, Margaret A. Weston, Lyndel J. Wishcamper; Chancellor, Joseph W. Westphal, Chief Financial Officer and Treasurer, Joanne L. Yestramski; and Clerk of the Board, J. Kelley Wiltbank.

Confirmation of Boards of Visitors. The Board of Trustees confirmed the appointment of new members to the campus Boards of Visitors, as presented.

FY2006 Budget and Recommended Student Charges. The Board of Trustees approved the FY2006 Operating Budget and Student Charges.

Acquisition and Subsequent Transfer of Surplus Property, Corea Naval Base, Gouldsboro, Maine. The Board of Trustees approved the acquisition of surplus US Navy property in Corea, Maine as a site for coastal economic development, with immediate transfer of ownership to the non-profit Acadia Capital Corporation to manage the development of the site. The process will involve no cost to the University of Maine System and will require approval of all legal and environmental documents by System staff.

USM Leases – 400 Congress Street, Portland and 295 Water Street, Augusta. The Board of Trustees authorized the leasing of approximately 11,125 square feet at 400 Congress Street in Portland from A & M Partners, Inc., for a two-year period with options to renew. Final signing of the lease will be subject to UMS legal counsel approval of the lease agreement; and the Board of Trustees authorized the leasing of approximately 26,103 square feet at 295 Water Street in Augusta (the Old Federal Building) from Vickery-Downing Associates, Inc. for a two-year period with options to renew. Final signing of the lease will be subject to legal counsel approval of the actual lease agreement.

Dining Services Renewal Project – UM. The Board of Trustees approved the renewal project for renovating three dining service sites, at a cost of \$19 million, to be funded using University revenue bonds, subject to the legislated increase in the System's debt ceiling, with debt service to be paid from improved efficiencies and increased sales revenues. The Board also approved a

resolution to permit the future sales of revenue bonds for this project:

Reimbursement Resolution

Be it resolved that, for the purposes of Treasury Regulation § 1.150-2, the University of Maine System reasonably expects to (1) incur debt to reimburse expenditures (including expenditures made within the last 60 days), such expenditures to be made to pay the cost, or a portion of the cost, of improving the Dining Services functionality and food services at the University of Maine, and (2) that the maximum principal amount of debt to be issued through this Resolution is Nineteen Million Dollars (\$19,000,000).

Gift of Sports Dome - UM. The Board of Trustees accepted the gift of and approved the installation of a 38,000 square foot inflated dome structure for Athletic Department and other activities.

Acquisition of Residential Property – UMFK. The Board of Trustees approved the purchase of 62 Pleasant Street, adjacent to the UMFK campus, to meet present and future space needs, funded by campus reserves, subject to legal review by System staff.

Bachelor of Applied Science – UMPI. The Board of Trustees of the University of Maine System approved the establishment of the Bachelor of Applied Science at the University of Maine at Presque Isle.

Bachelor of Arts in Liberal Studies – UMA. The Board of Trustees of the University of Maine System approved the establishment of the Bachelor of Arts in Liberal Studies at the University of Maine at Augusta.

Change to Board Policy Section 213: Honorary Degrees. The Board of Trustees of the University of Maine System approved the changes to the Board Policy Section 213: Honorary Degrees as presented.

University of Maine at Fort Kent Mission Statement. The Board of Trustees adopted the revised mission statement for the University of Maine at Fort Kent.

Appointment of President, University of Maine at Presque Isle. The Board of Trustees approved the appointment of Dr. Karl E. Burgher as President of the University of Maine at Presque Isle for a two-year term effective August 1, 2005.

Appointment of Interim President, University of Maine at Augusta. The Board of Trustees approved the appointment of Mr. Richard Randall as Interim President of the University of Maine at Augusta for a one-year term effective July 1, 2005.

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

Celeste Branham, Vice President for Student and Community Services, UMF
William Geller, Vice President for Administration, UMF
Susan Hunter, Associate Provost for Undergraduate Education, UM
Gillian Jordan, Dean of University College of Bangor, UMA

Interim President William Shields, UMPI, expressed his appreciation to the University of Maine

System. He and his wife, Judy, have enjoyed their year in Maine and felt welcomed and at home. He has enjoyed being part of higher education in the State of Maine and thanked the Trustees and Chancellor Westphal for extending him the opportunity. It has been his pleasure and honor to serve as the President at UMPI and work together with an outstanding group of faculty and staff who every day demonstrate their comment to student service and quality higher education. He acknowledged his fellow Presidents and appreciated their professionalism, collegueship, and their friendship. President Shield expressed particular appreciation to President Cost, President Huggins and Sue Huseman, fellow Consortium Presidents, with who he developed a very close relationship. In closing he extended his best wishes to the University of Maine System as the System continues to address the challenges of higher education in the State of Maine.

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

- Implementation Planning: Interim Committee Reports
- Fundraising Campaign, UM
- Committee on College Readiness Report
- Strategic Direction # 1 Quality: Financial Aid Study
- Annual Report of Named Chairs and Professorships
- Collective Bargaining Update
- Agenda Calendar
- Summary of Current Statistics

Date of Next Meeting. The next meeting of the Board of Trustees will be held on September 25-26, 2005, at the University of Maine at Farmington.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk