

UNIVERSITY OF MAINE SYSTEM
Board of Trustees

University of Maine System
March 14, 2005

Board of Trustees Meeting

Present: Charles Johnson, Chair; Judith Andrucki, Gregory Cyr, James Dowe, Jean Flahive, Barry McCrum, James Mullen, Victoria Murphy, Matthew Rodrigue, Wickham Skinner, and Margaret Weston. Absent: Susan Gendron, William Johnson, Donald McDowell, Paul Mitchell, and Lyndel Wishcamper. Faculty Representatives: Lucinda Cole, Grace Denison, Bruno Hicks, and Dana Humphrey. Student Representatives: Brandon Libby, Leah Malave, and Benjamin Meiklejohn. Chancellor: Joseph Westphal. University Presidents: Richard Cost, Cynthia Huggins, Allen Berger (for President Kalikow), Robert Kennedy, Charles Lyons, Richard Pattenaude, and William Shields. Chancellor's Staff: Tracy Bigney, James Breece, John Diamond, Tracy Elliott, Frank Gerry, Elsa Nuñez, Judy Ryan, Kelley Wiltbank, David Wilson, and Joanne Yestramski. Press and Public.

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

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

Ken Borneman
Jim LaBrecque
Jesse Packard
Rob Bennett

Acceptance of Minutes. On a motion by Trustee Mullen, which was seconded by Trustee Andrucki, the minutes from the November 15, 2004 Investment Committee; January 24, 2005 Committee meetings and Board of Trustees meeting; and February 3, 2005 Trustee Affairs meeting, were unanimously approved as presented.

Chair's Agenda and Report. Trustee Johnson expressed his appreciation for everyone's flexibility with the meeting schedule being consolidated to a one day session. Several significant issues were discussed in the Committee meetings which include the establishment of the Trustee Affairs Committee, discussions about the changes in the accounting standards as they apply to our postemployment medical benefits, approval of the 2005 tenure nominations, and discussion of capital projects including construction and renovation of residence halls and the UMaine co-generation project.

Chancellor's Agenda and Reports. Chancellor Westphal commented that one of the most important decisions the Board makes is the approval of tenure each year. The discussions during the Committee meetings were very helpful and we will continue to gather additional information on the Co-generation project and the Corea Property transfer and forward the information to the Board. An alternative date for the September Board meeting will be pursued in order to accommodate the request from the Faculty Representatives to move the Board meeting because of the availability of the consultant who will speak about "shared governance". He also stated that the Appropriations

Committee is still meeting and we are waiting for the outcome of their deliberations. The UMS will have a very serious deficit this coming year.

Committee Reports/Action.

Academic Affairs Committee – Trustee Skinner, Chair, reported that due to the condensed agenda the Committee was not able to have the shared governance discussions but it will be rescheduled for the September Board meeting. The Committee recommended the elimination of the Associate Business Administration degree and approval of the 2005 tenure nominations.

Audit Committee – Trustee Dowe, Chair, thanked the Committee and Ms. Tracy Elliott, Director of Internal Audit, for their efforts. At the meeting on February 17th the Committee reviewed the NCAA audit at UM. This year's audit results were very positive and the Audit Committee expressed their thanks to Patrick Nero, Athletic Director, for his efforts. The UMS external auditor, KPMG, recommended strengthening our audit and financial capacity by adding the position of Controller. Dr. Elsa Nuñez, Vice Chancellor for Academic and Student Affairs, and Ms. Joanne Yestramski, Chief Financial Officer and Treasurer, briefed the Board of Trustees on the Transforming Higher Education Student Integrated Services (THESIS) project.

Finance/Facilities Committee – Trustee McCrum, Chair, reported that the Committee discussed eight action items which were Revenue Bond Projects: Residence Hall Renovations at UM and Construction of a New Residence Hall on the USM Gorham campus, Acquisition of other Property at USM, Cogeneration Project at UM, Construction at the Alford Arena at UM for the Hall of Fame and Skyboxes, Naming of Physical Facility at UMF, and property exchange at the Corea Naval Base.

Human Resources and Labor Relations Committee - Trustee Weston, Chair, reported the Committee had a presentation on the postemployment medical benefits review. The Committee also recommended approval of two positions for trustee approval: Dr. Devinder M. Malhotra as Dean of the College of Arts and Sciences and Professor of Economics with tenure at USM and Mr. Peter Pitegoff as Dean of the University of Maine School of Law, Professor of Law with tenure and the Godfrey Professor of Law at USM.

Investment Committee – Trustee Mullen, Chair, reported that the Committee met on March 9th and asked for the items they discussed requiring action be ratified as part of the consent agenda. The pension fund gained 7.5% during the quarter and the operating cash portfolio is performing well. The Investment Committee had a presentation and lengthy discussion on alternative investments, particularly timber funds.

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

Tenure Nominations 2005 and Tenure Report. The Board of Trustees approved the recommendations for tenure submitted by the institutions of the University of Maine System in 2005 with approvals taking effect on September 1, 2005.

Appointment of a Trustee Affairs Committee. The Board of Trustees approved the elimination of the Legislative Affairs and Nominating Subcommittees and the establishment of a standing Trustee Affairs Committee.

Acceptance of the Board of Trustees Meeting Schedule and Calendar. The Board of Trustees approved the Board Meeting Schedule and Calendar for the remainder of the 2004-2005 fiscal year, the 2005-2006 fiscal year, and the tentative dates for the 2006-2007 fiscal year, with a possible change in the September 2005 meeting date.

Elimination of the Associate Business Administration (ABA) University of Southern Maine. The Board of Trustees approved the elimination of the Associate Business Administration degree at the University of Southern Maine, as submitted.

Revenue Bonding Projects. The Board of Trustees approved the construction of a new residence hall at the University of Southern Maine on the Gorham campus in the amount of \$21.5 million to be financed by tax-exempt revenue bonds to be repaid through student residential and dining fees, subject to the legislated increase in debt ceiling to \$220 million.

Reimbursement Resolution

Be it resolved that, for purposes of Treasury Regulation §1.150-2, the University of Maine System reasonably expects (1) to incur debt to reimburse expenditures (including expenditures made within the last 60 days) temporarily advanced from funds currently held in the Plant Fund, such expenditures to be made to pay the costs, or a portion of the cost, of constructing a new residence hall at the University of Southern Maine, Gorham, and (2) the maximum principal amount of debt to be issued for such construction, including for reimbursement purposes is \$21,500,000.

The Board of Trustees approved the renovation project to install sprinklers for three residence halls at the University of Maine in the amount of \$2.5 million to be financed by tax-exempt revenue bonds to be repaid through the residence auxiliary net revenues.

Reimbursement Resolution

Be it resolved that, for purposes of Treasury Regulation §1.150-2, the University of Maine System reasonably expects (1) to incur debt to reimburse expenditures (including expenditures made within the last 60 days) temporarily advanced from funds currently held in the Plant Fund, such expenditures to be made to pay the costs, or a portion of the cost, of renovations to residence halls at the University of Maine, Orono, and (2) the maximum principal amount of debt to be issued for such construction, including for reimbursement purposes is \$2,500,000.

Acquisition of Property, Portland Campus – USM. The Board of Trustees approved acquisition of the land located on Winslow Street, currently owned by the Portland Plastic Pipe Company, subject to System staff environmental and legal review of all aspects of the ownership, through the USM Foundation, for \$1.95 million, through an internal loan to the USM Foundation, to be repaid as pledges are received, no later than March 2010.

Cogeneration Project – UM. The Board of Trustees authorized the purchase and construction of a cogeneration plant at the University of Maine, contingent upon an affirmative recommendation to the Chancellor within 60 days from a sub-committee of the Finance/Facilities Committee. The cost is not to exceed \$9 million, and will be financed through internal borrowing, to be repaid from energy cost savings from the cogeneration facility.

Construction of Alfond Arena Hall of Fame – UM. The Board of Trustees approved the construction of the Alfond Arena Hall of Fame at a cost of \$720,000, to be financed through internal borrowing for a five year period amortized from increased athletic department net revenue.

Construction of Additional Alfond Arena Skyboxes – UM. The Board of Trustees approved the construction of six additional Alfond Arena Skyboxes, at a cost of \$600,000 to be financed through internal borrowing for a five year period, to be repaid from lease of the skyboxes.

Naming of Physical Facility – UME. The Board of Trustees approved the naming of the new residence hall at the University of Maine at Farmington in honor of the generosity of Frances Allen Black, Class of 1933.

Surplus Property, Corea Naval Base. The Board of Trustees authorized the Chancellor to pursue discussions with the State of Maine to facilitate the transfer of U.S. Navy-owned property located in Gouldsboro, Maine, to Acadia Capital Corporation, for the purpose of developing aquaculture-related research and commercialization facilities.

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:

Dr. Devinder M. Malhotra, Dean, College of Arts and Sciences and Professor of Economics with tenure, USM

Mr. Peter Pitegoff, Dean, University of Maine School of Law, Professor of Law with tenure, and the Godfrey Professor of Law, USM

Approve and Ratify Action Taken by the Investment Committee on March 9, 2005. The Board of Trustees approved and ratified the actions taken by the Investment Committee at their meeting on March 9, 2005.

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

Postemployment Medical Benefits Review
Energy Update
Summary of Spring 2005 Enrollments
Agenda Calendar
Summary of Current Statistics

Date of Next Meeting. The next meeting of the Board of Trustees will be held on June 5-6, 2005, at the University of Maine at Fort Kent.

Trustee Johnson expressed his thanks to Mr. Kelley Wiltbank and Ms. Ellen Doughty for their efforts to consolidate the agenda into a one day session.

Adjournment.

Ellen Doughty
for J. Kelley Wiltbank, Clerk