

UNIVERSITY OF MAINE SYSTEM  
Board of Trustees

University of Maine at Farmington  
September 26, 2005

**Board of Trustees Meeting**

Present: Charles Johnson, Chair; Judith Andrucki, Jean Flahive, William Johnson, Chad Marquis, Barry McCrum, Marjorie Medd, Paul Mitchell, James Mullen, Victoria Murphy, Charles O'Leary, and Margaret Weston. Absent: Gregory Cyr, James Dowe, Susan Gendron, and Lyndel Wishcamper. Chancellor: Joseph Westphal. Faculty Representatives: Raymond Albert, Terry Colby, Grace Denison, Gerard NeCastro, Robert Rice, Christine Standefer, and Fred Walker. Student Representatives: Rob Dean, Leah Malave, Greta Martin, Benjamin Meiklejohn, Zachary Smith, and Chad Walls. University Presidents: Karl Burgher, Richard Cost, Cynthia Huggins, Theodora Kalikow, Robert Kenney, Richard Pattenaude, and Richard Randall. Chancellor's Staff: James Breece, John Diamond, Frank Gerry, Elsa Nuñez, Kelley Wiltbank, and Joanne Yestramski. Press and Public.

Trustee 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:

Lorraine Lowell

Janine Bonk

James LaBrecque

James Carson

**Acceptance of Minutes.** On a motion by Trustee McCrum, which was seconded by Trustee Andrucki, the minutes from the following meetings were unanimously approved as presented:

April 15, 2005 - Board Committee Meetings and Board of Trustees Meeting

April 15, 2005 - Cogeneration Subcommittee Meeting

May 18, 2005 - Audit Committee, Executive Committee, and Finance/Facilities Committee Meetings

June 5-6, 2005 - Board of Trustees Meeting and Committee Meetings

June 16, 2005 - Investment Committee Meeting

August 1, 2005 - Executive Committee Meeting

August 31, 2005 - Executive Committee Meeting

**Chair's Agenda and Report.** Trustee Johnson congratulated Trustee Barry McCrum on being named Interim President & CEO at Maine Public Broadcasting Network and Trustee Lyndel Wishcamper as the Interim Chair of the Maine Public Broadcasting Network Board. President Kalikow and the UMF faculty and staff were thanked for hosting the Board meeting and everyone especially enjoyed the presentation by Professor Gordon Wood. The meetings with the student representatives during breakfast, the faculty representatives meeting during lunch, and the two-hour presentation on governance in the Academic Affairs Committee meeting were all important and beneficial meetings. Trustee Johnson commented that it is critically important that as Board members while we think and talk about the Strategic Plan we understand that we have repeatedly talked about this being a document that does not end up on the shelf. The Presidents and university community as a whole has taken us at our word and our word is that we want the Plan followed through on and it behooves the Board to hear that and make sure that we follow

through. There is something that the entire community needs to understand and the Board doesn't often see is that we have made tremendous progress and the people involved in this project need to be celebrated. This is clearly not about a destination. This is about a process that must be on going. There will be times of frustration when we don't accomplish all that we set out to do. Trustee Johnson personally thanked the Presidents for the way they are driving this process. There are many staff members who are putting in a great deal of time on this project and that the time spent will be worth while and greatly appreciated.

Trustee Johnson commented that it is critical that the Board do a self evaluation. It is important for the Board to look at the way it does business.

**Chancellor's Agenda and Reports.** Chancellor Westphal introduced Mr. John Diamond, Executive Director of External Affairs, and Mr. John Lisnik, Assistant to the Chancellor for Legislative Affairs, to provide an overview on the Bond Issue. There are three bond questions out of the six on the ballot that deal with University of Maine System items. Question three involves \$800,000 for UMaine's Ritter Teaching and Research Center. Question four deals with the economic development bond issue which provides \$4 million for the UMS. Mr. Diamond is working on the campaign for question two and Mr. Lisnik is working on the campaign for question six.

Dr. James Breece, Executive Director of Planning and Policy Analysis, provided a brief update on enrollments. For the fourth year in a row the UMS Fall enrollment exceeds 34,000 students. The preliminary numbers indicates a head count of 34,175 and a record high number of credit hours 24,472 which is a 1.5% increase over last year. 54% of Maine high school graduates stay in the State for higher education. The UMS has a total of 21,548 undergraduate students, an increase of 1.8% and 3,000 graduate students. The official enrollment snapshot will be taken in mid October and the fall enrollment report will be presented as an information item at the December Board meeting.

Dr. Elsa Nuñez, Vice Chancellor for Academic and Student Affairs, provided an update on the Governor's PreK-20 Task Force. The Task Force issued its report in August and the Presidents Council reviewed the report and found the report very supportive of the UMS Strategic Plan. There were four areas of significance outlined in the PreK-20 Strategic Plan.

1. The infrastructure is uneven, particularly in the deferred maintenance area. We have a deferred maintenance of \$300 million at all levels. The plan stated that this is an area that the Legislature and the Governor need to pay attention to.
2. The Plan strongly supported the UMS Strategic Direction # 1 on quality and our commitment to the work on the College Readiness Committee.
3. They felt that the UMS initiative in faculty development through our Strategic Direction # 2 was critical because we were going beyond our own System to include teachers in the high school in Mathematics and English to be part of the initiative.
4. The report stated the digital library was a unique initiative which brought together both Systems and the State library to benefit the citizens of Maine.

The Report concluded by recommending a standing committee to bring together UMS and the Maine Community College System and the Chancellor and some of the Presidents will be named to that committee.

### **Committee Reports/Action.**

Academic Affairs Committee – Trustee Andrucki reported that the Committee reviewed the academic program inventory, a report on the system-wide diversity initiatives and a briefing on the Maine France Project. The Committee was also provided a presentation by Dr. Tom Longin on governance in higher education following by a question and answer period.

Audit Committee – Did not meet over the summer.

Finance/Facilities Committee – Trustee McCrum reported that the Committee approved the following items for the consent agenda: FY2005 Annual Report on Gifts and Fund Raising, Trail Easement – UMF, 2005 Revenue Bond Financing, Establishment of Commercial Space at the Center for Cooperative Aquaculture Research at Franklin, Maine and a Resolution for Project Enterprise. The Committee has reviewed the Pension and Endowment Annual Report

Human Resources and Labor Relations Committee – Trustee Flahive reported that the Committee approved the following items for the consent agenda: Appointments for Trustee Approval and Compensation Adjustments and Benefit Changes for Non-represented Employees. The Committee reviewed the Revisions to Procedures for the Recruitment and Selection of Presidents and a Collective Bargaining Update.

Investment Committee – Trustee Mullen reported that the Committee met in June. Some of the highlights of the meeting include the Pension Fund now over \$60 million has a return for the year of almost 10% net of fees, which ranks in the top 17% of total fund universe which the UMS tracks. The Endowment Fund which now totals \$100 million had a return of 10.1% and ranks in the top 20% of all Endowment Funds for the prior year that the UMS follows.

Student Affairs Committee – Trustee William Johnson reported that the Committee discussed the efforts by the UMS to assist students affected by Hurricane Katrina.

Trustees Affairs Committee – Did not meet over the summer.

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

**Confirm the New Faculty and Student Representatives.** The Board of Trustees confirmed the appointments of the Faculty and Student Representatives to the Board of Trustees as follows: Faculty Representatives: Terry Colby, UMA and H. Fred Walker, USM. Student Representatives: Aaron Robinson, UMM and Rob Dean, UMF.

**Confirmation of Boards of Visitors, UMA.** The Board of Trustees confirmed the UMA Board of Visitors appointments, as presented.

**Confirmation and Ratification of Board of Trustees Actions.** The Board of Trustees confirmed, adopted, and ratified all actions taken by the Board of Trustees at the meeting held on June 5-6, 2005.

**FY2006 Annual Report on Gifts and Fund Raising.** The Board of Trustee accepted with

gratitude all gifts, donations and bequests received during Fiscal Year 2005.

**Trail Easement – UMF.** The Board of Trustees approved the granting of a perpetual easement to the State of Maine for the use of the former Maine Central Railroad rail bed as part of the Rails to Trails program, subject to review and approval by System staff of all required documents.

**2005 Revenue Bond Financing.** The Board of Trustees approved the following financing tax exempt bond authorization resolutions.

### **Resolution**

WHEREAS, the Board of Trustees (the “Board”) of the University of Maine System (the “System”) desires to finance a portion of the costs of the projects which are more particularly described in the Addendum attached hereto and incorporated herein by reference (the “Projects”); and

WHEREAS, the Board desires to authorize the issuance of not in excess of \$60,000,000 principal amount of University of Maine System Revenue Bonds (the “Project Bonds”) and the sale of the Project Bonds for the purposes of financing a portion of the costs of the Projects and providing for any necessary reserves and costs of issuance; and

WHEREAS, the Board desires to authorize the issuance of not in excess of \$60,000,000 principal amount of University of Maine System Notes or other evidences of indebtedness in anticipation of Project Bonds (the “Project Notes”); and

WHEREAS, it may be advantageous to refund certain of the University of Maine System Revenue Bonds which were issued prior to the date of this resolution (the “Prior Bonds”); and

WHEREAS, the Board desires to authorize the issuance of not in excess of \$75,000,000 principal amount of University of Maine System Revenue Bonds (the “Refunding Bonds” and, collectively with the Project Bonds and the Project Notes, the “Bonds”) and the sale of the Refunding Bonds for purposes of refunding the Prior Bonds, including payment of or provision for any redemption premium, and providing for any necessary reserves and costs of issuance; and

WHEREAS, the System is authorized to issue the Bonds pursuant to the provisions of 20-A MRSA §§10952, 10953 and 10959, as amended; and

WHEREAS, the Board finds that the financing of a portion of the costs of the Projects and the refunding of the Prior Bonds constitute “assured revenue financing transactions” pursuant to the provisions of 20-A MRSA §10953, as amended; and

WHEREAS, pursuant to 20-A MRSA §10952(8), as amended, the System, as authorized by the Board, is authorized to make, enter into, execute, deliver and amend any and all contracts, agreements, leases, instruments and documents and perform all acts and do all things necessary or convenient to acquire, construct, reconstruct, improve, equip, finance, maintain and operate projects and to carry out the powers granted pursuant to the Act, or reasonably implied from those powers;

NOW, THEREFORE, be it hereby voted and resolved by the Board as follows:

RESOLVED, that pursuant to the provisions of 20-A MRSA §§10952, 10953, 10955 and 10959, as amended, and all other authority thereto enabling, and to provide funds for the acquisition, construction, reconstruction, improvement and equipping of the Projects, and to provide funds for the refunding of the Prior Bonds, and to pay and discharge any Project Notes, or Project Notes in renewal thereof, issued for such purposes, up to an aggregate amount not to exceed \$135,000,000, which amount includes provision for any necessary capitalized interest, reserves and costs of issuance, the Chief Financial Officer and Treasurer of the System (the “Treasurer”) is hereby authorized and empowered from time to time and in the name and on behalf of the System to borrow an aggregate amount not to exceed \$135,000,000 and the Treasurer be and is hereby authorized and empowered, in the name of

and on behalf of the System, to execute and deliver, under the seal of the System, attested by its Clerk or University Counsel, such loan agreements, indentures, pledge agreements, bond purchase contracts, preliminary official statements, official statements, continuing disclosure agreements, remarketing agreements, reimbursement agreements, investment agreements, financial advisory agreements, investment advisory agreements, auction agency agreements, market agent agreements, dealer agreements, standby bond purchase or other liquidity facility agreements, agreements with one or more underwriters, agreements with bond counsel and other agreements, documents and instruments as the Treasurer may deem necessary or convenient or desirable in order to effect such borrowing. Such agreements, documents and instruments may contain such terms and provisions, not contrary to the general tenor hereof, as the Treasurer may approve, her approval to be conclusively evidenced by her execution thereof; and further

RESOLVED, that pursuant to the provisions of 20-A MRSA §10955(3), as amended, and all other authority thereto enabling, and to provide funds for the purposes described above, the Board hereby approves and authorizes the issuance, sale and delivery, as evidence of the aforesaid loan not to exceed \$135,000,000, in the aggregate with respect to the Projects and the Prior Bonds, and against payment therefore, the Bonds not to exceed \$135,000,000 in aggregate principal amount with respect to the Projects and the Prior Bonds, in one or more series as the Treasurer shall determine, the Bonds to mature and be payable at such times and in such amounts, to bear interest at such fixed rates, and to contain such other terms and provisions, not inconsistent herewith, as may be approved by the Treasurer, provided that none of the Bonds shall (i) bear interest at a rate in excess of 12% per annum or (ii) mature after December 31, 2035; the Bonds to be denominated by such denomination of an issue as may be selected by the Treasurer; to be manually signed by the Treasurer, sealed with the seal of the System and attested by its Clerk or University Counsel; and to be in such form and contain such other terms and provisions as the Treasurer may approve, her approval to be conclusively evidenced by her execution thereof; and further

RESOLVED, that the Treasurer is authorized on behalf of the System, from time to time, to acquire, purchase, sell, redeem, liquidate, terminate or transfer securities or other instruments constituting investments of the proceeds of the Bonds and to negotiate, enter into, execute in the name of the System and deliver on behalf of the System all investment, banking, brokerage, financial advisory, investment advisory and other agreements and instruments as are necessary or convenient to investment and financial management of the proceeds of the Bonds, all on such terms and conditions as the Treasurer determines are necessary or convenient to financing of the Projects and refunding of the Prior Bonds, such determination to be conclusively evidenced by execution or acquisition of such agreements and instruments by the Treasurer; and further

RESOLVED, that the Chancellor of the System, the Treasurer, and, with the express written approval of the Treasurer, the Clerk or University Counsel, or any one of them, be and hereby are, authorized and empowered in its name and on its behalf, to do or cause to be done any act or thing, and to negotiate, enter into, execute in the name of the System, deliver on behalf of the System, assign, transfer or terminate any agreement or instrument, which any such officer may determine to be necessary or convenient or desirable in order to effect the borrowing not to exceed \$135,000,000, the issuance and delivery as evidence thereof of a corresponding principal amount of the Bonds as herein authorized, the design, acquisition, construction, improvement, reconstruction, renovation and rehabilitation of the Projects and the expenditure, investment and management of the proceeds of the Bonds and that all acts and things done by the Treasurer in furtherance of the purposes of this Resolution prior to the date hereof are hereby ratified and confirmed; and further

RESOLVED, that the Bonds shall be secured by such assignments, pledges or commitments of funds or revenues, other than appropriations from the State of Maine, as may be approved by the Treasurer; and further

RESOLVED, that the System covenants and certifies that no part of the proceeds of the issuance and sale of the Bonds shall be used, directly or indirectly, to acquire any securities and obligations, the acquisition of which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended; and further

RESOLVED, that the Treasurer be authorized to covenant on behalf of the System and for the benefit of the holders of the Bonds, that the System will take whatever steps, and refrain from taking any action, that may be necessary or appropriate to assure that the interest on the Bonds will remain exempt from federal and applicable state income taxes; and further

RESOLVED, that the Resolution of the Trustees of the University of Maine System entitled Reimbursement of

Project Expenditures attached hereto as an Addendum is hereby approved and adopted; and further

RESOLVED, that the Bonds shall provide that, in accordance with 20-A MRSA §10964, no member of the Board will be personally liable on the Bonds.

This Resolution shall take effect immediately. ADOPTED: September 26, 2005

### **Reimbursement of Project Expenditures**

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 cost, or a portion of the cost, of acquisition, construction, reconstruction, improvement and equipping of the projects described below (the "Projects") and (2) that the maximum principal amount of debt to be issued by the University of Maine System for the Projects including for reimbursement purposes is Sixty Million Dollars (\$60,000,000).

#### **PROJECTS**

**University of Maine:**

Student Recreation Center (Reimbursement Resolution approved September 22, 2003)

**University of Maine:**

Renovation of residence halls

**University of Maine:**

Renovation of dining facilities (Reimbursement Resolution approved June 6, 2005)

**University of Southern Maine:**

Child Care Center (Reimbursement Resolution approved July 12, 2004)

**University of Southern Maine:**

Residence Hall (Reimbursement Resolution approved March 14, 2005)

This Resolution shall take effect immediately. Adopted: September 26, 2005.

**Establishment of Commercial Space at Center for Cooperative – Aquaculture Research, Franklin Maine – UM.** The Board of Trustees approved the establishment of a Commercial Park on the 5 to 6 acre upland portion of the Franklin Fish Hatchery property, on which incubated, marine-related businesses could lease or purchase property from the University of Maine System. All agreements will be based upon documents reviewed and approved by System staff.

**Resolution for Project Enterprise.** The Board of Trustees approved the following resolution:

#### **Resolution**

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 all members of the Project Enterprise (Enterprise Resource Project) team and to all staff in the University of Maine System who participated in committees, training, testing, and other ways, for outstanding leadership, service, and dedication during planning, implementation, and continuing maintenance of the PeopleSoft® product in the University of Maine System, in advancement of the University System's mission, constituencies, and well-being. Approved this 26<sup>th</sup> day of September, 2005 at the University of Maine at Farmington.

**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:

William H. Foster, Interim Dean of the Muskie School of Public Service, USM  
Blake A. James, Interim Athletic Director, UM  
Judith S. Ryan, Vice President for Human Resources and University Planning,

USM

Evelyn S. Silver, Senior Advisor to the President, UM

Robert C. White, Associate Provost and Dean of Lifelong Learning, UM

**Compensation Adjustments and Benefit Changes for Non-represented Employees.** The Board of Trustees approved the recommendations of the Chancellor for wage and salary adjustments and changes in benefits for non-represented employees for FY2006, as amended

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

Strategic Direction # 8 – Implementation Planning Update: UMFK

Strategic Plan Update – Strategic Direction # 8: Discussion with UMF Faculty on the  
Four Credit Curriculum

Hurricane Katrina / Student Assistance Initiative

Pension and Endowment Fund Annual Report

Academic Program Inventory

System-wide Diversity Initiatives

Governance in Higher Education

Revisions to Procedures for the Recruitment and Selection of Presidents

Collective Bargaining Update

Agenda Calendar

**Date of Next Meeting.** The next meeting of the Board of Trustees will be held on December 4-5, 2005 at the University of Maine System Office at 16 Central Street in Bangor.

Adjournment.

Ellen Doughty for

J. Kelley Wiltbank, Clerk