Trustee Collins, Chair, called the meeting to order.

**CITIZEN COMMENT**  
Citizen Comment is a time regularly set aside for comments from the public. The following individuals spoke during the Citizen Comment period:

- Eva Szillery – Dialogue of value of higher education
- Arthur Hill – MOU
- Ron Mosley – Academic Portfolio Review

Trustee Collins requested a moment of silence in memory of Mr. John Winkin, who passed away on July 19, 2014. Mr. Winkin was a well-known baseball coach at UMaine for 22 years.

**ACCEPTANCE OF MINUTES**  
On a motion by Trustee Medd, which was seconded by Trustee Fournier, the minutes from the following meetings were unanimously approved as presented:

- May 18-19, 2014 - Board of Trustees Meeting
- May 23, 2014 – Investment Committee Meeting
- June 9, 2014 – Executive Committee Meeting
- June 25, 2014 – Executive Committee Meeting
- June 27, 2014 – Academic & Student Affairs Committee Meeting
- June 30, 2014 – Finance/Facilities/Technology Committee Meeting
- July 8, 2014 – Executive Committee Meeting

**COMMITTEE REPORTS**  
**Academic & Student Affairs Committee.** Trustee Gregory Johnson reported that the Committee met on June 27, 2014 and agreed to forward to the Consent Agenda for the July Board meeting two new Academic Program: B.A. in Outdoor Recreation Business Administration at UMF and BA in Human Dimensions of Climate Change at UM. The Committee received updates on the Credit Transfer Steering Committee and the ABCDE Committee.

**Executive Committee.** Trustee Samuel Collins reported that the Executive Committee met on June 9, 25 and July 8 to discuss the USM Presidential Search and personnel related issues. At the Executive
Committee on June 25 the Committee approved the appointment of Dr. Susan Hunter as President of the University of Maine.

Finance/Facilities/Technology Committee. Trustee Norman Fournier reported that the Committee met on June 30, 2014. The Committee agreed to forward the following items to the Consent Agenda for the July Board meeting: the Approval of $2.5 million FY2015 Budget Reduction for USM, the Approval to Complete Upgrade of IT Telecommunications Services at UM, the Cell Tower Lease Approval at USM, the Science Lab Renovations at UMF, the Natural Gas Central Heating Plan at UMF and the Compressed Natural Gas Conversion at UMM. The Committee agreed to table the authorization to dispose of the Stone House at USM for further consideration and discussion. The Committee reviewed the Capital Projects Status Report which reflected a net total of 22 projects. Mr. Richard Thompson provided an update on the Data Center Capacity and Security Projects.

Human Resources & Labor Relations Committee. Trustee Marjorie Medd reported that the Committee has not met; however, she wanted to update the Board on a couple of Human Resources related items. The Human Resources Strategic Plan will lay out the foundation for strategic Human Resources. The plan outlines the areas of focus for the Human Resources department as well as the organizational structure required to support the Plan. This Plan will not be without controversy as it does require all administrative Human Resource work be removed from the campuses. This will result in the elimination of positions at the campus level and a different Human Resources service delivery model. There will be a greater emphasis on employee self-service which will be a culture change for our employee and retiree populations. The intent is to present the Plan to the Board at the September Board meeting. Another significant initiative is a proposal to replace the Sexual Harassment Board Policy with Title IX and Sexual Assault policies.

Investment Committee. Trustee Karl Turner reported that the Committee met on May 23, 2014 and received an update on the Defined Contribution Plan Transition, approved the Investment Policy Statement Changes, and approved the selection of Mondrian Investment Partners for the previously approved EM Small Cap Equity allocations in the Managed Investment Pool and the Pension Fund with funds coming from Aberdeen Emerging Market Equity. New England Pension Consultants provided a performance review for the Managed Investment Pool, Pension Fund and the Operating Cash Fund. The Committee also had a discussion on Fossil Fuel Investments.

CHAIR’S REMARKS
Appointment of Standing Committees.
Trustee Collins thanked the Committee Chairs for agreeing to chair the Board Committee again for FY2015. In addition, the Board Committee membership will remain the same for FY2015. Trustees Adams and Johnson have volunteered to serve on the UM Foundation Board for the next year.

Trustee Turner provided an update on the Electronic Board Book Work Group. The Work Group met several times. Three RFP proposals were received and two finalizes were selected: BoardEffect and Diligent. Both vendors provided demonstrations. It was a unanimous recommendation from the Work Group to recommend Diligent as the successful vendor. The cost of the program from Diligent is higher, however, their customer service is excellent, their software is very intuitive and with this program the flow of information will be much more effective and efficient which will enhance the decision making capability of the Board. Trustee Turner indicated that all Board members must
commit to using the electronic software verses the paper copies in order to obtain the cost savings. He also stated that iPads will be provided to the Board members, if needed.

The Board of Trustee agreed with the recommendation to enter into a contract with Diligent to provide the electronic board book program.

**Update on USM Presidential Search.**
Trustee Erwin provided a brief update on the status of the USM Presidential Search. He reported that most members of the search committee have been named by the constituent groups. Three members have not yet been named: the alumni/community member, the hourly employee representative, and the chancellor's designee. The process of selecting a search consultant is well underway.

**CHANCELLOR’S REPORT**
Chancellor James Page reported on the following topics:

**Update on the Credit Transfer Project.** UMFK President Wilson Hess provided a brief update on the Credit Transfer Project. He noted that Chancellor Page and President Fitzsimmons of the Maine Community College will be meeting later in the week to finalize work on credit transfers between the two systems. Work on common course numbering for the two systems is a separate project that is ongoing.

**Update on the ABCDE Committee.** UMA President Allyson Handley provided a brief update on the ABCDE Committee. She reported that the concierge model is essentially in place at all universities. The first round of scholarships has been distributed, and UMS is working with a potential significant grant to keep this program going. A public awareness campaign is being developed with communications staff. E-tuition is proving to be a more difficult issue to resolve, and the conversation continues. Grants have been made to faculty for professional development from the Strategic Investment Fund carry over. President Handley also noted that the Unified On-line Project, which is reacted to ABCDE, is moving forward led by herself, Bonnie Sparks (Executive Director of University College and Distance Education), and Monique LaRocque (USM Associate Provost for the Division of Lifelong Learning).

**Update on UMS Lean Higher Education.** Mr. David Stevens, Executive Director of Organizational Effectiveness provided a brief update on Lean. He reported that over the last year the Lean process has been introduced at all universities. Training has been provided at levels from awareness to Lean facilitator to develop an internal group of employees ready to lead Lean projects without requiring hiring a large staff of facilitators. 17 projects have been completed and 14 are in process. The objects of Lean capability has been met at each university except UMM, and the objective for pilot projects has been met at each university except UMFK and University College. Mr. Stevens and Ms. Kim Jenkins, Lean Coordinator, will provide a more detailed report at the September meeting.

**Distribution Plan for the Strategic Investment Pool.**
Chancellor Page outlined his recommendations for the distribution of the Strategic Investment Pool in FY2015. The Financial Sustainability Target 3 of the University of Maine System Board of Trustees Strategic Outcomes calls for the establishment of a Strategic Investment Pool derived from Administrative Review savings. The Strategic Investment Pool will grow to 5% of the Education and General State Appropriation by FY2017. The FY2015 Unified Operating Budget includes
$3,011,000 of savings derived from the Administrative Reviews for the Strategic Investment Pool. The Chancellor has consulted with the Presidents’ Council on the following recommendations.

**Recommended Project List:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Recipient</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for developing USM Metropolitan University</td>
<td>$500,000</td>
<td>USM President, Metropolitan University</td>
<td></td>
</tr>
<tr>
<td>Cooperative Extension 4-H STEM Ambassador Program</td>
<td>$100,000</td>
<td>UM Cooperative Extension</td>
<td></td>
</tr>
<tr>
<td>Multi-Year research and economic development initiative supporting</td>
<td>$2,100,000</td>
<td>System-level multi-campus Project Steering</td>
<td>Plan in process; review at September Board of Trustees meeting</td>
</tr>
<tr>
<td>Maine industries</td>
<td>(five-year recurring grant subject to the achievement of annual milestones)</td>
<td>Committee</td>
<td></td>
</tr>
<tr>
<td>ABCDE program development</td>
<td>$200,000</td>
<td>ABCDE Committee</td>
<td>Plan in process; review at September Board of Trustees meeting</td>
</tr>
<tr>
<td>Unallocated</td>
<td>$111,000</td>
<td></td>
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</table>

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Board of Trustees approved the distribution of $2.9 million from the Strategic Investment Fund in FY2015.

**Board of Trustees Strategic Outcomes.** Chancellor Page presented the Strategic Outcomes and Academic Program Review and the Strategic Integration Process. The Board of Trustees released drafts of these documents on May 22, 2014 and began a period of public comment that ended July 7, 2014.

In realizing the vision the UMS seeks integration, not homogeneity. Building on the distinctive campus identities, UMS will develop the best and most comprehensive statewide portfolio of programs and services to serve students, businesses, and communities. Noting the Trustees’ and Presidents’ consensus concerning the need for a new operating model to accomplish this outcome, System Strategic Integration Outcomes include the development of differentiating campus identities under the Board’s newly adopted vision, as well as integrating financial, administrative and academic resources and services.

**Strategic Integration**

- **Strategic Integration Target 1:** Complete all seven campus strategic plans, as well as those from other major elements of the enterprise (e.g., Extension), ensuring that, taken as a whole, they meet the Statewide mission-defined portfolio of services. All plans complete and checked against the Statewide portfolio by end of the calendar year 2014.

- **Strategic Integration Target 2:** Develop and implement a comprehensive financial management structure for the entire System that enhances transparency, enables appropriate fiscal control, and advances comprehensive intra-system collaboration. New model review September 2014; implementation in FY2015.

- **Strategic Integration Target 3:** Develop a comprehensive administrative plan in FY2015 that reduces total administrative costs, including academic administration, per student full-time equivalent (FTE) to peer system benchmarks or below by FY2017.
Strategic Integration Target 4: Develop a model of academic program and portfolio review and integration that leverages academic resources to enhance program quality, expand access, and meets appropriate financial benchmarks, with at least three pilot projects underway in FY2015.

While the current budget crisis may catalyze a much needed debate over funding public higher education, general economic conditions limit what can be expected from State Appropriations in the near future. Likewise, any increases in tuition must be limited to what Maine families can reasonably afford. Finally, Maine demography points to ongoing stable or reduced enrollment for the majority of UMS institutions. Therefore, while opportunities for revenue growth and diversification must be pursued, revenue growth projections must be conservative. Costs, meanwhile, continue to rise despite major efforts to reduce the rate of expense increases. Meeting the requirement of System financial responsibility and sustainability requires financial outcomes that eliminate the current structural gap between revenues and expenses, meet standard measures of financial soundness, and yield resources to support priority outcomes and emerging opportunities.

Close the Structural Budget Gap
Financial Sustainability Target 1: Reduce the current structural gap with year-over-year gap reduction that eliminates it entirely through a combination of expense reductions and revenue growth by FY2019. Four year plan due in FY2015. Revised budget calendar for FY2016 complete July 2014.

Implement a Sustainable Financial Model
Financial Sustainability Target 2: Achieve year-over-year improvement in the System Core Financial Ratios through FY2019 with a goal of consistently exceeding the low benchmark for the Composite Financial Index. Where Board sanctioned activities require compromising these financial ratios, there must be an approved investment plan with a build-back strategy.

Ensure Investment Resources
Financial Sustainability Target 3: Establish and maintain a Board of Trustee directed strategic investment pool equivalent to 5% of the annual E&G State Appropriations derived exclusively from Administrative Review savings by FY2017. A plan for use of available FY2015 funds is ready for Board review in July 2014.

MISSION CATEGORY I: EDUCATION
The University of Maine System is an integrated system of distinct campuses, centers and other facilities operating in concert to provide high-quality educational undergraduate and graduate opportunities that are accessible, affordable, and relevant to the needs of Maine students, businesses, and communities. Education mission outcomes are Statewide access to educational opportunities, high rates of student success, and program affordability, quality, and relevance.

Ensure Student Access
Education Target 1: Every Maine citizen with a high school diploma has access through diverse modes of delivery to an appropriate UMS degree or certificate program by FY2017. Plan complete in FY2015.

Increase Student Success
Education Target 2: Each UMS institution executes retention and persistence strategies that achieves an ongoing, aggregate degree and certificate completion rate relative to market segment
(each category of population served) exceeding the 3-year rolling average of peer institutions by FY2019. Implementation plans are updated and reviewed annually.

- **Education Target 3:** Beginning in FY2015, each campus will measure levels of student satisfaction through surveys such as the National Survey of Student Engagement or its Vice Chancellor for Academic Affairs approved equivalent with all outcomes reported to the Board of Trustees for review and action.

**Ensure Program Affordability**

- **Education Target 4:** Average in-state undergraduate tuition and mandatory unified fees as a percentage of 3-year rolling average of Maine median family income is in the lowest (best) quartile nationally with an initial plan for achieving that target available January 2015.

**Ensure Program Quality**

- **Education Target 5:** All program and campus accreditation requirements are met and System-reviewed; at least five UMS academic programs are rated in the top 50 of the best such programs in the country; at least two graduate programs are rated in the top-10. Benchmarks and strategies developed by the Presidents Council in FY2015.
- **Education Target 6:** To ensure continuing innovation, the Vice Chancellor for Academic Affairs will maintain a portfolio of best pedagogic practices including the use of technology with updates and adoption metrics reported to the BOT twice annually, beginning FY2015.

**Ensure Program Relevance**

- **Education Target 7:** Maine employer surveys show that UMS works actively with businesses to meet State workforce needs, and that UMS graduates are best-prepared to fill those needs at both the undergraduate and graduate level. Implementation plan by the end of the calendar year 2014.
- **Education Target 8:** Alumni surveys show that UMS prepared them for career success as well as for civic engagement. Implementation plan by the end of the calendar year 2014.

**MISSION CATEGORY II – RESEARCH & ECONOMIC DEVELOPMENT**

UMS research drives economic development by conducting world-class research, commercializing valuable ideas, and by partnering successfully with businesses and industries throughout Maine and beyond. **Mission outcomes** are research activity, developing new technologies, licensing and commercialization, and active economic development partnerships with Maine businesses.

**Increase Research Activity**

- **Research and Economic Development Target 1:** UMS maintains a sponsored programs grants and contracts effort growing greater than 3% annually on a 3-year rolling average from a 2013 baseline of $91 million and NSF-defined total research expenditures of $90 million.

**Support New Technologies, Licensing, and Commercialization**

- **Research and Economic Development Target 2:** Annual revenue from commercialization including IP licensing increases at least 20% annually on a 3-year rolling average from its current baseline of $200,000.

**Increase Economic Development Partnerships**

- **Research and Economic Development Target 3:** A resourced multi-year research and economic development initiative tied to Maine industries is launched in FY2015 with annually reviewed results. Plan ready for Board of Trustee review in July 2014.
Research and Economic Development Target 4: Annual revenue from activities with industrial partners increases from a FY2013 baseline of $4.2 million to $9 million in FY2017, and the number of contracts increases from a base of 407 in FY2013 to 600 in FY2019.

MISSION CATEGORY III - PUBLIC SERVICE
UMS is the state’s most engaged and responsive institution working on behalf of all Maine’s citizens, communities, and institutions. Excellence in Public Service involves the mission outcome of being widely recognized for critical community engagement with high public value.

Advance Community Engagement
- **Public Service Target 1**: Each UMS institution is formally recognized by appropriate regional or national organizations (e.g., the Carnegie Foundation for the Advancement of Teaching) for a high level of community engagement by FY2019. Plan designed and implementation begins in FY2015.
- **Public Service Target 2**: Regular community impact studies by each campus or major program show a continuous upward trend-line of community engagement and economic value. Plan designed and implementation begins in FY2015.

Increase the Recognition of Public Value
- **Public Service Target 3**: Independent public surveys show that at least one UMS service to Maine families, businesses or communities is rated as important or essential by 80% of the State’s population by FY2019. Plan designed and implementation begins in FY2015.

On a motion by Trustee Fournier, which was seconded by Trustee Erwin, the Board of Trustees approved the Strategic Outcomes and Academic Program Review and Strategic Integration Process documents as presented.

VICE CHANCELLOR FOR ACADEMIC AFFAIRS’ REPORT. UM President Susan Hunter, former Vice Chancellor for Academic Affairs, and UMF President Foster provided an update on the Academic Affairs initiatives. Dr. Hunter thanked her colleagues at the System Office for their assistance while she served as the Vice Chancellor and she is looking forward to working with the Presidents and System Office in her new role as the President at UMaine.

Academic Portfolio Review and Integration Process
The Academic Portfolio Review and Integration Process are outlined in Strategic Integration Target #4 as part of the 2014 Strategic Outcomes. University of Maine System academics will restructure to enhance quality and expand access to its collective portfolio while achieving necessary fiscal efficiencies. The Chief Academic Officers (CAOs) of the UMS institutions will design and guide the development of the restructuring effort. They will establish sub-teams to investigate and report back on specific academic affairs content areas. A high-level Process Oversight Committee (POC) will monitor progress and engage stakeholders in developing a comprehensive change strategy to achieve the goals of quality, access and efficiency. This restructuring effort will produce an approximate targeted personnel savings in Academic Affairs of $18 million over the next 4-5 years. This includes the position reductions made to balance FY2015. The approximate non-personnel savings in Academic Affairs is $6 million. The target savings amount will be further refined and may be offset by revenue growth. The plan will better leverage the academic capacity of faculty and staff and create an integrated academic portfolio that best serves our geographically-dispersed student population. Without undertaking this very deliberate process, personnel reductions in silos
throughout our System will lead to further enrollment declines and diminishment of academic quality and access.

In the absence of a VCAA, two groups will have responsibility to lead this charge: The CAO group and a newly formed Process Oversight Committee. The Oversight Committee will be chaired by Dr. Kathryn Foster (UMF). She will be responsible for establishing meeting priorities and timelines and will be in close communication with Drs. Jeffrey Hecker and Raymond Rice who will chair the CAO group for the coming year and serve on the Oversight Committee. She will work with Chancellor Page and Vice Chancellor Wyke to arrive at decisions in the case of intractable issues arising within the Oversight Committee.

Faculty Senate/Assemblies of UMS campuses will be asked to provide input throughout the process regarding proposals and recommendations describing change in academic organization. Sub-team reports will be delivered to the CAOs and POC and, following their review and any modifications, to the Presidents’ Council and Academic and Student Affairs Committee of the Board of Trustees and made broadly available through a website. Final approval of recommendations including implementation of change in academic structure will rest with the Presidents’ Council, Chancellor and, ultimately, the Board of Trustees.

Initiative design, sub-team reports and draft and final recommendations will be communicated through numerous avenues. Sub-team reports and draft and final recommendations will be disseminated to the CAOs, POC, President’s Council and Academic and Student Affairs Committee of the Board of Trustees and made broadly available through a website. The POC chair will make regular reports to the Presidents’ Council, Academic and Student Affairs Committee of the Board of Trustees, and full Board of Trustees. The POC chair and CAOs on the POC will be in regular, ongoing communication with the entire CAO group. The CAOs and faculty on the POC will establish procedures to insure communication to the entire faculty through the Faculty Senates/Assemblies. POC members will be responsible for communication to their respective constituent groups.

APRIP sub-teams will investigate and present recommended models that are grounded in a financial reality that matches the situation faced by the UMS. Recommendations will need to take into account the differentiated identities and specific missions that will allow individual campuses to sustainably serve their constituents while being mindful of the overarching need to cost-effectively serve the state as a collective system. The ultimate goal of this process will lead to delivery of a comprehensive set of recommendations on UMS academic programs and policies to the Chancellor and the Presidents, and the Board of Trustees through the Process Oversight Committee. Given the scope of the project it is expected that this will play out over a number of years and involve numerous sets of pilots, trials and interim recommendations.

**VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION & TREASURER’S REPORT.** Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, provided a financial update.

*Managed Investment Pool (including Endowment Fund)*. In May the Fund increased by 1.6% and fiscal year-to-date the Fund has grown 14.6%. The market value on May 31, 2014 of the Managed Investment Pool (MIP) was $273.7 million. Changes in market value besides market fluctuation include: contributions and distributions, the UMS contributions to the OPEB Trust, the Maine
Maritime Academy’s participation in the Fund since January 2009, and the UM School of Law Foundation’s participation in the MIP since July 2012.

**Pension Fund.** In May the Fund increased by 1.5% and fiscal year-to-date the Fund has returned 12.5%. The market value on May 31, 2014 of the Pension Fund is $40.1 million.

**Operating Fund.** In May the Operating Fund increased by 0.7% and fiscal year-to-date the Fund has returned 4.2%.

**FY2014 Year End Forecasts.**

<table>
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<tr>
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<th>FY14 Year End Forecast 4/30/14</th>
<th>FY14 Year End Forecast 7/21/14</th>
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<tr>
<td>UM</td>
<td>(1,090,000)</td>
<td>(800,000)</td>
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<tr>
<td>UMA</td>
<td>280,000</td>
<td>500,000</td>
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<td>UMF</td>
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<tr>
<td>UMFK</td>
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<tr>
<td>UMM</td>
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<tr>
<td>UMPI</td>
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<tr>
<td>USM</td>
<td>(1,372,000)</td>
<td>500,000</td>
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<tr>
<td>Governance &amp; University Services</td>
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<tr>
<td>Benefit Pool</td>
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<tr>
<td>Temporary Investment Income</td>
<td>6,980,000</td>
<td>10,300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,235,000</strong></td>
<td><strong>11,128,000</strong></td>
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Although the System as a whole is in the black for fiscal year-end 2014, this is due to favorable market conditions for the operating fund, positive claims experience for the UMS self-insured health plan (the claims experience, while below expectations, is still trending in an unfavorable direction), and one time administrative savings in University Services. Four of the seven institutions are in a deficit situation at fiscal year-end (UM, UMFK, UMM, and UMPI). For the three smallest institutions, which are already relying on reserves to balance FY2015, this should be cause for great concern. Additionally, while FY2014 year-end performance is better than anticipated by $11.1 million, our current fiscal year, FY2015, is balanced with a similar amount ($11.4 million) from reserves. The final results for FY2014 will be available in late October to early November following the external audit of the financial statements and will be discussed at the November Board meeting.

**Proposed Allocation of FY14 Temporary Investment Income over budget**

The first priority for the allocation of the excess temporary investment income is to cover the FY2014 year-end deficits for those universities with no campus-level reserves, UMFK and UMM for a total of $1.1 million. The second priority is to cover the Board approved project for Powers Hall at UMM at $900,000. The proposed allocation of the remaining funds are as follows:

- $770 thousand to fund an electronic access system for the residence halls at USM. This project would come forward at a future Board meeting for approval.
- $200 thousand to fund marketing for the adult baccalaureate completion campaign.
$300 thousand to fund executive evaluation/transition. The System is responsible for covering the cost of the USM Presidential Search and the Vice Chancellor for Academic Affairs search. Additionally, there are five 360 reviews for System executives in FY2015 that are traditionally funded from reserves as these expenses are not base budgeted.

- $6 million for the Budget Stabilization Fund and place the remaining funds in the contingency account to cover unanticipated costs.

**Strategic Outcome # 2 – Financial Sustainability Targets**

Dr. Wyke reviewed the strategies, initiatives and deliverables for the following strategic integration targets:

**Strategic Integration Target # 1:** The strategy is to develop a new organizational model through a new financial management structure, including an organizational design for finance, budget and accounting functions that enhances transparency, enables appropriate fiscal controls, and advances comprehensive intra-system collaboration.

**Financial Sustainability Target # 1:** The strategy is to manage the budget to support long-term financial stability through development of a multi-year financial analysis, a workforce management plan and a facilities management plan.

**Financial Sustainability Target # 2:** The strategy is to improve operating results and manage debt to available resources in order to build reserves sufficient and flexible enough to experiment with new initiatives and to compete in the future state.

**Financial Sustainability Target # 3:** The strategy will be to establish a Board of Trustees investment pool equal to 5% of the annual E&G State Appropriation for strategic investment purposes.

**RESEARCH AND ECONOMIC DEVELOPMENT DISCUSSION**

Mr. James Ward, Vice President for Innovation and Economic Development at the University of Maine, and Mr. Bob Martin, President of Maine Technology Institute, led a discussion on research and economic development in Maine.

**CONSENT AGENDA**

Trustee Collins explained that it has been requested that two agenda items be removed from the Consent Agenda and will be discussed and approved separately. The items are the Natural Gas Central Heating Plant at UMF and the New Academic Program: BA in Human Dimensions of Climate Change at UM.

On a motion by Trustee Johnson, which was seconded by Trustee Fournier, the items on the Consent Agenda were unanimously approved by the Board of Trustees as follows:

The following agenda items were forwarded by the Academic & Student Affairs Committee to the Consent Agenda from its meeting on June 27, 2014:

**New Academic Program: BA in Outdoor Recreation Business Administration, UMF**

The Board of Trustees approved the creation of a B.A. in Outdoor Recreation Business Administration at the University of Maine at Farmington.
The following agenda items were forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on June 30, 2014:

**Approval of $2.5 Million FY2015 Budget Reduction, USM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee that authorized the additional $2.5 million FY15 budget reduction at USM as presented.

**Approval to Complete Upgrade of IT Telecommunications Services, UM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee that authorized the University of Maine to expend up to $2.1 million to complete the upgrade of the University of Maine Information Technologies telecommunications services subject to review and approval of final terms and conditions by the Treasurer and General Counsel.

**Cell Tower Lease Approval, USM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee that authorized the leasing of space at the Water Tower at 52 University Way on the Portland Campus to Portland Cellular Partnership for an initial period of up to five years with the option to renew for as many as four additional periods of up to five years each. The final terms, including rate, associated costs and other terms, shall be negotiated by the University of Southern Maine in the best economic interest of the University, subject to review and approval by the University of Maine System Treasurer and General Counsel.

**Science Lab Renovations, UMF.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the expenditure of up to $1,377,000, including up to $1.2 million in General Obligation Bond funds, $120,000 from grant funds and $57,000 from campus reserves, to renovate Preble Hall and Ricker Hall science laboratories at the University of Maine at Farmington.

**Compressed Natural Gas Conversion, UMM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Maine System acting through the University of Maine at Machias to enter such agreements as may be necessary but not to exceed a term of 15-years to secure delivery of compressed natural gas to the campus and facility improvements on campus necessary to consume that energy. The final terms, including rate, associated costs and other terms, shall be negotiated by the University of Maine at Machias in the best economic interest of the University, subject to review and approval by the University of Maine System Treasurer and General Counsel.

**ACTION ITEMS**

**New Academic Program: BA in Human Dimensions of Climate Change, UM.** The University of Maine is proposing the creation of a B.A. in the Human Dimensions of Climate Change. Climate Change is a very important focus area in both research and education at the University of Maine and this degree would provide an opportunity for the university to attain national distinction for this innovative program. This program requires no additional fiscal or equipment resources and represents a program developed within the context of existing resources.
On a motion by Trustees Johnson, which was seconded by Trustee Nelson, the Board of Trustees approved the creation of a B.A. in the Human Dimensions of Climate Change at the University of Maine. Trustee Newsom abstained from the motion.

Natural Gas Central Heating Plant, UMF. President Kate Foster explained the request for UMF to contract for the construction of a natural gas-fired central heating plant on the Farmington campus to consume natural gas in lieu of heating oil. At its January 6, 2014 Committee meeting, the Finance/Facilities/Technology Committee recommended approval of UMF entering into an agreement to provide natural gas to the campus. This recommendation was moved to the consent agenda at the January 29, 2014 Board of Trustee meeting and accepted.

Pursuant to this earlier approval, The University of Maine at Farmington now hereby requests Board approval to increase the scope and approved maximum expenditure for the approved Natural Gas Conversion project on the Farmington campus, financed through System resources or outside third-party financers including the issuance of revenue bonds.

On a motion by Trustee Fournier, which was seconded by Trustee Turner, the Board of Trustees authorized the University of Maine System, on behalf of the University of Maine at Farmington, to increase the scope and approved maximum expenditure of $11 million to build a central plant and distribution system that is dual-fuel, which is natural gas with a #2 oil backup. Until the natural gas line is constructed, a bridge fuel will be engaged on a short-term basis. There will be capacity to add a biomass boiler after five years. The final term, including rate, associated costs and other terms, shall be negotiated by the University of Maine at Farmington in the best economic interest of the University, subject to review and approval by the University of Maine System Treasurer and General Counsel.

Confirmation of Student Representatives to the Board of Trustees. On a motion by Trustee Nelson, which was seconded by Trustee Johnson, the Board of Trustees approved the appointment of the following Student Representative to the Board of Trustees:

Lee Jackson, UM (two year term – June 2014 to May 2016)

Resolution for Exclusion of Certain Directors or Officers. Board of Trustee approval is required annually for a Resolution for Exclusion of Certain Officers or Directors in order for the Universities to work on classified information with the Federal Government.

On a motion by Trustee Medd, which was seconded by Trustee Nelson, the Board of Trustees approved the Resolution for Exclusion of Certain Officers or Directors as follows:

Whereas, current Department of Defense policy requires that the principal officers (such as President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions) meet the personnel security clearance requirements established for the level of the contractor’s facility security clearance; and

Whereas, said Department of Defense policy 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 Chancellor at the present time does possess 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), unless excluded 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, newly appointed Trustees, and other officers shall not require, shall not have, and can be effectively excluded from access to all 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 National Industrial Security Program:


University of Maine System Staff: Vice Chancellor for Finance and Administration and Treasurer, Rebecca Wyke; President Emerita and Acting Vice Chancellor, Theodora Kalikow and Clerk of the Board, Tracy B. Bigney.

**Bond Financing and Project Authorization.** Ms. Tracy Elliott, Director of Finance and Controller, explained that, as discussed at the June 30th Finance/Facilities/Technology Committee meeting, the University of Maine System proposes to issue revenue bonds to refinance revenue bonds issued in 2004, 2005 and 2007 and to finance the following projects:

- University of Maine at Farmington (UMF) Natural Gas Central Heating Plant Project.
- University of Maine at Machias (UMM) Compressed Natural Gas Pipeline and Related Infrastructure Project.

UMS revenue bonds outstanding as of June 30, 2014 total $153 million, significantly below the statutory ceiling for UMS debt of $220 million. The refinancing portion of this proposed issuance does not increase outstanding debt but rather achieves interest savings.

As stated on the Financing and Project Authorization resolution, the revenue bond issuance shall not exceed $61 million with the amount allocated to the UMF and UMM energy projects totaling a maximum of $13.75 million. Such maximum amount allows for any necessary redemption premium, capitalized interest, reserves and costs of issuance.

On a motion by Trustee Medd, which was seconded by Trustee Fournier, the Board of Trustees approved the Financing and Project Authorization resolution related to the issuance of revenue bonds not to exceed $61,000,000 for the purposes of financing the UMF and UMM energy projects not to exceed $11,750,000 and $2,000,000, respectively, and refunding revenue bonds issued in 2004, 2005, and 2007.

**INFORMATION ITEMS**
The following items were included in the agenda for information only:

- Named Chairs and Professorships Annual Report for FY2014
- Management Group Appointments Report
EXECUTIVE SESSION
On a motion by Trustee Nelson, which was seconded by Trustee Newsom, the Board of Trustees meeting went into Executive Session under the following provisions:

- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.
- 1 MRSA Section 405 6-D to discuss planning for negotiations and communications with AFUM, UMPSA, COLT, Police, PATFA, and Service and Maintenance Units

On a motion by Trustee Johnson, which was seconded by Trustee Fournier, the Board of Trustees concluded the Executive Session.

Confirmation of Board of Visitors Appointments, USM. On a motion by Trustee Johnson, which was seconded by Trustee Erwin, the Board of Trustees approved the Board of Visitors appointments for USM, as presented.

DATE OF NEXT MEETING
The next meeting of the Board of Trustees will be held on September 21 & 22, 2014 at the University of Maine at Fort Kent.

Adjournment

Ellen Doughty for Tracy B. Bigney, Clerk