March 23, 2014

Trustee Collins, Chair, called the meeting to order.

**ACCEPTANCE OF MINUTES**

On a motion by Trustee Murphy, which was seconded by Trustee Fournier, the minutes from the following meetings were unanimously approved as presented:
- January 27, 2014 – Board of Trustees Meeting
- January 27, 2014 – Faculty & Student Representatives’ Sessions
- February 14, 2014 – Finance/Facilities/Technology Committee Meeting
- February 21, 2014 – Executive Committee Meeting
- February 26, 2014 – Human Resources & Labor Relations Committee Meeting
- February 27, 2014 – Academic & Student Affairs Committee Meeting
- February 27, 2014 – Investment Committee Meeting

**USM DIRECTION PACKAGE.** USM President Theodora Kalikow and USM Provost and Vice President for Academic Affairs Michael Stevenson explained the USM Direction Package Advisory Board was established to develop advisory recommendations that President Kalikow and her leadership team will use as they formulate their FY2015 budget plan and USM’s strategic direction forward. The Board consisted of 31 members representing every major stakeholder group, including faculty, students, hourly and salaried staffs and external constituents.

The Advisory Board, which was cosponsored by Professor and Chair of the Faculty Senate Jerry LaSala and President Kalikow, began meeting on November 8. Mr. David Stevens, Executive Director of Organizational Effectiveness, facilitated the process through its conclusion on February 28. The Board broke into three groups (Vision/Identity; Academic Review; and Creating Organizational Responsibility & Excellence or C.O.R.E), each of which presented a final report on February 28. The Board’s work will be of immense value as USM decides how to address short-term fiscal challenges, as well as how to position the university so that it emerges as a more focused institution, one with the capacity to better serve our students and the people of Maine.
Mr. Alex Greenlee, Student Representative to the Board of Trustees, spoke on behalf of the student body at USM and presented a resolution as follows:

The Student Senate of the University of Southern Maine, representing the student body, embraces the concept of a metropolitan university as proposed by the Direction Package Advisory Board. However, we have no confidence in the current administration’s plan to implement a vision in keeping with that ideal. The use of simplistic metrics to determine program and faculty eliminations is not in line with the comprehensive strategic plan that is needed to bring the University of Southern Maine forward.

Trustee Collins suggested that the Chancellor and Vice Chancellor Wyke meet with the students at USM to discuss the financial situation and start a dialog with suggestions.

Professor Valerie Hart, Faculty Representative to the Board of Trustees from USM, spoke on behalf of the faculty body at USM. At its special meeting Friday, March 21, 2014 the University of Southern Maine Faculty Senate passed the following motion unanimously:

The USM Faculty Senate embraces the notion of a metropolitan university, while rejecting the current implementation actions. These actions are not in the best interest of the students, the state of Maine, or the communities we serve, nor are they consistent with the vision of a metropolitan university.

COMMITTEE REPORTS

Academic & Student Affairs Committee. Trustee Gregory Johnson reported that the Committee met on February 27, 2014 and approved and forwarded to the Consent Agenda for the March Board meeting the Tenure Nominations for 2014. The Committee had a discussion with the Faculty & Student Representatives on Strengthening the Dialog between the Board and the Representatives. The Committee also had a discussion on Nursing Education. The Committee received updates on the Credit Transfer Steering Committee, the Adult Baccalaureate Completion/Distance Education (ABCDE) Committee, the Spring Enrollment Report, and the Exception to Board Policy for 120 Credits. The Chancellor talked about the online study underway to determine the most efficient and effective way to use online and outreach resources to support the UMS educational mission.

Executive Committee. Trustee Samuel Collins reported that the Committee met on February 21, 2014 and approved charging in-state tuition rates to all current and former members of the US Armed Forces who were honorably discharged, regardless of whether or not they are receiving benefits. The Committee also approved a Veterans’ Resolution that stated the UMS recognizes its responsibility to serve the postsecondary educational needs of our active duty and veteran population and ensure that the System universities provide a welcoming and supportive environment. The resolution directs the System and universities to review and act on policies, practices and operating procedures to fully enable active duty and veteran students in the achievement of their higher education aspirations through proactive recruitment, enrollment, and provision of a broad range of services and supports designed to promote student success, graduation and eventual transition into the workforce.

Finance/Facilities/Technology Committee. Trustee Norman Fournier reported that the Committee met on February 14, 2014 and received a presentation on the annual update on the Sightlines Report, the Facilities Management Administrative Review, the Landfill Gas Project
Indefinite Deferral, the Capital Projects Status Report and the Master Key Loss Response Update from USM and UMA. The Committee approved the Hirundo Lawsuit Settlement Property Acquisition. The following items were approved by the Committee and forwarded to the Consent Agenda for the March Board meeting: the Delegation of Authority Matrix Update, the Approval of Tuition Pricing for Out-of-State Veterans, the Outcomes Based Funding Model Recommendations for FY2015 and the Refinancing of Callable Bonds.

The Committee also met on March 23, 2014 and received updates on the Block Tuition at UMFK and the Capital Projects Status Report. The Committee approved the Memorial Gym and Fieldhouse Complex Increase at UM. The following items were approved by the Committee and forwarded to the Consent Agenda for the March Board meeting: the Approval of UMA 50th Anniversary Fund Campaign, the Advanced Structures and Composites Center Expansion Increase at UM, the Proposed Relocation of University College-Saco Center at UMA, the Dearborn Gymnasium Renovation at UMF, and the Folsom/Pullen Science Classroom and Laboratory Upgrade at UMPI.

Human Resources & Labor Relations Committee. Trustee James Erwin reported that the Committee met on February 26, 2014 to meet with Dr. Mark Huddleston, the external reviewer, for the comprehensive review for President Paul Ferguson.

Investment Committee. Trustee Karl Turner reported that the Committee met on February 27, 2014. The Committee did not have a quorum; therefore, the action items were added to the agenda for the March 23-24, 2014 Board of Trustees meeting. The two action items were the approval of the Endowment Distribution Rate per Share and the Asset Allocation Study and Recommendations. The Committee had a presentation from Divest Maine on divesting of fossil fuels and received an update on the performance of the Managed Investment Pool, the Pension Plan and the Operating Funds.

DISCUSSION WITH THE UMM BOARDS OF VISITORS. Chancellor Page welcomed members of the University of Maine at Machias Board of Visitors (BOV). The Board of Trustees (BOT) and the BOV for the universities are collaborating to increase engagement. The BOT/BOV partnership will increase advocacy and add value for UMS, our students and the State.

Chancellor Page announced that the BOT/BOV Steering Committee has been established. This Committee is developing an agenda and details for an annual BOT/BOV retreat which has been scheduled for May 28, 2014. The Committee is also developing annual calendar of BOT/BOV engagement. In addition, the Chair of the campus BOV, or a BOV designee will be invited to sit at the Board table when the Board meetings are located at the campuses. Also, time will be set aside during the Board meeting to meet with all members of that campus’ BOV. All of these efforts are designed to enhance the dialog and engagement between the BOT and BOV.

UMM President Cynthia Huggins introduced the following members of the UMM BOV who were present to participate in the discussion: Blaine Jones, Chair of the BOV; Doug Beckwith, Jr., Tom Boutureira, Susan Corbett, Bonnie Fortini, Doug Jones, and Ian Yaffe. The UMM BOV members spoke about their strategic goals, concerns and creative ideas for future growth.
MEETING CONCLUDED
The Board of Trustees meeting was concluded and will reconvene at 8:30 am on Monday, March 24, 2014.

March 24, 2014

The Board of Trustee meeting reconvened at 8:30 am on March 24, 2014.

CITIZEN COMMENT
Citizen Comment is a time regularly set aside for comments from the public. The following individuals spoke during the Citizen Comment period:
- Robert Rice
- Shallee Page
- Ron Mosley

CHAIR’S REPORT
Trustee Collins thanked the University of Maine at Machias and President Huggins for hosting the Board of Trustees meeting. He commented on the state of higher education in Maine and across the nation.

Resolution for Eleanor M. Baker
Trustee Collins read the following resolution for Eleanor M. Baker who recently completed her term as Trustee. On a motion by Trustee Johnson, which was seconded by Trustee Murphy, the Board of Trustees approved the following resolution:

Whereas, Eleanor M. Baker served with distinction on the University of Maine System Board of Trustees for five years;

Whereas, while on the Board, Baker was Chair of the Investment Committee, and served on the Executive Committee, the Audit Committee and the Technology Committee;

Whereas, Baker also served as the Board of Trustees representative to the Maine Public Broadcasting Network and served on the University of Maine Presidential Search Committee and the Chancellor Search Committee;

Whereas Baker is a distinguished graduate of the University of Maine and the University of Maine School of Law with a significant record of public service;

Whereas Baker contributed wisdom, intelligence, business acumen, great concern for Maine students and dedication to UMS in her role as Trustee;

Whereas she has completed her term of service on the Board of Trustees;

Be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Eleanor M. Baker for her outstanding contributions to the quality of higher education in Maine.

Approved on the 24th day of March, 2014, by a grateful University of Maine System Board of Trustees, acting as stewards of Maine’s public universities and their 39,000 students, 5,000 employees and more than 185,000 living alumni.
Resolution for Tyler C. Hadyniak
Trustee Collins read the following resolution for Tyler C. Hadyniak who will be completing his term as the Student Trustee on April 3, 2014. On a motion by Trustee Hood, which was seconded by Trustee Adams, the Board of Trustees approved the following resolution:

Whereas, Tyler C. Hadyniak served with distinction on the University of Maine System Board of Trustees for two years;

Whereas, while on the Board, Hadyniak served on the Academic and Student Affairs Committee and the Finance/Facilities and Technology Committee;

Whereas, Hadyniak served on the Board of Trustees while attending the University of Maine at Farmington, where he will graduate in May 2015 with a double major in Political Science and Psychology, and a minor in History;

Whereas Hadyniak has been on the Dean’s List every semester since he enrolled at the University of Maine at Farmington;

Whereas Hadyniak demonstrated an ability to contribute to the Board’s work through both a student perspective and a firm grasp of the strategic imperatives facing UMS;

Whereas, Hadyniak is completing his service as the student Trustee on the Board as of April 3, 2014;

Be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Tyler C. Hadyniak for his outstanding contributions to the quality of higher education in Maine.

Approved on the 24th day of March, 2014, by a grateful University of Maine System Board of Trustees, acting as stewards of Maine’s public universities and their 39,000 students, 5,000 employees and more than 185,000 living alumni.

Establishment of the Trustee Nominating Committee. Trustee Collins explained that the Board of Trustees annually in May approves officers to serve one year terms. The Committee for Nomination of Officers shall nominate from members of the Board a Chair and Vice Chair. Trustee Collins announced that Trustee Fournier will serve as Chair of the Trustee Nominating Committee. Trustees Hood and Medd will assist Trustee Fournier on the Committee.

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

Legislative Update. Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer provided a legislative update. Dr. Wyke commented that the Appropriations Committee last week did pass a bill to restore $21 million to the State’s “rainy day fund.” This will likely lead to release of the bond funding used to upgrade many of the UMS facilities. The Appropriations Committee is currently working to balance the FY2014 and FY2015 budgets because of the gap in the State’s biennial budget. The UMS is hopeful that as the legislature closes the gap in the FY2014 and FY2015 budget that the UMS’ share will be zero or something smaller than what is currently being suggested.
Board of Trustee and Boards of Visitors (BOT/BOV) Summit
Chancellor Page announced that a BOT/BOV Summit has been scheduled for May 28, 2014 at the Buchanan Alumni House at the University of Maine. The event will be from 9:00 am to 4:45 pm. All of the Board of Trustees, Boards of Visitors members and Presidents will receive an invitation.

Shawn Staples Comments
Mr. Shawn Staples, Student Representative to Board of Trustees from UMA, spoke about student engagement with the Board of Trustees. He thanked the Chancellor for the allowing time for him to speak at the Board meeting. He also thanked the Presidents for their dedication and leadership. Mr. Staples spoke about opportunities for improvement and cost savings by increasing student collaborations and enhancing the use of technology. He also encouraged the Board of Trustees to visit the campuses and help educate the students on the role and duties of the Board.

Financial Challenges
Chancellor Page stated that the UMS is Maine’s most important asset. It alone has the resources, scope and scale and above all the responsible to engage comprehensively with every Maine citizen, family, business and community. That has been the UMS charge since the beginning and he feels it is the charge going into the future. The UMS has to fulfill its mission in a financially sustainable and responsible way. In FY2015-19 if the UMS does not make any changes in how the System does business, the UMS will have between a $65-95 million accumulative structural shortfall with approximately $36 million accruing in the fiscal year that begins July 1, 2014. The shortfall results from a variety of factors including intense fiscal pressures on the State Legislature resulting from the general economy and the declining State-wide demographic. Generally speaking, the UMS has a cost structure that cannot be supported by current revenue. The Board of Trustees have chosen wisely that the UMS cannot maintain that cost structure by passing increased costs to the students and their families. Chancellor Page stated that the Trustees and Presidents agree that the organizational model that has been in place for decades at the UMS it no longer adequate to serve our students or to serve the State. Therefore, the entire organization must re-structure, significantly reducing costs while ensuring our core mission is enhanced and not compromised. The UMS will be smaller in the number of personnel and the facilities footprint. The reorganization will be accomplished in such a way that there is greater impact by providing greater levels of service in each of the UMS missions of education, research and development and public service.

Over the next year, each campus will be defining their brand. The Chancellor and the Trustees are working on updating the January 2012 Goals and Actions document and the revised document will be based around coordination and collaboration. UMS also has a commitment to not only meet the structural gap but to eliminate that gap and to eliminate its root causes.

USM Program and Personnel Actions Concerns
Chancellor Page stated that a resolution statement has been received from the USM Faculty Senate. He thanked the Faculty Senate and the students at USM for supporting and embracing the concept on a metropolitan university. The next step is the formation of a USM Direction Package Steering Committee which will be the central organizational piece for the next year. The Committee membership and charge will be in place by May.
The resolution also stated a rejection of the implementation steps taken so far. The Chancellor’s interpretation of the rejection focuses around the program and position reductions. The program elimination process is well defined and is under way. USM is in the early stages of that process. There is also a process for the retrenchments. Chancellor Page stated that he made a commitment for $500,000 to underwrite and support the start of the USM planning process for the metropolitan university. These funds will come from the Administrative Review Reserve. He also made a commitment to assist the USM with their structural gap of $14 million because it would be difficult for the campus to close the level of gap in one year. The Chancellor indicated that no monetary amount has been committed to USM at this time because the System continues to gather additional information on the System-wide budget structures.

**VICE CHANCELLOR FOR ACADEMIC AFFAIRS’ REPORT.**

Dr. Susan Hunter, Vice Chancellor for Academic Affairs, reported on the following topics:

**Tenure**

Dr. Hunter noted that Trustee Johnson covered Tenure in his report from the Academic and Student Affairs Committee meeting on February 27, 2014. She reviewed some of the highlights from the Annual Faculty and Tenure Statistics 2013-2014, which are as follows:

- Part-time faculty are not included in the report
- Included in the count are: tenured, pre-tenure and non-tenure eligible (but Full-time)
- Faculty size has gone through cycles of expansion and contraction. It grew through the 1980’s, decreased through the 1990’s, rose from 1997-2007 and has since declined.
- Peak was in 2007 and the decline since then is approximately 10%. The actual number in 2007 is not in the report. In 2008 the total was 1400. Total today is 1272.
- The percentage of tenured, tenure-eligible and non-tenure eligible total 100%. Tenure fraction of 66% is 11% higher than national average; the pre-tenure fraction of 12.4% is 8% lower than the national average, and the non-tenure eligible fraction of 21% is 3% lower than the national average for that category.
- One reason for the higher percentage of tenured faculty is years of limited hiring at the Assistant Professor level. The pre-tenure cohort is a limited, 6-year window and as people achieve tenure they move into a cohort of 25+ years duration. Fewer faculty hires has shrunk that pool as a percentage of the whole, which equals 100%.
- The percentage of women faculty has increased from approximately 22% in 1981 to approximately 43% in 2013. This is the highest percentage of women faculty ever reported in the UMS.
- The percentage of women with tenure has increased from approximately 37% in 1981 to approximately 59% in 2013. The percentage of women with tenure is still substantially lower than the percentage of men holding tenure at approximately 73%.
- Minority faculty have decreased slightly and make up 6.7% of faculty.

**Academic Program Review and Prioritization**

Dr. Hunter stated that an overarching approach to Academic Portfolio Review and Management is long overdue and failure to act will lead to a worsening of the fiscal situation and failure to deliver on our mission to our students. The challenge will be to reduce the overall fiscal size of the enterprise while enhancing educational opportunities. The additional challenge is to do this in a real time fashion – UMS does not have the luxury of years of contemplation. Re-shaping the enterprise will be some combination of reductions and development of offerings and approaches that lead to enhanced enrollments and revenues. No one wants to diminish academic programs
but the UMS will not be able to continue with all that is offer and dispersed in seven separate academic portfolios. Making coordinated structural change is a necessity to maintain high quality programs for the people of the State of Maine. The primary mission is to serve the students of the State.

Dr. Hunter commented that she has a draft document to share with the Chief Academic Officers at their next meeting. It is set up loosely around a Project Management approach and provides a framework for thinking about this very complicated endeavor and will involve a high-level Oversight Group, development of review criteria, a plan for data acquisition and analysis, and development of a timeline for review and implementation. The Oversight Group will have representation from the Board, external community, a president and faculty.

Faculty involvement will be critical as we consider aspects including:
- Investigation of similar efforts in other states
- Financial models that exist with a need to analyze several
- Academic structural models – structure as it relates to academic administration;
  - Feeder programs to articulate with a program at one or two sites,
  - Multiple sites with the program administrative structure at one site, etc.
  - It will not be a one size fits all approach. Different programs and fields will require different approaches
- How to best use technology to enhance what the UMS does
- How to manage our accreditations, both programmatic and overall institutional accreditations.

Credit Transfer and Adult Baccalaureate Completion/Distance Education (ABCDE) Initiatives
Dr. Hunter stated that work on the Credit Transfer initiative continues. The Faculty Senates (or Assemblies) of six of seven campuses have approved motions supporting: 1) block transfer of lower level General Education completion for students within the UMS who have met the lower level requirements at any of the campuses, 2) course-by-course articulation for students transferring before 100% completion of General Education and, 3) development of an electronic transfer database that is user friendly and accessible to anyone – not just students within UMS.

Another very important development is the sincere interest of the faculty in pursuing an outcomes-based approach to General Education. Dr. Hunter stated that she fully supports this effort and thinks this is the way to actually streamline and make transfer more available and useful throughout our System.

Fall 2014 Enrollment
Dr. Hunter stated it is far too early to make substantive predictions regarding Fall 2014 enrollment. The information becomes progressively more solid after May 1st for some campuses but for others, with their large adult populations, their numbers are really not firm until summer.

Program Suspension and Elimination
Dr. Hunter commented that the Board of Trustees Policies outlined in Section 305 will be followed as the System proceeds with program suspensions and eliminations.
VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION & TREASURER’S REPORT

Financial Update. Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, provided a financial update.

Managed Investment Pool (including Endowment Fund)
In January the fund declined by 2.2% and fiscal year-to-date the fund has grown 7.7%. The market value on January 31, 2014 of the Managed Investment Pool (MIP) is $254 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 January the fund declined by 2.0% and fiscal year-to-date the fund has returned 6.2%. The market value on January 31, 2014 of the Pension Fund is $38.9 million.

Operating Fund
In January the Operating Fund declined by 0.2% and fiscal year-to-date the fund has returned 2.2%.

FY2014 Forecast
As of February 28, 2014 the UMS is forecasting an unrestricted operating increase of $576 thousand for FY2014. It should be noted, however, that this includes the current $5.110 million temporary investment income above budget and a $2 million positive projection for employee benefits. Institution operations (excluding temporary investment income and employee benefits) are projected to experience a loss of $6.534 million.

The major factors impacting the forecast:
- The temporary investment income budget is $2.8 million. Based on information available as of February 28, UMS has realized total income of $7.910 million, net of expenses, for a total budget-to-actual positive variance of $5.110 million. This forecast reflects only the gain realized thus far and does not include any projections for future gains or losses.
- The employee benefits cost projection is $2 million below budget – primarily as a result of favorable medical claim costs compared to budget. Since the System is self-insured, however, this surplus could evaporate quickly if large claims are incurred.
- UMS Spring enrollments were 3.9% or 846 full-time equivalent (FTE) below budget, but enrollments are above budget at UMaine by 1.0% or 82 FTE and UMFK by 1.4% or 10 FTE. Enrollments for Fall 2013 were 1.8% or 414 FTE below budget, but enrollments were above budget at UMaine at 3.7% or 336 FTE and UMFK at 5.9% or 45 FTE. The average UMS enrollment for the two semesters was 2.8% or 630 FTE below budget.
- UMS Spring residence hall occupancy was 5.5% or 335 students below budget. Residence hall occupancy for Fall 2013 was 0.7% or 45 students below budget. The average UMS residence hall occupancy for the two semesters was 3.1% or 189 students below budget but was above budget at UMaine at 3.3% or 109 students.
• Tuition, fees, dining, and residence hall revenues (net of financial aid) are projected to be $7.798 million below budget as a result of the lower enrollments and residence hall occupancy.

FY2015 Update
Dr. Wyke stated that the seven campuses are in various stages of preparation for the FY2015 Operating Budget that will be presented to the Trustees in May. Almost certainly, all of the campuses will need assistance in FY2015 to balance their budgets or to pay out separation costs for retirements, retrenchments and layoffs. At this time, it is anticipated that a reduction of about 165 personnel System-wide, approximately one half faculty and half other staff will be needed. This includes 55 faculty that have elected the retirement incentive as of the deadline last Monday.

Position Reductions. Since 2007 the UMS has eliminated 520 full-time positions, or 9.6% of its workforce. Over a quarter (26%) of the administrative positions have been eliminated, 8.5% of salaried and hourly employees, and 10% of the faculty.

Breakdown of Campus and University Services Staff. Of the remaining 4,893 faculty and staff employed by the System, 94% report up to a campus president and another 5.7% report to University Services providing shared support for all seven campuses in IT, procurement, payroll, legal, and other services. The majority of these employees are located on the campuses that they serve.

Governance Staff. Only about 14 positions (a third of 1%), including the Chancellor, support the Board of Trustees in their governance role and provide academic, financial and administrative oversight for the seven-campus System in accordance with the Board of Trustees’ policies and directives.

Administrative Reductions. In 2012 the Chancellor initiated a comprehensive, System-wide review of all administrative functions with the goal of reducing costs and reallocating those savings to academic and student programs. That is underway and the consolidation of campus reporting structures into shared administrative services managed under the System Office is reducing the total number of non-faculty staff and is estimated to save about $5 million by 2016.

Reserves. Utilizing University reserves to lessen the budget cuts has been raised. The “unrestricted net assets” at the end of FY2013 totaled $183 million. The great majority of these funds (73%) reside on the campuses where they have been accrued over many years and where they have always been used to fund auxiliary services, campus capital projects, deferred maintenance, and scholarships. About $49.8 million (27% of the total) resides at the System Office. That amount includes the reserve for the self-insured health plan covering all UMS employees ($20.5 million), System-wide Information Technology projects ($3.6 million), collateral for internal loans to campuses, and a reserve to cover deductibles for risk management ($6 million), and a number of other, smaller allocations. When all these commitments are accounted for, the System Office has a budget stabilization reserve of $15 million (the true “rainy day fund”), and about $3.9 million to pay for smaller emergencies, contingencies, strategic projects, and so forth. That is not much for an enterprise of our size. Furthermore, these funds have accrued over time and are not monies that can count on as repeatable. Using one-time funds for recurring budget commitments is not a smart strategy. It would be like using
up your savings to pay for the first 6 months on a new car loan for which your annual income cannot support making the other 54 payments.

**Budget by Functional Classification.** The UMS spends the majority of its budget, almost 70%, directly on academic and student affairs, including instruction (27%), research and public service (19%), academic and student services (19%) and university funded student aid (4%). The UMS spends only 8% on administrative support for the institution System-wide. The remaining 22% covers the cost of operating and maintaining a seven university physical plant and the operation of auxiliary enterprises such as dining and residence halls and the university bookstores.

**Financial Outlook & Plan for Sustainability.** While the external rating agency, Standard & Poors, stated in 2013 that the University System is “characterized by strong governance and management, … good financial performance, and adequate financial resources…,” their report also noted, “the State's economy and demographics continue to be constraining factors and the System's financial resources would need to show significant improvement to counter them.” This is precisely why the University System needs to continue to work to bring its costs in line with its revenue sources, which are severely restrained by the declining demographic of traditional age students and a flat State Appropriation. The only alternative is to charge students and their families much more for higher education and that’s not the right choice, not when better alternatives are within UMS’ control.

**CONSENT AGENDA**

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

The following agenda items were forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on February 14, 2014:

- **Delegation of Authority Matrix.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the adoption of the updated Delegation of Authority Matrix.

- **Outcomes Based Funding Model Recommendations for FY2015.** The Board of Trustees adopted the recommendations for the FY2015 Outcomes Based Funding Model.

- **Refinancing of Callable Bonds.** The Board of Trustees approved the financing of the debt internally for the portion of the 2004 Revenue Bonds that matures in 2015 through 2017.

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

- **Tenure Nominations for 2014.** The Board of Trustees approved the recommendations for tenure submitted by the universities of the University of Maine System in 2014. Approvals will take effect September 1, 2014.
Nuri W. Emanetoglu, College of Engineering
Niclas L. Erhardt, Maine Business School
Julie A. Gosse, College of Natural Sciences, Forestry, and Agriculture
Jason A. Harkins, Maine Business School
Mary L. Hough, College of Liberal Arts and Sciences
Teresa R. Johnson, College of Natural Sciences, Forestry, and Agriculture
Margaret O. Killinger, Honors College
Melissa L. Maynard, College of Engineering
Shannon K. McCoy, College of Liberal Arts and Sciences
Robert W. Meulenberg, College of Liberal Arts and Sciences
Patti C. Miles, Maine Business School
Robert T. Wheeler, College of Natural Sciences, Forestry, and Agriculture
Kathleen L. Yoon, College of Liberal Arts and Sciences

Sabine Klein, Division of Humanities

Daniel Qualls, Division of Professional Studies
Bernard Vinzani, Division of Arts and Letters

Jacquelyn Lowman, College of Arts and Sciences

Charles Bernacchio, College of Management and Human Service
Kaitlin Briggs, Lewiston-Auburn College
Matthew Dean, College of Management and Human Service
Heidi M. Parker, College of Management and Human Service
Linda Samia, College of Science, Technology and Health
James F. Schilling, College of Science, Technology and Health
Shannon K. Zura, College of Arts, Humanities and Social Sciences

The following agenda items were forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on March 23, 2014:

**Proposed Relocation of University College – Saco Center, UMA.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee for the University of Maine at Augusta to lease 4,023 square feet of space in the Saco Valley Shopping Center in order to relocate the University College-Saco Center from its present location on Saco Island.

**Approval of UMA 50th Anniversary Fund Campaign.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee for the UMA 50th Anniversary Fund Campaign plan as presented.

**Folsom/Pullen Science Classroom & Laboratory Upgrades, UMPI.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee for the University of Maine at Presque Isle to expend up to $1,200,000 for the Folsom/Pullen Science Classroom and Laboratory Upgrade.
**Dearborn Gymnasium Renovation, UMF.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee for the University of Farmington to expend up to $1.2 million for the Dearborn Gymnasium Renovation.

**Advanced Structures & Composite Center Expansion Increase, UM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee and authorizes the University of Maine to update the scope of the Advanced Structures and Composites Center Expansion project and to expend an additional $1.6 million to be funded by grant and bond money.

**ACTION ITEMS**

**Approval of the Board of Trustees Meeting Calendar for 2014-2015 and 2015-2016.** Ms. Tracy Bigney, Clerk of the Board, explained that in accordance with the University System’s Charter and the Board’s By-laws, the proposed calendar is submitted for approval. In order to allow as much flexibility as possible in planning schedules, the proposed calendar has been developed on a 2-year cycle. With the recent changes to the Board meeting structure, the proposed calendar includes three Board meetings on a campus and four Board meetings as two-day events annually. The Board of Trustees Meeting Calendar for 2014-2015 and 2015-2016 is as follows:

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<tbody>
<tr>
<td>July 21, 2014 at UMS</td>
<td>July 20, 2015 at UMS</td>
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<tr>
<td>September 21-22, 2014 at USM</td>
<td>September 20-21, 2015 at UMPI</td>
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<tr>
<td>November 16-17, 2014 at UMFK</td>
<td>November 15 &amp; 16, 2015 at UMA</td>
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<tr>
<td>January 26, 2015 at UMS</td>
<td>January 25, 2016 at UMS</td>
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<tr>
<td>March 15-16, 2015 at UM</td>
<td>March 13-14, 2016 at UMF</td>
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<tr>
<td>May 17 &amp; 18, 2015 at UMS</td>
<td>May 22 &amp; 23, 2016 at UMS</td>
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On a motion by Trustee Fournier, which was seconded by Trustee Turner, the Board of Trustees approved the Board of Trustees Meeting Calendar for 2014-2015 and 2015-2016 as presented.

**Maine Economic Improvement Fund Financial & Informational Reports.** Mr. James Ward, UM Vice President for Innovation and Economic Development, explained the Maine Economic Improvement Fund (MEIF) began in 1997 with a State appropriation of $500,000 for research and has grown to base budgeted funding of $14.7 million for research operations plus bond issues and appropriations for research capital projects. Through the MEIF the State of Maine and the University of Maine System have partnered to advance research and economic development for the benefit of all Maine people. Research is focused in Maine’s statutory seven targeted areas important to the Maine economy which are: Aquaculture and Marine Science, Biotechnology, Composites and Advanced Materials Technologies, Environmental Technologies, Information Technologies, Advanced Technologies in Forestry and Agriculture, and Precision Manufacturing. In FY2013 UMS leveraged the State’s dollars to bring in a threefold return by securing $43.5 million in federal and private-sector grants and contracts in these seven designated sectors.

On a motion by Trustee Johnson, which was seconded by Trustee Murphy, the Board of Trustees accepted the FY2013 financial reports for operating research expenditures and research capital projects funded by the Maine Economic Improvement Fund.
**New Academic Program – B.S. in Information Technology, USM.** USM Provost and Vice President for Academic Affairs Michael Stevenson stated that the University of Southern Maine is proposing the creation of a Bachelors of Science in Information Technology, the study of specifying, designing, constructing, operating, and maintaining computer-based information systems. This proposal is for a 2+2 program closely coordinated with three area community colleges and a four-year option based mostly on existing USM courses. The goals of this program are to prepare students to fill a gap in the workforce of Maine’s Information Technology cluster and to provide a smooth, articulated path from the Maine Community College System to an accredited Bachelor’s degree from USM. Local industry and state government have asked for this program, which will significantly improve the State-wide prospect for excellence in the computer-based delivery of services and information.

On a motion by Trustee Murphy, which was seconded by Trustee Adams, the Board of Trustees approved the creation of a Bachelors of Science in Information Technology at the University of Southern Maine.

**Confirm Appointment of Student Representative to the Board of Trustees.** UMPI President Linda Schott stated that the current student representative from UMPI is not able to continue so the campus is nominating the following student:

  **Student Representative:**

  Elizabeth Day, UMPI (two year term – March 2014 to May 2016)

On a motion by Trustee Murphy, which was seconded by Trustee Fournier, the Board of Trustees approved the appointment of Elizabeth Day, Student Representative to the Board of Trustees from UMPI for a two year term effective March 2014 to May 2016.

The following action items were ratified and approved from the February 27, 2014 Investment Committee Meeting:

**FY2015 Endowment Distribution Rate Per Share.** Ms. Tracy Elliott, Director of Finance and Controller, explained the Committee reviewed the Endowment Distribution Rate calculation for FY2015. The calculation uses a 4.5% Endowment Spending Rate which is consistent with the previous two years and other higher education institutions. Using this rate, an estimated $5.2 million will be available for endowed spending which is about $300 thousand more than FY2014. The Investment Committee members supported the Endowment Distribution Rate for FY2015 of $13.53261 per share. Lacking a quorum, the Committee agreed to forward the recommendation to the Board of Trustees for approval at the March 2014 meeting.

On a motion by Trustee Turner, which was seconded by Trustee Murphy, the Board of Trustees approved an Endowment Distribution Rate for FY2015 of $13.53261 per share.

**Asset Allocation Study and Recommendations.** Ms. Elliott stated that New England Pension Consultants (NEPC) provided an overview of NEPC’s 2014 capital market observations, including investment opportunities and related reallocation recommendations at the February 27, 2014 Investment Committee meeting. The Committee did not have a quorum; therefore, the recommendations were forwarded to the Board for approval. The recommendations were as follows:
Managed Investment Pool
NEPC reviewed two asset allocation options. After an in depth discussion, the Investment Committee supported the following:
- Reallocating 5% from Loomis High Yield Bonds to Loomis Global Multi-Sector Fixed Income.
- Splitting the current Emerging Market allocation, making a new allocation to Emerging Market Small Cap Equity (will initiate search).
- Allocating 2% ($5 million) to Private Equity managed by Landmark Partners (due diligence performed).

Pension
NEPC led a discussion of the Defined Benefit Plan’s liabilities, goals and objectives, and asset allocation options (Moderate, Conservative and Liability Driven) with the Investment Committee supporting the Conservative Asset Allocation option including:
- Reducing the Equity allocation from 40% to 20% (including issuing a search for an EM Equity Small Cap Manager for a 3% allocation).
- Increasing the allocation to Core Bonds from 13% to 27%.
- Issuing a search to determine options for core fixed income.
- Reallocating 5% from Loomis High Yield Bonds to Loomis Global Multi-Sector Fixed Income.
- Increasing the Global Asset Allocation from 26% to 30%.

On a motion by Trustee Hood, which was seconded by Trustee Turner, the Board of Trustees approved the Asset Allocations based on the recommendations presented above.

FACILITIES ADMINISTRATIVE REVIEW. Mr. Chip Gavin, System Director of Facilities Management and General Services, provided an update on the status of the annual Sightlines facilities portfolio overview and the Facilities Management Administrative Review Project. Mr. Jim Kadamus and Emily Morris from Sightlines provided an overview of the annual findings. The Administrative Review interim deliverable contains four broad recommendations which are as follows:

a. UMS should right-size the facility portfolio to reduce costs and improve the quality of facilities
b. Identify and fund the long-term capital needs of the System
c. Review current prioritized processes for best practices or improvements
d. Benchmark UMS operations and institutionalize selected benchmarks

On a motion by Trustee Erwin, which was seconded by Trustee Hood, the Board of Trustees approved the conceptual design of the Facilities Management Administrative Review team as presented and as reflected in the team’s interim deliverable document.

INFORMATION ITEMS
The following items were included in the agenda for information only:
- 2012-2013 Degrees Conferred Report
- Faculty and Tenure Statistics 2013-2014
- Capital Projects Status Report
- Management Group Appointment Report
EXECUTIVE SESSION
On a motion by Trustee Fournier, which was seconded by Trustee Adams, 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 negotiations and communications with AFUM, UMPSA, COLT, Police, PATFA, and Service and Maintenance Units

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

Honorary Degree Nomination for 2015, UMPI. On a motion by Trustee Fournier, which was seconded by Trustee Newsom, the Board of Trustees approved the Honorary Degree Nomination for 2015 for UMPI, as presented.

Confirmation of Board of Visitors Appointment, USM. On a motion by Trustee Fournier, which was seconded by Trustee Newsom, the Board of Trustees approved the Board of Visitors appointment for USM, as presented.

Collective Bargaining Agreement: The Maine Part-Time Faculty Association, American Federation of Teachers Local # 4593, AFT-Maine, AFL-CIO. On a motion by Trustee Fournier, which was seconded by Trustee Newsom, the Board of Trustees authorized the Chancellor to execute the collective bargaining agreement with The Maine Part-Time Faculty Association, American Federation of Teachers Local # 4593, AFT-Maine, AFL-CIO upon notice that the agreement has been ratified by the union.

DATE OF NEXT MEETING
The next meeting of the Board of Trustees will be held on May 18 & 19, 2014 at the University of Maine System.

Adjournment

Ellen Doughty for
Tracy B. Bigney, Clerk