UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting
at the University of Maine System
July 12, 2010

Committee of the Whole


Absent: James Dowe and Angela Faherty.

Trustee Wishcamper called the meeting to order and welcomed everyone.

Executive Session
On a motion by Trustee Fournier, which was seconded by Trustee Newell, the Committee of the Whole agreed to go into Executive Session under provisions of 1 MRSA Section 405 6A & D for the purpose of discussing personnel and collective bargaining issues and to discuss issues with legal counsel.

On a motion by Trustee Johnson, which was seconded by Trustee Baker, the Committee of the Whole concluded Executive Session.

Chair’s Comments. Trustee Wishcamper welcomed Mr. John Murphy who is serving as the Interim President at UMFK and thanked him for agreeing to take on the role until Dr. Wilson Hess’ arrival on July 19th. Trustee Wishcamper reminded attendees that UMaine will be hosting a reception at the UMaine Museum of Art on Harlow Street in Bangor directly following the Board meeting this afternoon.

USM Honorary Degree Nomination for 2011.
On a motion by Trustee Fournier, which was seconded by Trustee Johnson, the Committee of the Whole agreed to forward the USM Honorary Degree Nomination for 2011 to the Consent Agenda.

Confirm Student Representative to the Board of Trustees. Chancellor Pattenaude discussed the nomination for Student Representative to the Board of Trustees. The nomination was forwarded through the President to the Chancellor for submission to the Board for approval as follows:

Student Representative:
Anastasia Alexis, USM (two year term)

Trustee Wishcamper expressed appreciation to Shallee Page from UMM and Bert Jacobs from UMF who are ending their terms as Faculty Representatives to the Board of Trustees.

On a motion by Trustee Johnson, which was seconded by Trustee Medd, the Committee of the Whole agreed to forward the recommendation to the Consent Agenda for action.
Resolution for “Exclusion of Certain Directors or Officers”. Trustee Wishcamper explained this resolution is an annual standard Department of Defense resolution for exclusion of certain directors or officers for UM to work on government projects. The Resolution is as follows:

Whereas, current Department of Defense directives contain a provision making it mandatory that the Chair of the Board and all principal officers (such as President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions) meet the personnel security clearances requirements established for a contractor’s facility security clearance; and

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

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

Be It Resolved that in the future, when any individual enters upon any duties as Chair of the Board, as a replacement for one of the cleared quorum of the Board or as one of the principal officers of this corporation (such as President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions), 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 CLASSIFIED information in the possession of the University and do not occupy positions that would enable them to affect adversely University policies of practices in the performance of classified contracts for the Department of Defense or the User Agencies of its Industrial Security Program: Eleanor M. Baker, Samuel W. Collins, P. James Dowe; Angela R. Faherty, Norman L. Fournier, Benjamin D. Goodman, Tamera L. Grieshaber; M. Michelle Hood; William D. Johnson, Kevin P. McCarthy, Marjorie Murray Medd; Paul J. Mitchell; Victoria M. Murphy; Wayne A. Newell; Lyndel J. Wishcamper; Chancellor, Richard Pattenaude; Vice Chancellor for Finance and Administration and Treasurer, Rebecca Wyke; and Clerk of the Board, J. Kelley Wiltbank.

On a motion by Trustee Johnson, which was seconded by Trustee Medd, the Committee of the Whole agreed to forward the recommendation to the Consent Agenda for action.

Agenda Items from the June 1, 2010 Investment Committee Meeting.
The Board of Trustees were requested to ratify and approve the following actions from the June 1, 2010 Investment Committee meeting:

Approval of Pension Plan Asset Allocation. Trustee Baker explained that based upon analysis by New England Pension Consultants (NEPC) of the Pension Plan, it is recommended to maintain a risk adverse asset allocation strategy that better hedges the Plan’s risk to equities and interest rates as follows:

- A reduction of the equity target allocation from 50% to 45%
- An increase in the fixed income asset allocation from 15% to 20%
- Restructuring the hedge fund category and introducing a trading hedge fund

On a motion by Trustee Collins, which was seconded by Trustee Johnson, the Committee of the Whole agreed to forward the recommendation to the Consent Agenda for action.

Approval of Managed Investment Pool Asset Allocation. Trustee Baker explained that based upon analysis by NEPC of the Investment Plan, it is recommended that continued
action to be taken to further reduce various risks while maintaining a reasonable rate of return through diversification:

- A reduction of the equity target allocation from 55% to 50%
- An increase in the fixed income asset allocation from 10% to 15%
- Restructuring the hedge fund category and introducing a trading hedge fund

On a motion by Trustee Collins, which was seconded by Trustee Johnson, the Committee of the Whole agreed to forward the recommendation to the Consent Agenda for action.

**Approval of Operating Cash Guidelines.** Trustee Baker explained the Investment Committee reviewed the draft Operating Cash Guidelines at its December 8, 2009 meeting. Several relatively minor edits were made and lacking a quorum at the June 1, 2010 meeting, the modified Guidelines are presented for ratification and approval.

On a motion by Trustee Collins, which was seconded by Trustee Johnson, the Committee of the Whole agreed to forward the recommendation to the Consent Agenda for action.

**Appointment of Standing Committees.** Trustee Wishcamper confirmed Board Committee and Special Assignments for fiscal year 2010-2011.

**Strategic Investment Fund Update.** Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer provided an update on the Strategic Investment Fund (SIF). A total of 39 separate proposals were submitted for the FY11 for a total of $2,282,304. The 2011 awards are as follows:

**Enrollment Management Activities:** $892,834
- Noel Levitz’ recently completed study on strategic pricing and marketing resulted in the following recommendations:
  - Marketing Campaign - $250,000
    A strategic investment in marketing to raise awareness of the affordable quality education available to Maine residents at our seven-member University System and to emphasize the long-term value of a baccalaureate education
  - Enrollment Management - $547,254
    Effective enrollment management operations at each of our seven universities as part of a coordinated System-wide effort.
- Community College Transfers - $95,580

**Academic Programs Responsive to State Needs:** $1,070,410
- The New Challenges, New Directions (NCND) initiative emphasized important investments in academic programs that will meet State needs, in particular:
  - Allied Health - $17,500
  - Alternative Energy - $344,500
  - STEM Disciplines - $188,000
  - Online Program Capacity & Development - $292,410
    The NCND initiative emphasized the importance of transitioning to serve the need of today’s students through the flexibility and convenience on online programs.
Innovation Engineering - $228,000
At the Advancing Maine summit held on April 6, 2010 the value of
Innovation Engineering was emphasized and there is a need to make a
commitment to provide this curriculum statewide.

Revenue Generation and Efficiency Investment: $319,060
Each of the seven universities is engaged in efforts to improve revenue
generation and the efficiency of operations. A number of small grants are
intended to aid these efforts.

FY12 Strategic Investment Fund Process
It is anticipated that $3.5 million will be available in FY12 for the Strategic Investment Fund. The
Guidelines and priorities will be available in October 2010 and the deadline for proposals is January
15, 2011. All awards will be made in May 2011.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk