Trustee Committee Members: Norman Fournier, Chair; Benjamin Goodman (by phone), Michelle Hood (by phone), Paul Mitchell, Victoria Murphy (by Polycom), and Lyndel Wishcamper (by Polycom). Faculty Representatives: Robert Rice. Student Representatives: Katie Foster and Nathan Grant (by Polycom). Other Trustees: Kurt Adams (by phone) and Marjorie Medd (by Polycom). Chancellor: Richard Pattenaude. System Staff: Tracy Elliott, Chip Gavin, Miriam White, Kelley Wiltbank and Rebecca Wyke. Other Attendees: Allyson Handley (by Polycom) and Sheri Stevens (by Polycom) – UMA; Laurie Gardner & Ryan Low – UMF; Wilson Hess (by Polycom) and John Murphy (by Polycom) – UMFK; Cynthia Huggins and Tom Potter (by phone) – UMM; Donald Zilman (by Polycom) and Charles Bonin (by Polycom) – UMPI; Dick Campbell (by Polycom) – USM; Janet Waldron, Susan Hunter & Claire Strickland – UM.

Absent: Kevin McCarthy.

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

Proposed FY2012 Operating Budget and Student Charges. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, presented the proposed FY2012 Operating Budget and Recommended Student Charges.

FY2012 Budget Highlights
Ms. Wyke explained that all seven universities and the System Office have submitted balanced budgets for FY2012 despite the loss of $6.4 million in American Recovery and Reinvestment Act (ARRA) funds and no budgeted increase in State Appropriation. The weighted average tuition increase for in-state undergraduates of 4.3% represents the lowest tuition percentage increase in 10 years and the lowest dollar increase in eight years. UMaine has the lowest in-state tuition, including mandatory fees, of the land-grant universities in New England and the second lowest out-of-state tuition, including mandatory fees.

FY2012 Budget Drivers
The FY2012 budget is based on flat State Appropriation funding, which is $6.9 million below the FY2008 funding level. The projected enrollment for UMS is 0.4% below the FY2011 budget and 1.8% below FY2011 actual. The UMS weighted average for in-state, undergraduate tuition increase is 4.3%. The combined tuition and mandatory fee weighted average increase is 4.1% and the total weighted average of tuition, mandatory fees and room and board is 3.3%. The FY2012 benefit rate is 49.5% which assumes the charge to the Employee Health Plan Task Force is met reducing the cost trend for the health plan to 6% or less in FY2012 is met. Total budgeted debt service principle and capital expenditures exceed the target of 100% funding for Auxiliary depreciation and 60% funding for E&G depreciation in FY2012; however, some campuses remain below the target.

FY2012 Budget Challenges
State Appropriation to the UMS has been declining as a percentage of the State budget and as a percentage of the UMS budget for the past twenty years. While Maine’s General Fund revenues will grow over the next few years, revenue is not currently projected to return to the FY2008 level over
the next biennium, FY2014 and FY2015. Maine’s 15-24 year old population is projected to decline 19.5% by 2020 and Maine’s 2010 per capita personal income ranks 29th in the nation at $37,300. Compensation and benefits constitute 72% of the E&G operating budget and represents the single largest cost driver in the budget. Particularly challenging is that benefit costs have been increasing at a rate that exceeds the growth in revenue sources. The UMS has a little less than four months worth of operating expense held in reserve. Sixty-eight percent of the System facilities are over 25 years of age, a time when critical building needs come due and investment is needed. The Federal Stimulus dollars have been cushioning the loss of State Appropriation since FY2009. However, these funds which totaled $6.4 million in FY2011 have disappeared.

**FY2012 Operating Budget**  
The FY2012 Operating Budget shows revenues of $523 million and expenses, including depreciation, of $531.3 million for a projected net operating loss of $8.3 million. However, when depreciation of $28.6 million is excluded and budgeted capital expenditures and debt service principal are included, the FY2012 result is a budgeted surplus of $790,000. The enrollment projection for the UMS is 24,623 FTE for FY2012, which represents a 1.8% decrease from FY2011 actual. The UMS weighted average increase for in-state undergraduate tuition is $311 or 4.3%. When mandatory fees are added to the tuition rate increases, the weighted average drops to 4.1%. The weighted average increase for comprehensive student charges is 3.3%.

**Campus Budget Presentations.** Each campus provided brief presentations for their FY2012 budgets.

**University of Maine**  
Ms. Janet Waldron, Vice President for Administration and Finance and Dr. Susan Hunter, Provost, presented the FY2012 budget for UMaine. In-state undergraduate tuition will increase by 4.5%, mandatory fees by 4% and room and board by 2%. The FY2012 budgeted enrollment is 2.4% less than FY11 budgeted enrollment and 1.8% less than FY2011 actual enrollment. UM is committed to keeping the total cost increase for undergraduates at 3.3%, the lowest in ten years.

**University of Maine at Augusta**  
President Allyson Handley and Sheri Stevens, Vice President for Administration, presented the FY2012 budget for UMA. In-state undergraduate tuition will increase by 4.3% and mandatory fees by 5.9%. The FY2012 budgeted enrollment is 3% more than FY11 budgeted enrollment and 3.3% less than FY2011 actual enrollment.

**University of Maine at Farmington**  
Mr. Ryan Low, Vice President for Administration, and Ms. Laurie Gardner, Director of Human Resources and Administrative Services, presented the FY2012 budget for UMF. In-state undergraduate tuition will increase by 4%, mandatory fees by 3.3% and room and board by 4%. The FY2012 budgeted enrollment is 0.5% more than FY2011 budgeted enrollment and 4% less than FY2011 actual enrollment.

**University of Maine at Fort Kent**  
President Wilson Hess and Mr. John Murphy, Vice President for Administration, presented the FY2012 budget for UMFK. In-state undergraduate tuition will increase by 4.3%, mandatory fees by 17% and room and board by 2.8%. The Student Activity Fee increase of 58% ($82 annually) was approved by the Student body and is a significant factor in the mandatory fee increase. The FY2012
budgeted enrollment is 5% less than FY2011 budgeted enrollment and 1% less than FY2011 actual enrollment.

University of Maine at Machias
President Cynthia Huggins and Mr. Tom Potter, Vice President for Administration and Finance, presented the FY2012 budget for UMM. In-state undergraduate tuition will increase by 5.2%, mandatory fees by 5.1% and room and board by 5%. The FY2012 budgeted enrollment is 0.9% more than FY2011 budgeted enrollment and 4.7% more than FY2011 actual enrollment.

University of Maine at Presque Isle
President Donald Zillman and Mr. Charles Bonin, Vice President for Administration and Finance, presented the FY2012 budget for UMPI. In-state undergraduate tuition will increase by 4.3%, mandatory fees by 4.5% and room and board by 4%. The FY2012 budgeted enrollment is 1.1% more than FY2011 budgeted enrollment and 8.6% less than FY2011 actual enrollment.

University of Southern Maine
Mr. Dick Campbell, Chief Financial Officer, presented the FY2012 budget for USM. In-state undergraduate tuition will increase by 4.5%, mandatory fees by 3.5% and room and board by 2.9%. The FY2012 budgeted enrollment is 0.8% more than FY2011 budgeted enrollment and equal to the FY2011 actual enrollment.

Trustee Wishcamper commented that the budgets should challenge management and the Board would not be doing its due diligence if it did not question the 1.8% decline in enrollments. He suggested the Board have a strategic discussion about enrollments and the budget process. Ms. Wyke stated that she would provide the Finance/Facilities Committee, at their meeting on May 23, 2011, with a plan to update the FY2012 budget with the enrollment targets which will include a timeline.

Update on the University of Maine Offshore Wind Project. Dr. Habib Dagher, Director of the UM Advanced Engineered Wood Composite Center, provided an update and presentation on the Maine Deepwater Offshore Wind Project.

Gorham Athletic Field Improvements, USM. Trustee Fournier explained that the University of Southern Maine is requesting Board approval for the expenditure of $1,160,000 to make improvements to an existing soccer field to develop a multi-purpose synthetic turf athletic and recreation field on the Gorham Campus. This will be used for field hockey, lacrosse, soccer, and intramural sports and recreational activities.

The project will replace the existing natural turf soccer field with a synthetic turf, create safety areas around the perimeter of the field, provide a paved access path, and perform subsurface and infrastructure work that will improve drainage. It will change a single use field to a multi-use field in addition to extending the time available for use once the artificial turf is installed. The subsurface and infrastructure work will support field lighting, additional spectator seating, a press box and a concessions structure should funds become available in the future.

This project is funded by:

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On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting.

**Renewal of Lease at 45 Commerce Drive, USM.** Trustee Fournier explained that the University of Southern Maine is requesting approval to continue to lease 18,105 square feet of space at 45 Commerce Drive in Augusta. The space houses approximately 80 Muskie School of Public Service staff, provides classroom space, and parking for 120-140 vehicles.

The present rental rate is $17 per square foot (modified gross lease) and the terms of the lease include all maintenance expenses, cleaning, and all utilities except internal electricity for an effective rate of $18 per sq. ft. or approximately $326,000 annually. The current lease lapses June 30, 2011 and the property owner has indicated that the current rental rate would remain in effect if the University executes a new 5 year agreement. That new agreement provides for a further 5-year optional extension, for a total of 10 years, at the discretion of the parties and with the terms of the second five-year period to be determined.

Working with a contracted real estate agent, alternative locations were investigated. Rental spaces on Stone Street, the old CONY high school, and a property on Parkwood Drive were explored in greater detail. All of these properties either needed extensive renovations or did not have sufficient parking to meet the needs of the business unit.

A survey of the market indicated that comparable rental space ranged in costs from $12-$15 per square foot (triple net lease). Additional expenses included in the current lease such as heat, cleaning, maintenance, property taxes, parking, and snow removal range from $8-$10 and would have to be added to comparable spaces for a total cost of $20-$25 per sq. ft. Extending the current tenancy at 45 Commerce Drive is the preferred and most cost effective alternative.

On a motion by Trustee Mitchell, which was seconded by Trustee Hood, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting.

**Addition to Aquaculture Research Center Fish Lab, UM.** Trustee Fournier explained that the University of Maine is requesting Board approval for a $600,000 project to create an addition to the existing Aquaculture Research Center (ARC) facility on campus, currently a 13,440 square foot, single story building with an active basement. The ARC facility houses the Aquaculture Research Center program within the School of Marine Sciences which in turn is a unit of the College of Natural Sciences, Forestry and Agriculture.

The $600,000 project is funded through a Maine Technology Asset Fund (MTAF) award dated October 2010. Labs within the new addition will be used for the “FishLab: Fisheries Innovation, Sustainability and Health Lab” program. The addition will comprise a wet lab with two distinct units containing isolation aquaria, including capabilities that are unique in Maine and greater than currently available for the containment and study of fish health pathogens. The new labs will be used by both University and industry partners. The project will advance research, development, and commercialization related to aquaculture as well as the commercial and recreational fishery industries on a statewide, national and international level.

Operating costs are estimated to be $19,584 annually, based on a building footprint of 1,224 square feet at $16 per square foot operating cost. This project has a proposed total project cost of more than $500,000 and less than $1 million. This places the project within the authority of the Finance and
Facilities Committee, as authorized by the Board of Trustees on March 14, 2011, so the Committee may approve the project request directly without further consideration by the Board of Trustees.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee authorized the University of Maine to expend $600,000 for construction of an addition to the Aquaculture Research Center for a wet lab with two distinct units containing isolation aquaria.

**Fogler Library Ventilation Upgrade, UM.** Trustee Fournier explained that the University of Maine is requesting Board authorization for a $270,000 increase to the Fogler Library Ventilation Upgrade project approved by the Board of Trustees at its May 2010 meeting.

The Fogler Library upgrade was originally anticipated to be a $1.5 million project, comprising $1.2 million in 2007 General Obligation bond funds and $300,000 in “bond match” from the University of Maine System. When economic circumstances precluded the $300,000 bond match, the scope was reduced to correspond with $1.2 million in funds.

Restoring $270,000 to the project from System funds increases the approved budget by approximately 22.5 percent. The University wishes to expend these funds for certain elements of the project that were eliminated in 2010: upgrade controls for the 1947 wing HVAC system from pneumatic to DDC, better and “smarter” controls which allow for energy efficiencies such as night time setback. Improving these controls would also allow the two main wings (1947 and 1974) to work together instead of separately. The work would re-commission existing HVAC equipment to ensure the correct installation and operation of the systems and their components.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting.

**Disposition of Farmhouse, UM.** Trustee Fournier explained that the University of Maine is requesting Board approval for the disposition of a 19th century farmhouse containing 1,934 square feet, more or less, located on a parcel occupied by the Center for Cooperative Aquaculture Research (CCAR) in Franklin.

The building, when first acquired, was used as an office and conference facility. A portion was used solely as a meeting room until 2007, when use of the building became limited to housing for a security system. The building is not heated, but power is provided for the security system. The farmhouse is not useful to the CCAR program because it does not meet current health and safety regulations, is not ADA accessible, and its condition has deteriorated. There are no future plans for the site due to lack of funding.

The building has been surveyed for hazardous materials. No asbestos containing materials were found. Any thermometers containing mercury will be removed and disposed of appropriately. Some lead paint was detected on the exterior window and door frames and will be handled appropriately. The Maine Historic Preservation Commission has been consulted and has advised that the structure has no historic value and may be disposed of as determined by the owner, including by burning.

The building will first be offered by public advertisement for sale and intact removal from the site; absent intact removal, it will next be offered to the Town of Franklin; next to neighbors; and, next to the Franklin Fire Department. If none of those options results in the successful disposition of the structure, it will be offered by public advertisement for piecemeal removal or component salvage.
If the structure ultimately is burned, precautions will be taken to contain the runoff and the ash will be disposed of at a licensed solid waste facility, in accordance with state and federal law. All necessary permits will be obtained, including but not limited to a burn permit from the town; a building demolition notification form from the state DEP; and, a modification to the site’s “Site Location of Development Act” (“SLODA”) permit in order to obtain credit for removal of an impervious surface.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting.

**Naming of Field House and Student Recreation Center, UM.** Trustee Fournier explained that the University of Maine’s field house was constructed in 1926 and has not had a major renovation since. The field house contains common hazardous materials that will be abated and reduced as a result of the project. The facility has inadequate ADA accommodations. The air handling systems are obsolete. The facility is outdated and rundown. Despite this, schools and other organizations use the field house year-round for track meets and community events. The adjacent basketball facility (“the Pit”), which was constructed in 1933, is also in need of renovation. Both facilities are components of the 170,000 square foot Memorial Gym complex.

In 2010, the Maine Legislature, recognizing that the Memorial Gym, particularly the field house and “the Pit”, are critical public facilities, included in its budget an appropriation to support the debt service on a $7 million University-generated revenue bond, amortized over 10 years. The Harold Alfond Foundation generously donated $2 million to the project, and a private donor made a generous gift totaling nearly $1 million

Renovations to both the field house and “the Pit” are expected to approach a total of $19 million, contingent upon continued successful fundraising. The cost of the field house portion of the project is estimated to comprise not more than $4.5 million of the total. The University of Maine has raised $14.5 million toward a project goal of up to $19 million, inclusive of the $5 million gift described below and contingent upon continued successful fundraising.

In April 2011, New Balance agreed to support the renovations with a gift of $5 million, the largest corporate gift ever made to the University of Maine, in exchange for 20-year naming rights for two facilities: the Student Recreation Center and the field house. A portion of the $5 million gift ($500,000) will be directed at the University’s discretion to endow the maintenance and operation of the student recreation center.

New Balance, the only athletic shoe manufacturer still making shoes in the US, has three of its five New England factories in Maine (Norridgewock, Skowhegan, and Norway). The company’s commitment to Maine, already strong, is deepened by its investment in the University of Maine. The University of Maine wishes to accept New Balance’s extremely generous gift, in part by naming the field house the “New Balance Field House” and the Student Recreation Center the “New Balance Student Recreation and Fitness Center.”

On a motion by Trustee Mitchell, which was seconded by Trustee Wishcamper, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting. Trustee Goodman opposed the motion.
Replacement of Planetarium and Observatory, UM. Ms. Elaine Clark, Executive Director of Facilities at UMaine, explained that the University seeks to provide the Board of Trustees advance notification of a request to approve construction of a new planetarium and observatory facility with a total project cost of $5.2 million. The new facility, called for in UMaine’s Master Plan, will replace the Maynard F. Jordan Planetarium.

The advance notification provides an opportunity for the Finance and Facilities Committee to hear and comment on the proposal and for the System to gather additional information at the request of the Committee in advance of requesting Board approval of the project.

The Jordan Planetarium, located on the second floor of Wingate Hall, went into service in 1954. Its star projector dates back to 1984. The projector system is functional, but dated, and does not have the capabilities of a fully digital system. The existing Jordan Planetarium dome is only 20 feet in diameter, a size so small that it distorts images and does not provide a realistic view of the sky at a level required for college courses.

The Jordan Planetarium, with 35 seats, has close to 10,000 visitors per year, approximately 66 percent of whom are school children. Because Wingate Hall abuts directly on busy Munson Road, bus drop-offs are a safety concern. In addition, the area has no visitor parking.

The current observatory’s telescope dates to 1900. It has historic value, but is not useful even for the most basic level of astronomy research. It cannot be controlled with a computer and cannot be networked with other observatories around the globe to share research-quality images. The observatory has no teaching or laboratory space, and is not proximate to the planetarium. The current site provides no space to expand.

A new Planetarium/Observatory is a priority of the College of Liberal Arts and Sciences for the following reasons: it will enhance physics and astronomy lecture and laboratory programs and research projects; support technologies that provide digital visualization experiences also for the arts, sciences and engineering; and, allow Honors College students the opportunity to complete honors theses in observational astrophysics, using the new digital telescope; and make development of an online astronomy laboratory course possible. The new facility also will allow for sophisticated research by Master’s level and Ph.D. astrophysics students; enhance community engagement; and support the University’s and State’s efforts to recruit youth into STEM careers.

The new facility, which will comfortably seat 50, will be near Rangeley Road and be adjacent to the Hilltop parking lots. A site selection study (including geotechnical studies of subsurface conditions) indicates that locating the facility near the Materials Recovery Facility (close to the Littlefield Garden on the east side of campus) is feasible and the facility may be constructed within a project cost of $5.2 million. The proposed site also provides the dark sky that the telescope/observatory requires.

Additionally, vacating the second floor of Wingate Hall would allow UMaine to create a student one-stop center in the building. Either project funds or funded depreciation would be used to renovate the space for use by the Bursar’s Office.

The $5.2 million in funding derives from the following sources:

Anonymous gift, University of Maine Foundation ($2,186,395 in hand, and another $1 million over the next 3 to 5 years for a total of approximately $3.2 million); $1 million institutional
funds; $1 million to be raised in capital campaign by the College of Liberal Arts and Sciences, the University of Maine Foundation, and UMaine Development Office.

Operating costs and funded depreciation total $202,000 per year. Operating Costs for the new facility are estimated at approximately $72,000 per year. No new staff will be required. Depreciation, calculated over a 40-year schedule, is estimated to be $130,000 annually. A credit of $22,845 (representing elimination of current operating costs) yields a net annual budget increase of $179,155.

Proposed Changes to Board of Trustee Policy 207: Signatory Authorization. Ms. Wyke explained the proposed changes to the Board of Trustee Policy 207: Signatory Authorization include minor language amendments.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee agreed to forward the recommendation to the Consent Agenda for the May 23, 2011 Board meeting.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk