

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Southern Maine
November 14, 2011

Board of Trustees Meeting

Present: Michelle Hood, Chair; Samuel Collins, Vice Chair; Kurt Adams, Eleanor Baker, Stephen Bowen, Norman Fournier, Benjamin Goodman, Tamera Grieshaber, Gregory Johnson, Marjorie Medd, Paul Mitchell, Victoria Murphy, Bonnie Newsom, Karl Turner, and Lyndel Wishcamper. **Chancellor:** Richard Pattenaude. **Faculty Representatives:** Raymond Albert, Karen Barrett, Chris Bates, Valerie Hart, Lois-Ann Kuntz, Charles Johnson (for Kim-Anne Perkins), and Robert Rice. **Student Representatives:** Anastasia Alexis, Danielle Bernier, Brianna Hughes, Mary-Elizabeth McAdams, Bernice Michaud, Laurie Murphy, Jeffrey Rhoads, Matthew Roy, and Shawn Staples. **University Presidents:** Selma Botman, Paul Ferguson, Allyson Handley, Wilson Hess, Cynthia Huggins, Theodora Kalikow, and Donald Zillman. **System Staff:** Tracy Bigney, James Breece, Tracy Elliott, Michael Sauda, Peggy Markson, Rosa Redonnett, Kelley Wiltbank and Rebecca Wyke.

Absent: Kevin McCarthy.

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

Executive Session

On a motion by Trustee Fournier, which was seconded by Trustee Medd, 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.

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

Citizen Comment

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

- Ron Mosley – UMS financial statement and employee morale
- Karen Barrett – UMS Total Compensation Study and HR strategy
- Eileen Eagan – USM faculty, staff, and administration
- Neil Greenburg – Jobs for the State of Maine
- Ross Ferrell – UMS Total Compensation Study
- Ed Collom – USM faculty and staff and UMS budget
- Ken Jones – USM Reorganization and financial growth
- Matt Zillmeir – Public higher education in Maine and affordability
- Judy Spross – Transforming USM
- Bill Steel – Low employee morale
- Michael Hillard – Change the vision of public higher education

Acceptance of Minutes

On a motion by Trustee Collins, which was seconded by Trustee Fournier, the minutes from the following meetings were unanimously approved as presented:

- September 19, 2011 – Board of Trustees Meeting and Board Committee Meeting
- September 22, 2011 – Investment Committee
- September 28, 2011 – Technology Committee
- October 11, 2011 – Trustee Affairs Committee

October 31, 2011 – Trustee Affairs Committee

Committee Reports/Action

Academic Affairs Committee – Trustee Johnson reported that the Committee met on November 13, 2011 and forwarded to the Consent Agenda the Awarding of Academic Degrees and the New Academic Program: Bachelor of Architecture at UMA. The Committee received an update on the New Program Development and Tourism Report for the Legislature.

Audit Committee – Trustee Adams reported that the Committee met on November 4, 2011 and reviewed several information items on the agenda. The FY2011 Financial Report was discussed which demonstrated a net asset increase of \$80 million for the year. The Audit Report from KPMG, the external auditors, was reviewed. KPMG issued a clean opinion with no adjustments and no Management Letter comments. KPMG noted that the UMS had done significant work regarding information security since the prior year and KPMG discussed proposed changes to pension accounting that are to be expected effective 2014. This could result in a greater required expense in liability recognition than is currently being forecast by the System. The Committee received an External Audit Request for Proposal Update. Periodically the System submits a request for proposal for auditing services for a five year period. The Committee will interview firms during the January 18th Audit Committee meeting. Ms. Janet Waldron, Vice President for Finance and Administration at UMaine, provided an update on the University's Athletic Compliance Report. Several areas of risk were noted with the most notable being the need for a written compliance manual which UMaine is committed to addressing. Berry Dunn conducted Purchasing Card Audits for UMA, UMFK and UMM. Several areas required immediate attention but the highest risk involved the timely posting of transactions to the general ledger. Training policies and monitoring are underway to address the reported issues. There were several areas for future internal audit improvements and as previously approved the next planned audit is for the E-Procurement System.

Finance/Facilities Committee - Trustee Fournier reported that the Committee has met twice since the September Board meeting. On November 4th the Committee discussed the Revenue Bond Financing and approved the Expansion/Upgrade of the UMS Distance Learning Technology which has an estimated cost of \$534,666 with a grant from the US Department of Agriculture Rural Utilities Service. The Committee agreed to forward to the Consent Agenda the Renovations to the Field House and Memorial Gym Complex at UMaine. The estimated cost of the project is \$14 million. The Committee asked Vice Chancellor Wyke to look at the campus infrastructure for deferred maintenance in particular the status of the older buildings and make suggestions on how the System should move forward. One of the charges given to the Finance/Facilities Committee in the 2011 Work Plan was to look at the State Appropriations funding formula that has been in place for the past 40 years. The funding formula was also an item raised by Governor LePage in his letter dated September 19, 2011 to Trustee Hood and the Trustee Affairs Committee requested the issue be forwarded to the Finance/Facilities Committee. The Committee had an initial dialog on the topic and asked Vice Chancellor Wyke to look at national best practice models and research consultants who specialize in this type of work.

The Finance/Facilities Committee met on November 13, 2011 and agreed to forward to the Consent Agenda the FY2011 Annual Financial Report and the Approval of Revenue Bond Financing. The Committee received a financial update which included an update on the Managed Investment Fund, the Pension, and Operation Fund; the forecast; and the multi-year financial analysis.

Human Resources and Labor Relations Committee - Trustee Medd reported that the Committee met on November 13, 2011 and agreed to forward to the Consent Agenda the proposed changes to Board

Policy #404.3 – Appointments to eliminate the requirement that appointments to the Management Group are approved by the Board of Trustees and to replace the approval with a periodic report. The Committee also agreed to forward to the Consent Agenda the Appointments for Trustee Approval. The Committee received a progress report on improving the completion rates and quality of employee performance evaluations. The Committee recognized and applauded significant progress in FY2011 and was pleased that the Chancellor has increased the completion rate goal for FY2012 from 75% to 85%. The Committee received a report on the Total Compensation Study conducted by AonHewitt. The Study provided useful information for future review of compensation and benefit programs for faculty, salaried and hourly staff. The Board received an update on collective bargaining and the searches for Chancellor, President at UMF and President at UMPI.

Investment Committee - Trustee Baker reported that the Committee met on September 22, 2011 and received performance updates on the Pension, Managed Investment Fund, and Operating Cash Fund. All Funds fiscal year-to-date performance was down – 4.6% for the Managed Investment Fund, 4.9% for the Pension Fund and 1.6% for the Operating Fund. The trailing one year performance was 13.6% for the Managed Investment Fund, 12.2% for the Pension and 1.9% for the Operating Fund. As part of the Committee's due diligence, the Committee meets periodically with the investment managers and met with the PIMCO manager to provide an update on the firm and an overview of the investments held by the UMS and an economic update. The UMS is invested in four different PIMCO products within the Pension Fund and the Operating Fund totaling \$122 million. The Committee will have an additional duty as oversight of the Defined Contribution Benefit Plan or the 403b Plan. The Committee's responsibilities will include a review and approve a new investment policy and implementation of its requirements. The Committee received a presentation from UMaine and USM on a proposal to charge gift fees of a one-time 5% fee on all private outright gifts, not endowed gifts, to fund expansion of Advancement staff and programs. In addition, they are proposing to access an annual fee equal to 1.25% of market value of the endowments that are held by the UMS. The Committee asked a number of questions and responses are being compiled. The Committee will discuss the responses at its meeting in December.

Student Affairs Committee – Trustee Grieshaber reported that the Committee received an update on the Fall 2011 Enrollment Report. The enrollment numbers have declined; however, the UMS is only one year into the campus enrollment and marketing plans. The UMS is on target with the enrollment predictions from the Noel Levitz report. The campuses are closely monitoring the enrollment data and continuing to work on increasing the enrollment numbers. Several campuses residence hall occupancy rates are down and individual campuses are pursuing options for making the dorms more appealing for students. The Committee received a presentation on Tobacco Free Campuses: Lessons Learned from UMaine and Other Campuses. UMaine shared the process for implementation of their tobacco free campus policy which went into effect January 1, 2011 with voluntary compliance. On January 1, 2012 the enforcement phase of the policy begins. The other campuses will use the lessons learned by UMaine and develop their policies in the near future.

Technology Committee – Trustee Turner reported that the Committee met on September 28. The Committee reviewed the status of existing projects with a value of \$250,000 or more. Several projects are on time and within budget. Four projects are within budget but the schedules had to be modified from the original time frame. The Committee stated the importance of the Facilities Software Project and requested that the Project be completed by the original targeted date. The Committee reviewed a new initiative for electronic Board Books for the Trustees meeting materials. The Committee determined it did not have the authority to approve new initiatives but would recommend projects and forward them to the Finance/Facilities Committee for approval. The Committee received updates on

the Data Center Project for UMaine and the UMS Information Security Plan. The UMS has not had any further security breaches and the UMS Information Security Plan will become a standing agenda item for each Technology Committee meeting. The September 28 meeting took place by using a web conferencing tool known as “Go To Meeting” by which participants dial into a conference call number and use an internet based link to view the meeting materials. The Committee agreed this type of technology was effective for their one hour meetings.

Trustee Affairs Committee – Trustee Murphy reported that the Committee has met twice. The first meeting was on October 11 and the second meeting, which included the Presidents, was held on October 31. The purpose of the meetings, was at the request of the Board Chair, to consider a number of the issues that Governor LePage raised in his letter to Chair Hood dated September 19, 2011. The Committee undertook a voluminous amount of work and developed a number of action items and a draft response to Governor LePage for consideration. One of the issues discussed related to System-wide Services because the Governor asked if the System Office offered value and leadership or added cost and unneeded bureaucracy. Another issue discussed related to tuition and three models were reviewed which included “Block Tuition”, “Tuition Freezing” or “Guaranteed Tuition”. Transfer credits were discussed with ideas on how the UMS can work more closely with the Maine Community College System. The Committee also discussed ideas for increasing graduation rates, the State Appropriation formula, and benchmarking the size of the workforce and faculty and staff productivity. Remediation was another topic of discussion and UMS is participating in a grant with the LUMNA Foundation to look at common course standards for K-12. All of these topics resulted in a number of action items that have been drafted around student guarantees; employer guarantees for Maine’s workforce needs; and the 21st Century Educational Delivery expansion of online programs, year-round admissions, productivity and reallocation of resources to the mission of teaching, research and public service. All of the topics will be under further discussion by the Committee.

Trustee Hood thanked the Committee Chairs and the System staff. She indicated that it has been the intent over the past several months to organization the Board governance work so that the committees can be active in their areas of responsibility. Each of the Chairs, with their Committees, developed a 2011 Work Plan and the Committees are moving forward to accomplish the strategies that have been established. She continued by stating the work of governance is very dynamic and one that should evolve to meet the needs of the current environment and the UMS is in a challenging environment. The Board is looking at ways through its governance structure and committees to determine how it can be most effective at supporting the vision and mission of the UMS. The Board will continue to be introspective and evaluative in its processes of governance.

Consent Agenda

On a motion by Trustee Collins, which was seconded by Trustee Fournier, the following recommendations were unanimously approved by the Board of Trustees:

Awarding of Academic Degrees. The Board of Trustees authorized the awarding of degrees during Commencement ceremonies for the 2011-2012 academic year to those students fully recommended by the appropriate faculties and the presidents of the respective institutions and/or divisions of the University of Maine System.

New Academic Program – Bachelor of Architecture, UMA. The Board of Trustees approved the creation of a Bachelor of Architecture Degree at the University of Maine at Augusta.

Revisions to Board Policy #404.3 – Appointments. The Board of Trustees approved the proposed amendments to Board of Trustees Policy #404.3 – Appointments.

Appointments for Trustee Approval. The Board of Trustees approved the appointments to positions at or above the level of Dean or equivalent or with tenure as recommended by the Chancellor, as follows:

Raphael Di Luzio, Associate Professor of Art with tenure, USM (transfer of tenure from UM to USM)

Jon Henry, Vice President of Enrollment Management, UMA

Annual Financial Report FY2011. The Board of Trustees approved the FY2011 Annual Financial Report.

Approval of Revenue Bond Financing. The Board of Trustees approved the issuance of revenue bonds to refinance \$30 million of debt due on March 1, 2012, to finance \$7 million for renovations of the UM Field House/Memorial Gym Complex, to refund any prior revenue bonds where determined to be cost beneficial, and to finance any necessary capitalized interest, reserves, and costs of issuance, as further specified in the Financing and Project Authorization document.

The following agenda item was forwarded by the Audit & Finance/Facilities Joint Session to the Consent Agenda from its meeting on November 4, 2011:

Renovations to Field House & Memorial Gym Complex, UM. The Board of Trustees authorized the University of Maine to expend \$14 million to renovate the Field House and Memorial Gym Complex.

Chancellor's Report

Chancellor Pattenaude stated that he appreciated the remarks from the individuals who spoke during the citizen comment period and appreciates that everyone can discuss concerns in a collegial way and agree to disagree. Through shared governance and collective bargaining legitimate concerns on all sides of the issues can be addressed to work towards a resolution that will benefit the people of the State of Maine.

Chancellor Pattenaude symbolically presented Ms. Bernice Michaud, Student Representative to the Board of Trustees from UMFK, a medallion in honor of the UMFK women's soccer team winning the USCAA nation championship for the second year in a row.

UMaine Landfill Gas Contract. Ms. Janet Waldron, Vice President for Finance and Administration at UMaine, provided an update on the landfill gas contract with Casella Waste Systems, the operator of Juniper Ridge Landfill in Old Town. Mr. Andrew Price, Senior Analyst from Competitive Energy Services, an energy consulting firm hired by UMaine, answered questions from the Board on landfill gas.

Chair's Report

Update on Chancellor Search

Trustees Baker and Johnson, Co-Chairs of the Chancellor Search Committee, provided an update of the search process. Dr. Terrence MacTaggart is the consultant assisting the committee. The Committee met with the Presidents & the Governor. Campus visits for the final candidates will be scheduled in the January. It is anticipated that no later than the March Board meeting the Committee will have a recommendation to the Board of Trustees.

Draft Response to the Governor's letter and Strategic Imperatives

Trustee Hood explained that she asked the Trustee Affairs Committee to evaluate the input received as a result of the Governor's letter dated September 19, 2011. The Board welcomed the input from the Governor and it is consistent with the strategic discussions the Board has had and it provided the framework for the UMS to be more specific about its expectations. Trustee Hood stated that the Board will decide what to pass on to the Strategic Imperatives Committee as the next steps and recommendations as a result of the Board's discussions.

Goals and Action Items

Trustee Murphy thanked the Trustee Affairs Committee, the Presidents and the other Trustees who participated in the process. These items were developed with a focus of having our universities more affordable, increasing graduation rates and improving national rankings.

She reviewed the Goals and Action Items that have been developed with potential strategies and outcomes and targeted implementation dates:

- I. Student Guarantee: Access, Affordability & Graduation
- II. Employer Guarantee: Maine's Workforce Needs Met by University Graduates
- III. 21st Century Educational Delivery: Expansion of Online Programs, Year-round Admissions, Productivity and Reallocation of Resources to the Mission of Teaching, Research and Public Service

Trustee Murphy stated that the Committee shared the Governor's thoughts about improving our outcomes and increasing the number of university graduates in the State of Maine. Trustee Murphy commented that the Presidents are very supportive of these initiatives and are ready to start several pilot projects. Trustee Hood stated that the implementation of the Goals and Action Items will be extremely important. The Board had an open dialog about the Goals and Action Items.

Discussion Items

Jobs Data with John Dorrer (Jobs for the Future)

Mr. John Dorrer of Jobs for the Future provided a presentation on recent data and analysis on the economic value of higher education, the current labor market, and the employment picture in Maine with an emphasis on jobs in demand, skills and certifications sought by Maine employers, and who is hiring in this economy.

Action Items

Confirm Student Representatives to the Board of Trustees. Chancellor Pattenaude described the nomination process for the Student Representatives to the Board of Trustees from the universities. The nominations were forwarded through each campus President to the Chancellor for submission to the Board for approval.

Student Representatives to be confirmed:

- Matthew Roy, UMF (two year term)
- Mary-Elizabeth McAdams, UMM (two year term)
- Danielle Bernier, Graduate Student, USM (two year term)
- Jeffrey Rhoads, UMPI (two year term)
- Shawn Staples, UMA (two year term)

On a motion by Trustee Grieshaber, which was seconded by Trustee Fourier, the Board approved the recommendation.

Information Items

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

- Fall 2011 Enrollment Update
- Tobacco Free Campuses: Lessons Learned from UM & Other Campuses
- Update on New Program Development & Tourism Report for Legislature
- Report on Employee Performance Review Completion
- Total Compensation Study
- Financial Update and Forecast
- Agenda for the Student Representatives Meeting with the Board
- 2011 Board of Visitors Annual Reports
- Dashboard Indicators
- Agenda Calendar

Date of Next Meeting

The next meeting of the Board of Trustees will be held on January 23, 2012 at the University of Maine System.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk