Board of Trustees Meeting


Absent: Stephen Bowen, Tamara Grieshaber, and Kevin McCarthy.

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

EXECUTIVE SESSION
On a motion by Trustee Mitchell, which was seconded by Trustee Johnson, 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 Medd, which was seconded by Trustee Fournier, 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:

  John Jamison – Thanked the Board of Trustees for the opportunity to serve as the Trustee Professorship
  Ron Mosley – Investments
  Jim McClymer - Investments

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

  January 16, 17 & 18, 2012 – Executive Committee Meetings
  January 23, 2012 – Board of Trustees Meeting and Committee Meetings
  February 1, 2012 – Audit Committee Meeting
  February 13, 2012 – Investment Committee Meeting
  February 22, 2012 – Finance/Facilities Committee Meeting
  February 24, 2012 – Strategic Imperatives Committee

CHAIR’S REPORT
Trustee Hood recognized Trustee Benjamin Goodman, whose term as the Student Trustee ends on March 23, 2012. She stated that Trustee Goodman has served as a Trustee in an exemplary
Board of Trustees Meeting
March 19, 2012

way and served on various Committees as well as several ad hoc Committees; therefore, on behalf of the Board of Trustees and the University of Maine System she thanked Trustee Goodman for his leadership and service to the University of Maine System.

Trustee Hood also recognized Chancellor Richard Pattenaude as this is his last Board meeting. The Board of Trustees thanked Chancellor Pattenaude for his many years of service, dedication and leadership and Trustee Hood read the following resolution:

Whereas, Richard L. Pattenaude has served with distinction in senior leadership roles in the University of Maine System for more than two decades; and

Whereas the positions held are President of the University of Southern Maine and the Chancellor of the University of Maine System; and

Whereas during his service as the Chancellor of the University of Maine System he has enjoyed the support of state leadership, the Board of Trustees and the employees of the system; and

Whereas on numerous occasions as both Chancellor and President he worked with members of the Board of Trustees closely and constructively to advance the Board’s responsibilities as the University System’s governing body; and

Whereas as Chancellor he guided the University of Maine System through challenges, and led the initiative that created the New Challenges, New Directions plan, which will allow the System to achieve long-term financial sustainability, keep education affordable and meet the changing educational needs of Maine’s workforce; and

Whereas Chancellor Pattenaude has shown a deeply held commitment to the students of the University of Maine System as a teacher and as President and Chancellor; and

Whereas Chancellor Pattenaude has encouraged the institutions of the University of Maine System to collaborate in the delivery of academic programs and develop strategic partnerships with business and industry leaders in the state; therefore

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 Chancellor Richard L. Pattenaude for his outstanding contributions to the quality of higher education in Maine.

Approved on the 19th day of March, 2012, by a grateful University of Maine System Board of Trustees, acting as stewards of Maine’s public universities and their 41,000 students, 5,000 employees and more than 185,000 living alumni.

CHANCELLOR’S REPORT
Chancellor Pattenaude stated that the Governor has selected a new Student Trustee, Tyler Hadyniak from Freedom who is a second year Social Studies Education major at UMF. The confirmation hearing for Mr. Hadyniak will be scheduled in the near future.

Chancellor Pattenaude shared the following statement:
“Today is my last day as Chancellor. It has been an honor and pleasure to serve the University of Maine System and the people of Maine as an educational leader for 21 years. It seems that every year has been a challenging year. I remember my first day when I came to USM as President in 1991, nobody was there. It was a State ‘shut-down day’. I had a $1.5 million dollar budget cut on my desk. To quote a well-known pundit – ‘Today in these times seems like déjà vu all over again.’ I want to thank everyone, especially my wife Michelle and my family for their support. I appreciate beyond words your colleagueship, your commitment to education and the transforming power of education. It has been has been a wonderful journey.

I wish Chancellor Page the very best in the months and years ahead and pledge to do all I can to ensure his success. I am looking forward to returning to the faculty, to those things that drew me to the university in the first place. Again, thank you for the gift for allowing me to serve the State of Maine.”

COMMITTEE REPORTS/ACTION

Academic Affairs Committee – Trustee Johnson reported that the Committee met on March 19, 2012 and forwarded to the Consent Agenda for action the Board of Trustees Policy Change for Academic Student Suspension, two New Academic Programs – BA in Tourism and Hospitality at USM and AS in Physical Therapist Assistant at UMPI and the Tenure Nominations for 2012.

Audit Committee - Trustee Fournier reported that the Committee met on February 1, 2012 to interview three finalists to serve as the UMS external auditor. Based on thorough review of the firms and subsequent follow up by staff in response to questions raised by the Committee, all three firms were deemed qualified to perform external audit services for the UMS. Therefore, the recommendation is that the low cost bid prevail and that Berry Dunn McNeil & Parker, LLC be engaged as the UMS external auditor for the purpose of conducting the financial statement audit and the OMB Circular A-133 audit. The resolution to approve Berry Dunn McNeil & Parker, LLC for appointment as the external audit firm will be discussed in the Board meeting today.

Executive Committee – Trustee Hood reported that the Committee met on February 16, 2012 to receive a report and recommendations from the Chancellor Search Committee. The Committee approved of the appointment of Dr. James H. Page as Chancellor effective March 20, 2012.

Finance/Facilities Committee - Trustee Fournier reported that the Committee met on February 22, 2012 and received a report on the UMS Property Demolition and Disposal and since 2002 the UMS has disposed of 65 facilities. The Committee also received an update from Mr. Jim Kadamus of Sightlines, LLC. The review of the responses from the Request for Qualifications (RFQ) for the Performance Based Funding Model was also discussed and no award was made but the Committee agreed to provide the Chancellor-elect 30 days to review the RFQ and provide feedback to the Committee. The Committee also met on March 19, 2012 and received a Financial Update and a Capital Projects Status Report. The Committee agreed to forward to the Consent Agenda for action the following items: Approval of Updated Gannett Building Costs for UMA and the Proposed Addition to Board of Trustees Policy # 713.

Human Resources & Labor Relations – Trustee Marjorie Medd reported that the Committee met on March 19, 2012 and recognized the extraordinary work of Ms. Tracy Bigney, Chief
Board of Trustees Meeting
March 19, 2012

Human Resources and Organization Development Officer. The Chancellor reported on the comprehensive review of President Cynthia Huggins, UMM. The Committee reviewed and forwarded to the Consent Agenda the proposed compensation adjustments, benefit changes and policies for non-represented employees for FY2012 & FY2013. The Committee also reviewed and forwarded to the Consent Agenda a tentative Collective Bargaining Agreement with the Teamsters Union Local #340 for the Police Unit. The Committee also received an update on collective bargaining negotiations and the Presidential Searches at UMF and UMPI.

**Investment Committee** - Trustee Baker reported that the Committee met on February 13, 2012 and received an update on the performance of the Managed Investment Pool, the Pension Fund and the Operating Fund. The Committee reviewed the asset allocation study and recommendations which included the following:

- Increasing the Managed Investment Pool allocation to emerging markets equity from 5% to 7% and approving a 5% allocation to high yield fixed income, initiate a manager search, and fund the mandate from the core fixed income allocation.
- 5% Pension Fund allocation to emerging markets equity using Aberdeen and a 5% allocation to high yield fixed income, initiate a manager search, and fund the mandate from the core fixed income allocation.
- For the Operating Fund a reduction in PIMCO exposure by initiating a short-term Treasury manager search to replace the PIMCO Low Duration allocation.

The Committee continued its discussion regarding UM’s and USM’s proposal for charging two gift reinvestment fees. Because the Committee did not have a quorum this decision will be discussed at a future meeting. The Committee discussed the UMS Endowment Spending Rate for FY2013 to $13.30079 per share which will be presented for approval at the March 19th Board meeting.

**Strategic Imperatives Committee** – Trustee Collins reported that the Committee met on February 24, 2012 and the Committee has been charged with undertaking the work outlined in the Board’s draft Goals Statement to reallocate savings from administration and infrastructure to the university’s mission of teaching, research and public service. The Committee reviewed the Request for Qualifications (RFQ) process and responses. The Committee decided to change the schedule to allow the Chancellor-elect the opportunity to participate and provide input into the process. A joint meeting with the Finance/Facilities Committee and the Strategic Imperatives Committee will be scheduled to resume work on the project.

**Student Affairs Committee** – Trustee Collins reported that the Committee received a presentation from Mr. Jonathan Henry, Vice President for Enrollment Management at UMA, on Adults: The New Traditional Student and the Committee received the Spring 2012 Enrollment Report.

**Technology Committee** – Trustee Turner reported that the Committee met on March 6, 2012 to receive updates on the Data Center Project, the Information Security Plan and the Data Warehousing. The Committee also reviewed the status of existing projects with a value of $250,000 or more and the UMS Chief Information Officer update and key issues.

**Maine Public Broadcasting Network (MPBN)**
Trustee Turner provided an update on the status of the MPBN State Appropriations funding.
CONSENT AGENDA
On a motion by Trustee Collins, which was seconded by Trustee Baker, the following recommendations were unanimously approved by the Board of Trustees:

Approval of Updated Gannett Building Costs, UMA. The Board of Trustees approved the updated cost estimate of $1.5 million for the Gannett Building project.

Proposed Addition to Board of Trustee Policy Manual #713. The Board of Trustees approved the inclusion of proposed Policy #713: Post-Issuance Compliance for Tax-Exempt Bonds to Section 700 of the Board Policy Manual as presented.

Board of Trustees Policy Change – Academic Student Suspension. The Board of Trustees approved the change to Policy 307 on Academic Suspensions and Dismissals that would allow each university’s admissions office to decide whether to admit students who have been academically suspended or dismissed from other UMS universities.

New Academic Program: B.A. in Tourism and Hospitality – USM. The Board of Trustees approved the creation of a Bachelor of Arts degree in Tourism and Hospitality at the University of Southern Maine.

New Academic Program: A.S. in Physical Therapist Assistant – UMPI. The Board of Trustees approved the creation of an Associate of Science degree in Physical Therapist Assistant at the University of Maine at Presque Isle.

Tenure Nominations 2012. The Board of Trustees approved the recommendations for tenure submitted by the universities of the University of Maine System for 2012. Approvals will take effect September 1, 2012.

Compensation Adjustments, Benefit Changes and Policies for Non-Represented Employees for FY2012 and FY2013. The Board of Trustees approved the recommendations of the Chancellor for wage and salary adjustments and changes in benefits and policies for non-represented employees for FY2012 and FY2013 as presented.

Approval of Collective Bargaining Agreement – The Teamsters Union Local #340 for the Police Unit. The Board of Trustees authorized the Chancellor to execute the collective bargaining agreement with The Teamsters Union Local #340 for the Police Unit upon notice that the agreement has been ratified by the union.

DISCUSSION ITEMS
Appointment of the Trustee Nominating Committee. Trustee Hood explained that she will be appointing three Trustees to serve on the Trustee Nominating Committee. Those appointments will be confirmed in the near future.

ACTION ITEMS
Proposed Board of Trustee Bylaw Change. Trustee Murphy explained that currently under the Board of Trustees Bylaws, Article III, Section 3.1.h, Trustees are able to participate by interactive technology, count towards the quorum and are eligible to vote in Board Committee meetings and Board meetings for medical reasons. The Trustee Affairs Committee is
Board of Trustees Meeting
March 19, 2012

recommending a change to the Bylaws under Article IV – Meetings in Section 4.5 Quorum which allows Trustees to participate in Board meetings by interactive technology. The proposed language will allow participation and vote by telephone, Polycom or other similar interactive technology if there is an exceptional occasion which makes it inadvisable or impossible for the Trustee to attend. The presence of the non-attending Trustee in this manner shall be counted towards a quorum. The Trustee Affairs Committee feels it is very important to note that it is imperative for the Board to continue to have face to face meetings in order to effectively conduct its business in a transparent manner. The intent of this Bylaw change is to allow participation in Board meetings by interactive technology on rare occasions when Trustees cannot be physically present.

On a motion by Trustee Wishcamper, which was seconded by Trustee Turner, the Board of Trustees approved the change to the Board of Trustees Bylaw Section 4.5 Quorum.

Approval of UMS External Auditor. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer explained that in December 2011, the University of Maine System issued Requests for Proposals for external audit services. After an in-depth review of the responses, the following three firms were selected for interviews with the Audit Committee at its February 1, 2012 meeting:

- Berry Dunn McNeil & Parker, LLC
- KPMG, LLP
- Grant Thornton, LLP

Based on a thorough review of the firms and subsequent follow up by staff in response to questions raised by the Committee, all three firms are deemed qualified to perform external audit services for the University of Maine System. Therefore, it was recommended that the low cost bid prevail and that Berry Dunn McNeil & Parker, LLC be engaged as the University of Maine System’s external audit firm for the purpose of conducting the financial statement audit and the OMB Circular A-133 audit.

On a motion by Trustee Johnson, which was seconded by Trustee Fournier, the Board of Trustees approved Berry Dunn McNeil & Parker, LLC for appointment as the UMS external audit firm for audit years 2012 through 2016, with the option of extending the appointment for two additional years at the fees indicated in their January 18, 2012 fee proposal.

Trustee Baker abstained from the vote.

Approval of the Board Meeting Schedule and Calendar. On a motion by Trustee Wishcamper, which was seconded by Trustee Medd, the Board of Trustees approved the Board Meeting Schedule and Calendar for 2012-2013 and 2013-2014 as follows:

<table>
<thead>
<tr>
<th>2012-2013</th>
<th>2013-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 9, 2012 – UMS</td>
<td>July 15, 2013 - UMS</td>
</tr>
<tr>
<td>September 24, 2012 – UMS</td>
<td>September 23, 2013 - UMS</td>
</tr>
<tr>
<td>November 4-5, 2012 – UMPI</td>
<td>November 17-18, 2013 - UMF</td>
</tr>
</tbody>
</table>
Asset Allocation Study and Recommendations. Chancellor Pattenaude explained that at the February 13, 2012 Investment Committee meeting, New England Pension Consultants (NEPC) provided an overview of their 2012 capital market observations, including investment opportunities and related recommendations for the Committee’s review and approval. The Committee supported the recommendations presented but did not have a quorum to take action; therefore, it was presented to the Board of Trustees for approval.

On a motion by Trustee Wishcamper, which was seconded by Trustee Medd, the Board of Trustees approved the recommendations related to Asset Allocation, presented at the February 13, 2012 Investment Committee meeting as follows:

Managed Investment Pool (MIP):
- Increase the allocation to emerging markets equity (Aberdeen) from 5% to 7%, funding the increase from current international equity managers (Globeflex and Morgan Stanley).
- Approve a 5% allocation to high yield fixed income, initiated a manager search, and fund the mandate from the core fixed income allocation (Commonfund Multi-Strategy Bond).

Pension:
- Approve a 5% allocation to emerging markets equity using Aberdeen which is an existing manager in the MIP.
- Approve a 5% allocation to high yield fixed income, initiate a manager search, and fund the mandate from the core fixed income allocation (PIMCO Total Return).

Operating Fund:
- Reduce PIMCO exposure by initiating a short-term Treasury manager search to replace PIMCO Low Duration which has a current target allocation of 20%.

FY2013 Endowment Distribution Rate per Share. Chancellor Pattenaude stated that the endowment distribution rate was presented for the Investment Committee’s review at their February 13, 2012 meeting. The Committee supported the rate and lacking a quorum, the information was presented to the Board of Trustees for review and approval.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Board of Trustees approved an endowment distribution rate for FY2013 of $13.30079 per share as recommended by the Investment Committee at their February 13, 2012 meeting.

INFORMATION ITEMS
The following items were included in the Agenda for information only:
- Adult: The New Traditional Student
- Spring 2012 Enrollment Report
- Financial Update
- Capital Projects Status Report
- UMS Workforce Overview – was deferred to the May Board Meeting
- Progress Report on Implementation of Recommendations of the Employee Health Plan Task Force – was deferred to the May Board Meeting
- Comprehensive Presidential Review
Report on Management Group Appointments
2010-2011 Faculty and Tenure Statistics
Dashboard Indicators
Agenda Calendar

DATE OF NEXT MEETING
The next meeting of the Board of Trustees will be held on May 20-21, 2012 at the University of Maine System.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk