
Committee Members Absent: Victoria Murphy.

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

Financial Update. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer provided the following brief financial update.

Managed Investment Pool (including Endowment Fund). In July the Fund has returned 1.0% gross of fees and fiscal year-to-date the Fund has returned 1.0%. The market value of the Managed Investment Pool (MIP) as of July 31, 2012 is $199.2 million. Changes in market value besides market fluctuation include: contributions and distributions, the UMS contributions to the OPEB Trust and the Maine Maritime Academy’s participation in the fund since January 2009. In addition, the UM School of Law Foundation joined the MIP in July 2012 investing nearly $3 million.

Pension Fund. In July the Pension Fund has returned 1.1% gross of fees and fiscal year-to-date the Fund has returned 1.1%. The market value of the Pension Fund is $40 million.

Operating Fund. In July the Operating Fund has returned 1.1% gross of fees and fiscal year-to-date the Fund has returned 1.1%.

Capital Projects Status Report. Mr. Chip Gavin, System Director of Facilities Management and General Services, briefly reviewed the Capital Project Status Report. The report includes 18 current projects previously approved by the Board.

Establishment of the Donald and Linda G. Zillman and Families Professorship, UMPI. Trustee Fournier explained that the Donald and Linda G. Zillman and Families Professorship was established at the University of Maine at Presque Isle in 2012 with annual proceeds from a $250,000 designated fund at the Maine Community Foundation established by the Zillman families. The fund shall be used to designate one tenured member of faculty as the Zillman Professor every other year beginning with the Fall of 2013. The Professor will serve a two year term in which he or she will carry out a particular program of work. A tenured member of the UMPI faculty may be nominated or self-nominate for the Professorship. The nomination letter shall briefly outline the proposed program of work for the two year period and will note any
specific University help (e.g. release time from a course, travel or research expenses) that would be useful in connection with the professorship. The Professor will continue with most of a regular teaching and service load during the two years of the appointment.

An acceptable "program of work" is one that allows a professor to either deepen an existing scholarly interest or to explore a new area of interest. While a deliverable (e.g. a paper or book) is not a requirement, a presentation to the UMPI community at the end of the two year term, is. Nominees will be reviewed by a committee composed of the Provost/Academic Vice President and the members of the sabbatical and fellowship committee or its successor. The committee selection will be submitted to the President for final approval.

The selection of the professor shall be based on 1) demonstrated teaching and mentoring performance, 2) demonstrated excellence in nationally visible scholarly performance in the faculty member's discipline and 3) a work proposal that advances that reputation to the benefit of the faculty member and the University. It shall be a statement of the University that "this is one of our best." No professor shall be eligible for another Zillman Professor designation for ten years after the completion of the prior award. The fund shall be administered by the Vice President for Administration and Finance.

On a motion by Trustee Hood, which was seconded by Trustee Turner, the Finance/Facilities Committee agreed to forward to the Consent Agenda the establishment of the Donald and Linda G. Zillman and Families Professorship at UMPI.

**FY2012 Annual Report on Gifts, Fund Raising and Endowments.** Trustee Fournier presented the FY2012 Annual Report on Gifts, Fund Raising and Endowments. Board policy in the area of Financial Affairs requires Board acceptance of all gifts, donations and bequests. The report includes the following:

- Total gifts received by campus, donor type, purpose, and restriction type;
- The UMS endowment market value, non-endowed gift balances and outstanding pledges by campus;
- UMS affiliated fund raising organizations' endowment market values and cash gifts received; and
- The financial status of UMS capital campaigns.

All gifts received fulfill the policy requirements of the Board of Trustees and follow the intent of the donors. It is the intention of the Board of Trustees to ensure that the System or its universities are prohibited from accepting funds from any source that would interfere with or otherwise restrict the academic freedoms of these institutions. The report represents the development and fund raising activities throughout the University System including the university affiliated fund raising organizations.

Highlights from the report are as follows:

- The UMS received cash gifts totaling $21.6 million during FY2012, with the largest contribution 38.7% (or $8.4 million) coming from University Foundations. Cash gifts totaling $7.8 million (or 36.0%) were restricted for scholarships and $5.1 million (or 23.8%) were restricted for facilities related projects.
- At June 30, 2012, the market value of UMS endowed and non-endowed gift balances was $147.7 million, a decrease of $7.4 million or 5.0% compared to the prior year end balance.
The market value of all UMS and affiliated organization endowed funds was $291.7 million at June 30, 2012 which was a decrease of $5.0 million or 1.6% compared to the prior year end balance.

Campuses report significant gift activity as follows:

- UM received many large gifts and pledge payments in FY2012 including a $1.5 million payment from the Harold Alfond Foundation to renovate Alfond Arena, a $2.0 million payment from New Balance to support athletic facility renovations, an $800 thousand payment from Paul Coulombe for scholarships, and $333 thousand from the late Jean M. Pierce for presidential priorities.
- A total of 59 new gift funds were established at UM, including 1 for endowed scholarships and 58 for annual scholarships.
- In July 2011, Maine Centers for Women, Work, and Community at UMA received a $1.0 million new endowment gift from an anonymous donor. The donor was interested in supporting Women, Work, and Community's mission and services to help Maine women succeed in their workplace, business, and community.
- The UMF Alumni Foundation members unanimously voted to dissolve the corporation as of January 31, 2012. As a result, $1.3 million of assets were gifted to the University of Maine at Farmington for continued endowment for scholarships.
- Gifts made to UMPI include funds from the Gentile Estate for the purchase of new equipment and maintenance on other equipment in the Gentile Health and Physical Education Center. UMPI alumni graciously made gifts to support the restoration and renovation of the Langlais Owl Sculpture. The sculpture serves as a campus landmark to many of the institutions' alumni and visitors.
- USM received gifts and pledge payments totaling $583 thousand in support of student financial aid, an 8.7% increase over FY2011. Of the total received, $519 thousand or 88.1% was designated for current operations and $64 thousand or 10.9% was endowed.
- Total funds received by USM for property, plant and equipment were $460 thousand for FY2012, compared with $1.2 million for FY2011. The continued decrease in funds is the result of fewer active pledges for the recent Transforming USM Capital Campaign. Over 99% of these funds were collected by and transferred to USM from the USM Foundation. Gifts received in FY2012 include payments of $255 thousand towards the Transforming USM Capital Campaign obligations and $197 thousand in support of Gorham's athletic turf field project.
- Gifts received in support of USM's public service and extension purposes totaled $310 thousand, a significant increase over the $39 thousand received in FY2011. Included in this total is a $200 thousand gift to support the Osher Lifelong Learning Institute (OLLI) National Conference, and a $50 thousand gift to support ongoing operations of the OLLI Resource Center.
- Support for USM's academic divisions totaled $138 thousand, a 47.2% decrease from FY2011. A significant portion of this predicted decrease ($105 thousand) is a result of final pledge payments received for the few remaining outstanding pledges for the Risk Management Program.

On a motion by Trustee Collins, which was seconded by Trustee Haydniak, the Finance/Facilities Committee agreed to forward to the Consent Agenda the FY2012 Annual Report on Gifts, Fund Raising and Endowments.
Request for Appropriations. Trustee Fournier reviewed the FY2014 and FY2015 UMS Biennial Request for the state general fund appropriation which seeks continuation of the current FY2013 level of support for Education & General Operations in FY2014 and FY2015 to provide the resources necessary for the operations of the University of Maine System. The University System is prepared to commit to freezing in-state undergraduate tuition at the FY2013 level for FY2014 and FY2015 if state support can also be maintained at the FY2013 level. The request also seeks continuation of the current FY2013 level of support for the Maine Economic Improvement Fund, Debt Service and the Casco Bay Estuary program in FY2014 and FY2015.

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<tr>
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<th>FY2014</th>
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<td>Education &amp; General Operations</td>
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<td><strong>Total Biennial Request</strong></td>
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On a motion by Trustee Haydniak, which was seconded by Trustee Medd, the Finance/Facilities Committee agreed to forward to the Consent Agenda the FY2014 and FY2015 Biennial Request for Appropriation.

Naming of Alumni Center, UMA. Trustee Fournier explained that the University of Maine at Augusta requests Board approval to name as the “Alumni Center” the building currently known as the Campus Center. Located on the northwestern perimeter of UMA’s Augusta campus, the facility in this instance is a two-story building that served as the Student Center prior to the construction of the Richard J. Randall Student Technology Center. The main level of the facility housed a small industrial kitchen and informal gathering spaces for students and the campus bookstore. Currently, the lower level of the building is dedicated to the photography labs and classrooms. The upper level of the building comprises office space and a large meeting room.

The building is 6,947 square feet in size, with 3,606 square feet on the first floor and 3,341 square feet on the second level. UMA recently relocated the External Relations, Advancement O and Alumni Offices to the upper level of the facility. The lower level will remain in use as class room and laboratory space. UMA has a fledgling alumni association relative to other UMS institutions. The UMA Alumni Association Board of Directors has evolved into a high-functioning group that requires a 'sense of place' to conduct meetings and to continue planning and advancing the strategic direction of the organization. For this reason, UMA is seeking Board of Trustee approval to rename the building "Alumni Center," providing an easily identifiable home for alumni when they return to campus for meetings or other activities.

On a motion by Trustee Medd, which was seconded by Trustee Hood, the Finance/Facilities Committee agreed to forward to the Consent Agenda the Naming of the Alumni Center at UMA.

Update to Board of Trustees Policy # 701 – Operating and Capital Budgets. Trustee Fournier explained that Maine Public Law Chapter 616 (2012) regarding the conduct of quasi-independent state agencies requires the governing body of the University of Maine System to adopt by December 31, 2012, written policies and procedures governing the selection of vendors designed to ensure that the University secures the best value in its procurements. This new law specifies that the University of Maine System is one of twenty-four covered entities by the law. The law
in particular requires the Trustees, as the governing body, make explicit that competitive procurement is the UMS standard practice. Competitive procurement already was and is the UMS practice. To the extent that updates of administrative documents or practices are needed to ensure compliance with the details of the new law, those underlying administrative practices and documents already are in place or will be so by the various statutory compliance deadlines as they occur between now and 2014. Board of Trustee Policy #701 - *Operating and Capital Budgets* needs to be updated as part of the compliance initiative.

On a motion by Trustee Turner, which was seconded by Trustee Medd, the Finance/Facilities Committee agreed to forward to the Consent Agenda the updates to Board of Trustee Policy #710 – *Operating and Capital Budgets*.

**Bennett Hall Renovation AGA Increase Request, UM.** Trustee Fournier explained that the University of Maine requested Board approval to increase the Bennett Hall Renovation project to a new total of $971,000 for the purpose of improving ADA access at the facility. This represents an increase of $74,840 or 8.35% from the current approved project amount and an increase of $87,840 or 9.95% as measured from the project amount approved by the Board in September 2009 exclusive of other adjustments approved since that time pursuant to Board Policy # 701. The project was originally funded by a Maine Technology Institute grant in 2009 and included equipment and renovation of existing storage space for an image processing laboratory with support offices. The grant also included money to install a new elevator in the building that would allow heavy equipment to be transported from the loading dock level to the basement level. All of the work for the laboratory has been completed to date. The elevator installation remains to be completed. Originally the elevator was considered as a freight type elevator, but it has become clear that the elevator with the correct access at the parking lot level would be an improvement to ADA accessibility in the building (which has many challenges due to many different levels). The additional funding would allow for construction of an enclosed, accessible entrance to the elevator at the parking level which will immensely improve the accessible route into the building. The building is currently ADA accessible via a more circuitous and less welcoming route. Funding for the project has been identified by the campus from its own E&G resources.

On a motion by Trustee Collins, which was seconded by Trustee Haydniak, the Finance/Facilities Committee agreed to forward to the Consent Agenda the Bennett Hall Renovation ADA Increase Request at UM.

**Naming of New Planetarium Facility, UM.** Trustee Fournier explained that the University of Maine requested Board approval to name its new planetarium facility in honor of a generous corporate contributor, Emera Inc. The construction of the planetarium and observatory was approved by the Board at its July 2011 meeting. Emera Inc. has indicated its intent to donate $1 million to the University of Maine toward the construction of the planetarium facility. This gift is in addition to the $3.2 million received from another generous donor who prefers to remain anonymous, who has foregone any naming rights and who is aware of and supportive of the Emera gift and naming. The Emera gift is conditioned on the naming of the planetarium facility and upon the facility incorporating geothermal energy or related technologies in its design, which UM has evaluated as the low-cost solution for this facility and which UM intends to incorporate and to highlight with Emera's support as a demonstration project. The naming would be in effect for a period of 20-years. Emera Inc. is an energy and services company with approximately $7 billion in assets and 2011 revenues of $2.1 billion. Emera is focused on the transformation of the
electricity industry to cleaner generation and the delivery of that clean energy to market. Emera has interests throughout northeastern North America including Bangor Hydro and Maine Public Service.

The University of Maine and President Ferguson would like to honor the request of the primary donor to remain anonymous and defer its naming rights to Emera, Inc. With the Board's approval, the facility will be designated exclusively as the "Emera Astronomy Center." The planetarium component of the facility will retain the name, "Maynard F. Jordan Planetarium," and shall be referred to as the "Maynard F. Jordan Planetarium in the Emera Astronomy Center." The new observatory will retain the name, "Maynard F. Jordan Observatory."

On a motion by Trustee Johnson, which was seconded by Trustee Mitchell, the Finance/Facilities Committee agreed to forward to the Consent Agenda the Naming of the New Planetarium Facility at UM as the Emera Astronomy Center.

**Gorham Central Heat Plant Replacement, USM.** Mr. Dick Campbell, Chief Financial Officer at USM, explained that the University of Southern Maine anticipates soon requesting Board approval to spend between $2.5 and $3.5 million to replace the existing Central Heat Plant Boilers on its Gorham campus. It is presented to the Board to provide background information on the project and its rationale. The present boilers were installed in the mid to late 1960's and are over 45 years old. The American Society of Heating, Refrigeration Ventilation and Air Conditioning Engineers, Inc. (ASHRAE) estimates the service life of these types of boilers to be 30 years. The condition assessment concluded that the boilers' critical components have undergone thermal stress cycles beyond the expected service life, thereby making it impracticable for any type of life extension; there should be no expectation of continued reliable service for these boilers.

These boilers feed the hot water distribution system that supplies high temperature/high pressure hot water throughout the main buildings on the Gorham campus. This includes heating the main buildings, providing domestic hot water within each building and providing domestic hot water and steam for food preparation in Brooke's Dining Hall. A life extension, though financially impractical, would require replacement of all major components consisting of burner, tubes and tube sheets, refractory, insulation, boiler jacket and controls. Therefore the options explored in this study only consider replacement of the existing boilers. The current energy source is natural gas and there is no proposal to change the energy source given the current relative cost and emission advantages of gas.

To carry out further study in preparation for Board consideration, USM retained RMF Engineering to prepare a Central Heat Plant Assessment, study options, and make recommendations.

Five options were considered for replacement of the existing boilers at the central plant.

- **Option No.1:** Replace Existing Dual Fuel Boilers In-kind
- **Option No. 2A:** Biomass Boiler (10,000 MBH Wood System - Solid Fuel)
- **Option No. 2B:** Biomass Boiler (10,000 MBH Wood System - Gasifier)
- **Option No.3:** Engine Generator (400 kW System with heat recovery)
- **Option No.4:** Microturbine (250 kW System with heat recovery)
As a result of the evaluation, USM is pursuing a solution based on Option 1. This will involve building improvements to accommodate three replacement boilers and incorporate hot water supply temperature reset based on outside air temperature. This option has the lowest capital cost as well as the lowest life cycle cost and will achieve greenhouse gas reductions and increased energy efficiency. The project that comes to the Board in the future may include additional heating projects that would be concurrently undertaken and included in the funding approval request.

**Administrative Review/Performance Based Funding Update.** Ms. Wyke provided a brief update on the Performance Based Funding Project. Members of the Review Team are Vice Chancellor Wyke, President Foster, Ryan Low, and Miriam White. Mr. Dennis Jones from the National Center for Higher Education Management Systems will be the consultant for the project at a cost of $49,500. Mr. Jones is considered a leading national expert on Performance Based Funding. The Review Team has been meeting with the Chief Financial Officers, the Chief Academic Officers and the Presidents. These groups have been reviewing the evolving iterations of the model and providing feedback.

The metrics that are emerging for the model include: degrees awarded, to include a premium for degrees awarded to adults and transfer students; degrees awarded in priority fields, to include allied health and STEM degrees and others to be determined; productivity as measured by degrees awarded per 100 FTE students and per $100,000 of appropriation and net tuition and fees; and economic development metrics which are currently being discussed. Campus visits to discuss the model and obtain feedback are being scheduled. A web site will also be developed in the near future to track the progress of the Project and provide an opportunity for the public comment.

Chancellor Page reported on the Administrative Review. The Administrative Review is under the direction of members of the Steering Committee which include himself, Vice Chancellor Wyke, President Ferguson, President Huggins and Trustee Karl Turner. Currently sub-review teams are working on individual components such as: Information Technology, Procurement, Human Resources, and Administrative Functions. These groups will develop pilot modeling and high level analysis of readily attainable objectives. Each group has an individual charter and timeline. Currently Procurement is on schedule, Information Technology is on schedule but the timeline is becoming challenging, and Human Resources and the Administrative Functions are scheduled to begin at the end of the first quarter. By November more information will be available and some of the components will be moving to the next stage.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk