Board of Trustees Meeting


Absent: Kevin McCarthy and Victoria Murphy.

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

CITIZEN COMMENT
Citizen Comment is a time regularly set aside for comments from the public. No one signed up to speak for the Citizen Comment period.

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

- May 13, 2013 – Human Resources & Labor Relations Committee Meeting
- May 16, 2013 – Finance/Facilities Committee Meeting
- May 17, 2013 – Audit Committee Meeting
- May 19-20, 2013 – Board of Trustees Meeting
- May 30, 2013 – Finance/Facilities Committee Meeting
- May 30, 2013 – Audit Committee Meeting

COMMITTEE REPORTS/ACTION
Finance/Facilities Committee - Trustee Norman Fournier reported that the Committee met on May 16, 2013 and reviewed the draft final report for the Human Resources Administrative Review and received updates on the Implementation Plans for Information Technology and the Strategic Procurement Administrative Reviews. The Committee agreed to forward to the Consent Agenda for the May 19-20, 2013 Board of Trustees meeting the approval of the International Study Center Conversions at UM and USM. The Committee agreed to forward to the Board for approval the FY2014 Operating Budget and Recommended Student Charges.

The Committee met again on June 27, 2013 to approve the Phase I of the Human Resources Administrative Review. Mr. Jim Kadamus from Sightlines provided a report and presentation of their annual facilities findings. The Committee agreed that more time needs to be allocated to discussion of the UMS infrastructure needs for the future. The Committee received a report on the UMS Energy and Sustainability Projects of buildings, facilities and other spaces from Mr. Chip Gavin, System Director of Facilities Management and General Services.
**Investment Committee** – Trustee Eleanor Baker reported that the Committee met on May 30, 2013 to discuss and recommend approval of the CAPTRUST Financial Advisors – Defined Contribution Plan recommendations with implementation to occur upon resolution of collective bargaining matters related to the Defined Contribution Plan. The recommendations are as follows:

- Consolidation of the UMS Defined Contribution Plan from the current multi-vender environment to a single vendor with that vendor being TIAA-CREF.
- A three tiered approach to menu construction including target-date mutual funds, a core line-up of active and passive funds and a mutual fund brokerage window.
- The investment lineup as supported by the internal UMS Defined Contribution Plan Investment Subcommittee with the exception that a bond index fund will not be offered until improvements in the interest rate and bond market environments.

The Committee also discussed and approved the Investment Guidelines and New England Pension Consultants provided an update on the investment results.

**Technology Committee** – Trustee Karl Turner reported that the Committee met on June 24, 2013 and reviewed the status of ongoing projects with a value of $250,000 or greater, received an update on the Implementation Activities of the Information Technology Administrative Review Recommendations and review a report on the Data Breach Investigations.

**CHAIR’S REPORT**

Trustee Collins thanked AFUM for the continued dialog with the University of Maine System. On August 6, 2013 the Chancellor, Trustee Johnson and Trustee Collins will meet with the Governor to provide a progress report. Trustee Collins stated that a Board of Trustees Retreat is being planned for the Fall and two suggested agenda topics are infrastructure needs for the next 2, 5 and 10 years and to revisit the Board of Trustees Goals and Action Statement which was developed in January 2012. Trustee Collins congratulated Dr. Susan Hunter as the newly appointed Vice Chancellor for Academic Affairs effective September 1, 2013. Trustee Collins took a moment to remember P. James Dowe, a former Trustee, who recently passed away and to recognize the significant work he did for the University of Maine System and higher education in Maine. Mr. Dowe was instrumental with the Audit Committee’s effort with enterprise risk management.

**CHANCELLOR’S REPORT**

Chancellor Page provided an update on the following topics:

**Resolution in memory of P. James Dowe**

Chancellor Page read the following resolution in memory of P. James Dowe, former Trustee:

> Whereas, P. James Dowe served with distinction on the University of Maine System Board of Trustees for ten years;

> Whereas, while on the Board, Dowe was a member of the Academic Affairs Committee, the Audit Committee, the Finance/Facilities Committee and the Human Resources and Labor Relations Committee. Dowe served as Chair of the Investment Committee, the Audit Committee and the Finance/Facilities Committee;

> Whereas, Dowe also served as the Board of Trustees representative to the Maine Public Broadcasting Network and the University of Maine Foundation;
Whereas, as Chair of the Audit Committee, Dow was keenly interested in all aspects of enterprise risk management and the University of Maine System benefitted from his professional experience;

Whereas, that professional experience included positions as President and CEO of Bath Savings Institution and Bangor Savings Bank, where he established the Bangor Savings Bank Foundation, which supports cultural, educational, and philanthropic organizations around the state;

Whereas, in addition to his service to the University of Maine System, Dow also gave his time to serve the Action Committee of 50, the Creative Economy Council, the Board of Trustees for Eastern Maine Medical Center, the Maine Development Foundation, the Maine Community Foundation, the Maine Maritime Museum, the Penobscot River Association, the Nature Conservatory, and the Leavitt Institute, among others;

Be it known to all that we, the University of Maine System Board of Trustees, express our profound sorrow upon the loss of our friend and former colleague, P. James Dow, who passed away on June 24 and offer our most sincere condolences to his family; we are grateful that the University of Maine System was one of the many organizations in Maine that had the good fortune to benefit from his service.

Approved on the 15th day of July 2013, by the University of Maine System Board of Trustees, acting as stewards of Maine’s public universities and their nearly 40,000 students, 5,000 employees and more than 120,000 living alumni.

Chancellor Page thanked AFUM representatives for their engagement in dialog for the past couple of months. He was very pleased and honored to be inviting to attend the Maine Community College System Board of Trustees session to discuss their 5 year Strategic Plan and thanked Commissioner Bowen for coordinating this effort. He extended an invitation to President John Fitzsimmons to participate in the UMS Board of Trustees discussion on Strategic Planning.

Vice Chancellor for Academic Affairs
Chancellor Page stated that last year the Vice Chancellor for Academic Affairs position was suspended and he asked the Chief Academic Officers (CAO’s) to do a self-study for a recommendation for a redefined position of Vice Chancellor for Academic Affairs. As a result of the recommendations by the CAO’s, there will be two charters developed. The first will be to articulate the standard operating procedures to include the Vice Chancellor’s role and the freedom of authority. The second series of charters will be focused on specific academic issues and priorities. He introduced and congratulated Dr. Susan Hunter for accepting the position of the Vice Chancellor of Academic Affairs effective September 1, 2013.

Dr. Hunter stated she is honored to take on the position. She thanked President Ferguson for his support and encouragement. The Chief Academic Officers developed a Position Paper outlining the need for a Vice Chancellor for Academic Affairs (VCAA) and made a point that the position needed to be modified from this previous incarnation. It was envisioned that the VCAA has to lead shared development of the overall System academic portfolio and be responsible for maintaining an effective and robust communication network across the academic and fiscal leadership of all System institutions. Clearly the most significant suggested change was the strong endorsement that the VCAA had to have the responsibility and authority to coordinate an integrated academic portfolio even when proposing actions that are contrary to the interests of individual campuses. Dr. Hunter continued by stating there is no doubt serious fiscal and demographic challenges ahead of us. The competition for in-state and out-of-state traditional aged students is increasing and the ability to serve place bound working adults is critical. The for-profits institutions are focused on making their product readily accessible with support
services available at all hours. She stated that she has no doubt that the quality of our academic programs is superior but the UMS will lose students to other options if those options appear to cost less, are more accessible and are not perceived to be not lacking in quality. The ability to response effectively to those challenges in a way that makes higher education more available, affordable and responsive to State needs is the task.

**Legislative Update**
Mr. Ryan Low, Executive Director of Governmental & External Affairs provided a Legislative update. He stated that it has been a very successful session and thanked everyone for their assistance. There were a large number of bills proposed that could have impacted higher education; however, many of the concerns were address during the session without enacting legislation. The UMS Appropriations were held flat, which is a significant accomplishment. The UMS received a $500 thousand Appropriation during the second year of the biennium targeted towards adults returning to higher education. The session ended with a discussion on the energy bill with the UMS being the central focus. Mr. Low stated that the UMS is actively working on a communication strategy to address some of the concerns that were raised on the energy bill. The Governor released $104 million in frozen bonds and $8.6 million of which was for higher education.

Mr. Low stressed the importance of everyone to continue to “tell the story” of the critical need for Maine higher education and the value of investing in the UMS which has a direct impact on the Maine economy.

**Administrative Reviews**
Chancellor Page provided an update on the strategic change package. The current projects resulting from the Board of Trustee Goals and Actions have two major targets which are enhancing student success and enhancing campus based resources and services. The Credit Transfer, ABCDE, and Project Login projects are directed towards enhancing student success and the Outcomes Based Funding and the Strategic Investment Fund programs are focused on enhancing campus based resources and services. Additional projects in the academic affairs area will be developed with the Vice Chancellor for Academic Affairs. The Administrative Reviews have two outcomes which are enhanced services and develop savings which will be managed by the Board of Trustees and Presidents’ Council Strategic Investment Funds.

The Administrative Reviews projected structural savings are listed below:

<table>
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<th>PROJECT</th>
<th>FY 2013 Target</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Target</th>
<th>FY 2016 Target</th>
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<td>-</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>$26,086</strong></td>
<td><strong>$360,746</strong></td>
<td><strong>$3,003,166</strong></td>
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The Institutional Research and Facilities Administrative Reviews will start soon. Chancellor Page spoke about the Inside Higher Ed publication “The 2013 Inside Higher Ed Survey of College and University Business Officers”. Five of the findings in the document relate to some of the issues the UMS is addressing:
• Just over one in four business officers (27%) strongly agree they are confident about the sustainability of their institution’s financial model over the next five years; fewer (13%) strongly agree their model is sustainable over 10 years.

• Nearly half of the business officers (49%) strongly agree they have experience increased in health care premiums for employees; nearly as many (46%) say the same regarding student premiums. Four in 10 business officers strongly agree their institution is more focused on the cost of providing health care and benefits than it was five years ago.

• Most business officers (92%) say retaining current students is a very important strategy to increase revenue in the near future.

• Many business officers (45%) say that using technology tools, such as business analytics technology to evaluate program and identify problems/potential improvements is a very important strategy for reducing operating expenses at their institutions. But fewer than half say their institution has the program and performance data and information it needs to make informed decisions.

• Few business officers perceive that faculty are realistic about their institution’s financial challenges.

PRESENTATION AND DISCUSSION ON THE ADULT BACCALAUREATE COMPLETION/DISTANCE EDUCATION (ABCDE) COMMITTEE. Chancellor Page explained that the Adult Baccalaureate Completion/Distance Education (ABCDE) Committee was charged with developing a comprehensive, System-wide plan to enhance baccalaureate degree attainment and completion by Maine’s adult and non-campus based citizens.

Trustee Newsom introduced and thanked the ABCDE Review Team for their efforts. In addition to herself the other members of the Review Team are Dr. Allyson Hughes Handley, President of UMA; Dr. Linda Schott, President of UMPI; Rosa Redonnet, UMS Chief Student Affairs Officer; Dr. Monique LaRocque, Executive Director for Professional & Continuing Education at USM; Dr. Lucille A. Zeph, Interim Associate Provost & Dean of Lifelong Learning at UM; and Bonnie Sparks, Executive Director of University College & Distance Education.

Trustee Newsom explained that in January 2012, the UMS Board of Trustees endorsed a series of “Goals and Actions” to increase student success, meet workforce needs, and control costs. Central to these was a focus on “adult” students who may have attended an institution of higher learning but who had not completed a baccalaureate degree. In response, Chancellor James Page organized a system-wide committee to “develop a comprehensive, system-wide plan to enhance baccalaureate degree attainment and completion by Maine’s adult and non-campus based citizens incorporating consideration of the multiple pathways (certificates, associate degrees, prior learning assessment, etc.) that students may follow.” The Board approved this charge in November 2012. Over the past nine months the ABCDE Committee has worked to develop recommendations and a preliminary implementation plan for enhancing baccalaureate degree attainment by Maine’s adult and non-campus based citizens.

President Allyson Handley, Chair of the ABCDE Committee, updated the Board on the Key Findings from the Committee’s report as well as the Committee’s recommendations.

The Committee’s Key Findings are as follows:

• Because UMS institutions were initially developed to serve the traditional, 18-22 year old student, an essential first step to providing effective service to adult students is to audit all
existing policies and procedures to determine whether they pose unnecessary barriers to adult students.

- Because they are usually working either full- or part-time, have family responsibilities, and have limited ability to relocate to pursue education, adult students are best served by flexible educational formats and scheduling; easy transferability of credits; the ability to earn credit for demonstrated prior learning; and a “concierge” approach on each campus.

- Examples of existing best practices related to adult degree completion already exist at most of Maine’s public universities, but they are not coordinated and have not been implemented to scale or embedded with a policy structure.

- Although some consensus exists nationally on “best practices” in this area, this is a relatively new focus for higher education and a great deal of experimentation is occurring. It will be essential that any UMS initiatives be rigorously assessed to determine impact and effectiveness in our System and State.

- Because funding is a major barrier to adult degree completion, the UMS must work with key stakeholders to provide needed financial assistance to adult students. The UMS must also ensure that adult students are not disadvantaged by financial aid policies.

- UMS faculty and staff will need additional professional development to serve adult students most effectively.

- After the UMS has developed a plan to serve adult students, the UMS will need to vigorously communicate its desire to serve adult students and how it is innovating to do so to potential students, to political and economic leaders, and to potential funders.

- Adult students and the workforce needs of the State will be best served by developing targeted new programs and offering existing programs in new formats.

A summary of the Committee’s Recommendations are as follows:

- Develop a comprehensive UMS Outreach & Communications Plan regarding Adult Degree Completion that is integrated and clearly communicates the importance of degree completion.

- Adopt a UMS “concierge” (e.g., single point of contact) model to serve adult students which will be implemented on each campus.

- Enhance both face-to-face and online support services designed to address the unique needs of adult students.

- Provide professional development and support to enable faculty to teach and work more effectively with adult students.

- On-line courses, programs and degrees represent a means of growing new enrollments as well as assisting with Maine’s adult degree completion goals. The UMS should continue online program development including the development of high quality new programs and/or the expansion of existing programs into new modalities.

- Determine and implement consistent e-tuition (e.g., rate for online coursework) rate.

- Establish a strategic selection process for new programs, both undergraduate and graduate, that will be added to the OnLine Maine web site to ensure responsiveness to the employment needs of the State and the aspirations of Maine’s citizens.

- Explore potential external funding sources to support adult degree completion by Maine citizens.

- Continue to incentivize (through Outcomes Based Funding and other means) institutional support for adult degree completion.
• Assess the Outcomes Based Funding for its ability to reward collaboration and recommend future enhancements to the model that would build an incentive for collaboration into the updated model.

• The UMS should engage in an annual assessment of adult support services and establish annual goals for continuous quality improvement.

The Board had an extensive discussion on the components of the ABCDE Committee’s Recommendations. Commission Bowen commented that the adult completion initiatives need to be coordinated with other groups throughout the State.

On a motion by Trustee Baker, which was seconded by Trustee Medd, the Board of Trustees approved the recommendations of the ABCDE Committee.

DISCUSSION ITEMS

Financial Update. Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, provided a Financial Update.

Managed Investment Pool (including Endowment Fund)
In May the fund decreased by 0.4% and fiscal year-to-date the fund has returned 15.7%. The market value on May 31, 2013 of the Managed Investment Pool is $240.3 million. Changes in market value besides market fluctuation include: contributions and distributions, the UMS contributions to the OPEB Trust, the Maine Maritime Academy’s participation in the Fund since January 2009, and the UM School of Law Foundation’s participation in the MIP since July 2012.

Pension Fund
In May the fund decreased 0.4% and fiscal year-to-date the fund has returned 13.7%. The market value on May 31, 2013 of the Pension Fund is $40.1 million.

Operating Fund
In May the Operating Fund decreased 0.5% and fiscal year-to-date the fund has returned 4.8%.

CONSENT AGENDA

The Board of Trustees reviewed the following agenda item as forwarded by the Finance/Facilities Committee to the Consent Agenda from its meeting on June 27, 2013. On a motion by Trustee Johnson, which was seconded by Trustee Fournier, the following recommendation was unanimously approved by the Board of Trustees:

Approval of Human Resources Administrative Review Recommendations. The Board of Trustees approved the Human Resources Administrative Review recommendations as discussed previously and presented.

The oversight of the Implementation Plan for the Human Resources Administrative Review will be with the Human Resources and Labor Relations Committee and the Finance/Facilities Committee will approve the financial components of the Human Resources Administrative Review.
ACTION ITEMS

Approval and Ratification of CAPTRUST Financial Advisors – Defined Contribution Plan Recommendations. Ms. Tracy Elliott, UMS Director of Finance and Controller, explained that CAPTRUST is currently working with a UMS Committee comprised of System Office and campus staff including human resources, finance, labor relations, union representatives, and faculty to provide improved oversight of the Defined Contribution (DC) plan. CAPTRUST is guiding the UMS in:

- Evaluating responses from the current 4 vendors regarding administrative pricing under a sole record keeper scenario.
- Reviewing and making recommendations to restructure the DC plan investment menu including recommending appropriate asset classes and fund offerings to allow for proper fiduciary oversight and improved participant investment outcomes. Considerations include ensuring investment offerings:
  o consist of a full array of appropriately priced Actively Managed, Passively Managed (Index) and Target Date funds,
  o are comprised of a “best in class” fund lineup using an “open investment architecture” strategy,
  o are of appropriate quality that meet qualitative and quantitative measures,
  o are competitively priced for the type of investment, and
  o are reasonable in number to allow for proper diversification by participants and fiduciary oversight by administration and the Trustees.

Ms. Elliott and Mr. Michael Pratico, Senior Vice President with CAPTRUST Financial Advisors, explained the recommendations to adopt a sole-record keeper approach, construction of a three tiered DC investment menu, and recommendations to adopt an investment line-up. He outlined the following next steps:

- Continue working with the unions regarding DC plan changes, including discussions regarding the impacts on collective bargaining agreements and any corresponding negotiations that may be required.
- Communicating with appropriate groups and participants regarding changes and opportunities.
- Implementing changes.
- Ongoing monitoring, communication, and improvements.

Additionally, CAPTRUST will assist UMS in developing an Investment Policy Statement establishing on-going monitoring guidelines. CAPTRUST will also provide ongoing oversight including but not limited to monitoring of investment offerings and related fund fees, and assisting with replacement of investment offerings when appropriate. They will communicate program changes to participants, report to the Investment Committee and to other advisory committees regarding the above matters, and advise on any improvements that should be made regarding UMS’ third party record keeping relationships including improvements to the scope of services and fees charged. CAPTRUST will also coordinate and communicate any record keeper and/or menu changes to ensure a smooth transition.

On a motion by Trustee Baker, which was seconded by Trustee Hood, the Board of Trustees approved and ratified the Investment Committee recommendations as follows:
• Consolidation of the UMS Defined Contribution Plan from the current multi-vendor environment to a single vendor with that vendor being TIAA-CREF.
• A three tiered approach to menu construction including a target-date mutual funds, a core line-up of active and passive funds and a mutual fund brokerage window.
• The investment lineup as supported by the internal UMS Defined Contribution Plan Investment Subcommittee with the exception that a bond index fund will not be offered until improvements in the interest rate and bond market environments.

Implementation is to occur upon resolution of collective bargaining matters related to the Defined Contribution Plan.

**Proposed Board of Trustees Bylaw Change.** Trustee Collins explained that the Standing Committees of the Board of Trustees are currently set forth under the Board Bylaws, Article III, Section 3.1. It is proposed that the number of Standing Committees be reduced by combining the Academic Affairs and the Student Affairs Committees into one Committee; combining the Finance/Facilities Committee and the Technology Committee into one Committee; and eliminating the Trustee Affairs Committee which would be formed on an ad hoc basis, as necessary. The Audit and the Investment Committees would continue as Standing Committees. Because the membership of the Executive Committee is currently based upon the number of Chairs of the Standing Committees it is proposed that the Executive Committee membership continue to include the Board Chair, Vice Chair, Standing Committee Chairs in addition to other Trustees, as appointed by the Chair, for a total of at least 9 Trustees, which would constitute a quorum of the total Board membership in order that it act on behalf of the Board between meetings.

The Standing Committees are as follows:
- Academic & Student Affairs Committee
- Audit Committee
- Executive Committee
- Finance/Facilities & Technology Committee
- Human Resources & Labor Relations Committee
- Investment Committee

The Board had a discussion to expand the Executive Committee charge to include Board Governance and Board professional development. Trustee Turner recommended that each Standing Committee should only have one chair and not co-chairs and suggested the Bylaws and resolution be amended.

On a motion by Trustee Hood, which was seconded by Trustee Mitchell, the Board of Trustees approved the proposed changes to the Board of Trustee Bylaws Section 3.1 – Standing Committee, as amended.

**Confirm Faculty Representative to the Board of Trustees.** The following nomination is being recommended by the President for the appointment of the following Faculty Representative to the Board of Trustees:

Faculty Representative:
Raymond Albert, UMFK (reappointed for a two year term – June 2013 to June 2015)
On a motion by Trustee Medd, which was seconded by Trustee Fournier, the Board of Trustees approved the appointment of Raymond Albert as the Faculty Representative for UMFK for a two year term from June 2013 to June 2015.

**Proposed Changes to Board of Trustee Policy 205 – Faculty and Student Representatives to the Board of Trustees.** Trustee Collins explained the Board Policy 205 – Faculty and Student Representatives to the Board of Trustees be amended to remove the number of Representatives assigned to the Board Committees as non-voting members and reflect the proposed Standing Committees structure.

On a motion by Trustee Medd, which was seconded by Trustee Mitchell, the Board of Trustees approved the proposed changes to the Board of Trustee Policy 205 – Faculty and Student Representatives to the Board of Trustees, as presented.

**INFORMATION ITEMS**
The following items were included in the Agenda for information only:
- Sightlines Report
- Capital Projects Status Report
- Management Group Appointments Report
- Named Chairs and Professorships Report
- Dashboard Indicators
- Agenda Calendar

**EXECUTIVE SESSION**
On a motion by Trustee Collins, which was seconded by Trustee Mitchell, the Board of Trustees meeting went into Executive Session under the following provisions:
- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, employment and duties.
- 1 MRSA Section 405 6-D to discuss continuing negotiations and arbitration with AFUM; and preparation for upcoming labor contracts and proposals with AFUM, UMPSA, COLT, Police, PATFA, and Service and Maintenance Units.
- 1 MRSA Section 405 6-C the discussion or consideration of economic development if premature disclosure would prejudice the competitive or economic advantage of the System.

On a motion by Trustee Johnson, which was seconded by Trustee Hood, the Board of Trustees concluded the Executive Session.

**DATE OF NEXT MEETING**
The next meeting of the Board of Trustees will be held on September 23, 2013 at the University of Maine System.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk