

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine
March 15 & 16, 2015

Board of Trustees Meeting

Present: Samuel Collins, Chair; Gregory Johnson, Vice Chair; Kurt Adams, James Erwin, Norman Fournier, M. Michelle Hood, Marjorie Medd, Shawn Moody, Paul Nelson, Bonnie Newsom, and Karl Turner. **Chancellor:** James Page. **Faculty Representatives:** Ray Albert, Uriah Anderson, Anne Blanke, Valerie Hart, Cathleen McAnneny, Kim-Anne Perkins and Robert Rice. **Student Representatives:** Jamie Austin, Brad O'Brien, Dominic DeLuca (for Irene Levesque-Rowe), Elizabeth Day, Jaclyn Jacobson, Alexa Harrison, and Connor Scott. **University Presidents:** Glenn Cummings, David Flanagan, Kathryn Foster, Wilson Hess, Susan Hunter and Linda Schott. **System Staff:** Tracy Bigney, Lynda Dec, Dan Demeritt, Chip Gavin, Cynthia Huggins, Theo Kalikow, Rosa Redonnett, Mark Schmelz, David Stevens, Richard Thompson, Kelley Wiltbank, and Rebecca Wyke.

Absent: Thomas Desjardin, James Donnelly, Mark Gardner, Kevin McCarthy, and Victoria Murphy.

Sunday, March 15, 2015

Trustee Collins, Chair, called the meeting to order and thanked UMaine President Hunter for hosting the meeting. Trustee Collins thanked the UMaine Board of Visitors members for attending the meeting. He explained that many attendees are participating by phone due to inclement weather. The following Trustees participated on Sunday by phone: Kurt Adams and Michelle Hood.

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:

- January 26, 2015 – Board of Trustees Meeting
- February 23, 2015 – Human Resources & Labor Relations Committee Meeting
- February 24, 2015 – Academic & Student Affairs Committee Meeting
- February 25, 2015 – Investment Committee Meeting
- March 6, 2015 – Executive Committee Meeting

DISCUSSION TOPICS

Annual Facilities Report by Sightlines. Mr. Chip Gavin, System Director of Facilities Management, introduced Mr. Jim Kadamus and Ms. Caroline Johnson from Sightlines who presented the annual Return on Physical Asset (ROPA+) regarding the University of Maine System's facilities and facility management operations. Overall, the Sightlines data continues to show a challenging situation in which the University's renovation age, density, service process index and other metrics lag its competitors and generally have worsened compared with internal data year over year.

Sightlines' data is beginning to show success at arresting these trends. Sightlines highlighted that investment into existing space compared with new space has increased markedly; that the amount of space in the 50+ year renovation age category increased at a slower rate; and, the decline in the overall net asset value of the entire portfolio, while still lagging peers and lower than in the recent past, appears to be slowing and potentially stabilizing.

Sightlines also presented new forecast information (ROPA+ in Sightlines terminology) about the investment needed in future years.

Facilities Management Administrative Review and Recommendations. Mr. Gavin presented the final report and recommendations of the Administrative Review team in Facilities Management. The Facilities Management Administrative Review report chronicles the efforts of the Administrative Review Team and its findings and recommendations for the future of the University of Maine System's facility management functions and for the facility portfolio itself. The Team was chartered in September 2013 with an approximately 21-month authorization and submitted the report at approximately the 18-month mark of that period.

Some of the key findings and recommendations from the report are as follows:

1. UMS should right-size the facility portfolio to reduce costs and improve the quality of facilities. Examples of recommendations include:
 - Establish a long-term Net Asset Value (NAV) goal, with an interim goal of steadily improving the NAV annually starting in 2016. Attempt to achieve a net asset value System-wide of 70 percent or better, with an interim goal of 63 percent by Fiscal Year 2022. The facility portfolio currently has a net asset value of approximately 59 percent.
 - Work to right-size the overall UMS facility portfolio using the density factor metric. Attempt to achieve a System-wide density factor of at least 340 users per 100,000 gross square feet of space by Fiscal Year 2022 and ultimately a density of 400 users or more. Strategies to improve density generally involve increasing the users or reducing space in some manner.
 - Update Board policy and University procedure to require Trustees review and approval for any project that would increase the amount of square footage owned or occupied by the University or which would increase operating costs.
2. Identify and fund the long-term capital needs of the System. Examples of recommendations include:
 - Adopt a 3-tiered planning strategy across the enterprise that involves each campus having and maintaining a campus master plan to guide the general direction of the campus, a 5-year capital plan that is aligned with the master plan and a component of the multi-year financial analysis; and a 1-year capital work plan that is aligned with the other layers and is a component of the annual budget considered by Trustees. The one-year work plan should include not only improvements, but also the annual identification of any surplus real property which should be or could be considered for disposal or repurposing.
 - Update the budget process to include capital budgets as a distinct component of the annual budget process.
 - Continue to strive to reach the 100 percent funded depreciation goal and to avoid losing ground from gains achieved while still being open to adjustments in the timeline for achieving the goal in a way that is consistent with the annual budget proposed to and ultimately adopted by Trustees.
 - Implement the Total Cost of Ownership principle throughout the University of Maine System, with required reporting and eventual goal setting.
3. Review current prioritized processes for best practices or improvements. Examples of recommendations include:

- Functionally align the current capital project management function to better serve the needs of the University of Maine System and improve the ability of industry to work with the University.
 - Work toward consolidated processing of work orders and the establishment of a centralized work control or work coordination processing function.
 - Formalize and make permanent the pilot project in enterprise Safety and Environmental Services to serve those needs System-wide.
 - Implement the LEAN management team's findings to streamline lease processing and lease administration.
 - Increase efforts and opportunities to promote sharing of best practices and expertise statewide, including in the areas of grounds, trades and custodial.
 - Monitor the Strategic Integration Target 2 and 3 initiatives in particular and be prepared to consider and to achieve additional structural reorganization as may be necessary for facilities management to remain effective and efficient in a changed organizational landscape.
4. Benchmark UMS operations and institutionalize selected benchmarks. Examples of recommendations include:
- Implement the suggested twelve Key Performance Metrics across the University of Maine System to measure and monitor facility quality, costs and performance. Key among these measures are: Density; Net Asset Value (NAV); Capital Expenditures on Existing Space; Annual Facilities Operating Expenses; Total Cost of Ownership (TCO); and Energy consumption and cost.
 - Ensure adoption and beneficial use of the Integrated Workplace Management System, now in implementation.
 - Update and formalize the procedural matrix for UMS capital projects and offer periodic professional development regarding UMS capital procedures.
 - Monitor and report on staffing ratios to ensure UMS continues to function at least as aggressively as benchmark zone indicators suggest should be achievable, including in the functional areas where most facilities management personnel work: grounds, trades and custodial.

The team recommends that the Chancellor, Vice Chancellor for Finance and Administration and Presidents assign personnel as necessary to carry out these recommendations if adopted by the Board of Trustees. In particular, the team recommends that the System Director of Facilities Management and General Services be assigned to lead and coordinate the implementation, including making the further recommendations and decisions that will be necessary to the task.

The greatest economic impact is likely to come from inaction, and the impact of inaction will not be advantageous to the University System's mission, including its talent recruitment and retention efforts or to its financial future.

With current systems and practices, the overall condition of the UMS's facilities has declined since 2006; density has declined by nearly 20 percent, the deferred maintenance and lifecycle reinvestment need has increased to nearly \$1 billion; the percentage of space with a renovation age of 50 years or greater has grown to 38 percent of all space; and the System's daily service costs as measured by Sightlines LLC have remained higher than peer benchmarks. Those trends make facilities more costly to maintain and renovate, more likely to fail and more expensive to operate.

There will be implementation costs. Potential examples include the investments that will be needed in master planning, functional reorganization and space reductions or reorganization. It is important to note that some of the largest potential one-time costs that might have been associated with these recommendations already are in place with the funding for the Integrated Workplace Management System – a key technology project that has been the type of efficiency recommended by other reviews but which in this case already is in progress – and the facility and ongoing financial assessment services provided by Sightlines LLC.

There will also be long-term costs, notably in addressing the improvements needed in the existing facility portfolio. The University of Maine System will need a sustained annual capital investment in the range of up to \$50 million annually to make progress against the major quality and cost recommendations in this report.

The team recommends the identification of up to \$250,000 to support the initial implementation of its recommendations and suggests that strong consideration be given to off-setting that investment with the proceeds of the sale of UMS real property as such sales occur. The team further suggests that the extent to which the Integrated Workplace Management System is completed below budget, that those resources may also be dedicated to the initial implementation, with the total initial implementation funds recommended by the team not to exceed \$500,000.

The Administrative Review Team suggests the work of financial impact and financial implementation should be done as a next step in this Administrative Review process and that it be undertaken as part of the next phase. The Administrative Review team itself is elsewhere making the underlying recommendations to update the System's capital planning and capital budgeting procedures and requirements to make those next steps more feasible.

The Finance/Facilities/Technology Committee approved this recommendation and agreed to forward it to the for Board of Trustee approval.

On a motion by Trustee Fournier, which was seconded by Trustee Turner, the Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to approve the final report of the Administrative Review Team on Facilities Management and adopt its recommendations as presented for implementation.

UMS Information Security Update.

Mr. Dick Thompson, Chief Information Officer; Dr. Jeff Hecker, Executive Vice President for Academic Affairs and Provost at UMaine; Mr. John Forker, Chief Information Security Officer; and Ms. Lynda Dec, Chief Human Resources Officer, provided information related to a recent laptop security incident.

COMMITTEE REPORTS

Academic & Student Affairs Committee. Trustee Gregory Johnson reported that the Committee met on February 24, 2015 and the Committee received updates on the Spring Enrollment Report, the APRIP initiative, Credit Transfer project and the ABCDE initiative. UMM President Joyce Hedlund presented the UMM Strategic Plan and President Glenn Cummings presented the new UMA Mission Statement. The Faculty Representatives lead a discussion on academic quality indexes (AQI) and the Student Representatives provided campus updates. The Committee reviewed the Tenure Nominations for 2015 and due to a lack of quorum the tenure nominations will be reviewed and approved by the full Board at the March Board meeting.

Finance/Facilities/Technology Committee. Trustee Norman Fournier reported that the Committee met on March 9, 2015. The Committee agreed to forward to the Consent Agenda for the March Board meeting the Establishment of the Kenneth Warren Saunders and Henry W. Saunders Professor of Engineering Leadership and Management; the Authorization of Sale of Real Property; the Cell Tower Lease Authorization at USM; and the Advanced Structures and Composites Center Expansion Grant Funded Increase at UM. The Committee reviewed the FY2016 Unified Operating Budget and campus staff presented their budget presentations. Trustee Fournier thanked Vice Chancellor Wyke, Ms. Miriam White, Director of Budget and Financial Analysis, and the campus staff for the hard work on their budgets and for the early submission of the data for review by the Committee.

Human Resources and Labor Relations Committee. Trustee Marjorie Medd reported that the Committee met on February 23, 2015. The Committee received an update on the Human Resources Administrative Review and reviewed the various Human Resources reports submitted to the Board. These reports were reviewed to include frequency, purpose, and data provided to ensure that the reports support the Trustees as required.

Investment Committee. Trustee Turner reported that the Committee met on February 25, 2015. The Committee approved the FY2016 Endowment Distribution Rate per Share of \$14.10336. CAPTRUST provided an update on the Defined Contribution Plan. NEPC provided an overview of the 2015 capital market observations, investment opportunities, and Hedge Funds performance. NEPC provided a review of the Managed Investment Pool, the Defined Benefit Pension Plan and the Operating Fund.

BOARD OF TRUSTEES MEETING WITH THE UMAINE BOARD OF VISITORS

The Board of Trustees (BOT) and the Boards of Visitors (BOV) for the universities are collaborating to increase engagement. The BOT/BOV partnership will increase advocacy and add value for UMS, our students and the State.

One aspect of this engagement is a regularly scheduled meeting of the BOT with the local BOV when the BOT meets on a campus. UMaine President Susan Hunter introduced the following members of the UMaine BOV who met with the BOT for a discussion of campus BOV strategic goals and concerns: Jay Cromarty, Dorcas Wilkinson, Miles Theeman, Owen McCarthy, and Anne Lucey.

Monday, March 16, 2015

Trustee Collins reconvened the Board of Trustees meeting. He thanked the campus for hosting the Board meeting and welcomed Jay Cromarty from the UMaine Board of Visitors to the Board table. Trustee Collins stated that Kurt Adams was participating in the meeting by phone.

CITIZEN COMMENT

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

Robert Rice – APRIP & Carpentry
Ron Mosley – Board Meetings

CHAIR'S REMARKS

Establishment of the Trustee Nominating Committee

Trustee Collins stated that the Board of Trustees annually in May approves officers to serve one year terms. He, as Chair of the Board, will appoint three Trustees to serve as the Nominating Committee, one who shall be designated as Chair. Per Bylaw Section 3.2, the Board is not required to approve the appointment of members to the Committee for the Nomination of Officers. The Committee for Nomination of Officers shall nominate, from members of the Board, a Chair and Vice Chair. Trustee Collins stated that he will be appointing the members of the Nominating Committee in the near future.

"Good News" Items

Trustee Collins shared several "good news" items with the Board.

- UMS out-of-state enrollments are up 5.5% with the UMFK up 17.2%.
- Personnel costs as a percentage of E & G have dropped from 75% to 73%.
- The UMS continued to save over \$5 million in information technology and human resources as a result of the administrative reviews.
- The percentage of individuals who have completed the sexual assault training are as follows: Trustees – 37.5%, undergraduate students and employees - 29%, and graduate students – 6%.

NEHE Awards Dinner

Trustee Collins thanked the Trustees, Presidents and staff who attended the March 13th New England Higher Education Awards Dinner where Ms. Pat Collins, former Board Chair and Trustee Collins' mother, received the David C. Knapp Award for Trusteeship.

Student Government Association Conference

Ms. Rosa Redonnett, Chief Student Affairs Officer, spoke about the Student Government Association Conference and introduced Trey Steward from UMaine and Katherine Waldron from UPMI, who spoke about the tentative schedule for the conference on April 18 & 19, 2015 for student government at all of the campuses. Trustee Collins asked for the Board's assistance with the BOT panel at the conference. Trustee Newsom offered to serve on the panel. Trustee Nelson thanked the student government committee for organizing the event and will serve on the panel.

Advancement Task Force Work at UMaine

UMaine President Susan Hunter provided an update on the Advancement Task Force work at UMaine. The Advancement Task Force was established last fall and was charged to look into moving the UMaine advancement efforts and fund raising mission into one area. She reported that substantial progress has been made.

Outgoing Student Representatives to the Board of Trustees

Trustee Collins explained that Mr. Charles Rodda, Graduate Student Representative to the Board of Trustees from UMaine, and Irene Levesque-Rowe, Student Representative to the Board of Trustees from UMFK are concluding their terms and the Board presented both student representatives with a certificate of appreciation for their dedication and leadership.

REPORT ON ACADEMIC AFFAIRS

Update on Academic Portfolio Review and Integration Process (APRIP). Ms. Ellen Chaffee, Executive Director of APRIP, provided a briefly reviewed the Academic Portfolio Review and Integration Process as its moves from preparation to implementation.

Nine Sub-Teams Launched

Nine academic Sub-Teams involving over 150 faculty and staff from all the campuses have been oriented and are beginning their work.

- Chancellor Jim Page, President Kate Foster, Provosts Jeff Hecker and Ray Rice, and a support team including nine facilitators conducted a highly successful orientation day for some 100 faculty members, on a bad-weather Saturday. More convened the following Saturday by WebEx in a make-up orientation session.
- Leaders were nominated by Sub-Team members and selected by a team made up of President Foster, Ray Rice, and Jeff Hecker. Seven of the nine new Sub-Team leaders convened in Bangor on very short notice for an orientation to their work. They have begun organizing their teams and holding weekly phone meetings with each other. They will have a mid-term meeting at the end of March to report progress and identify issues to be addressed.
- Partnerships and support systems are developing with student affairs, information technology, human resources, and community engagement, joining a long-standing partnership with organizational effectiveness.

Current Priorities

- Full support and forward momentum for successful Sub-Teams
- Communication, internal and external
- Thoughtful academic program portfolio decisions
 - Demand/supply/opportunity data
 - Strategic Initiative 1: differentiation, direction of each campus
 - Engaging presidents and chief academic officers

Spring 2015 Enrollment Report. Ms. Redonnett provided the following update on the Spring 2015 Enrollments:

Enrollment by Headcount, Full-Time Equivalent (FTE), Credit Hours

- Spring headcount enrollment declined 2.9 percent over the previous year in the University System. The University of Maine held steady and UMFK increased 17.2 percent over last year's spring enrollments, while all other campuses saw a decline compared to the previous year. Spring enrollment dropped 9.5 percent overall compared with 2011. UMPI declined 27.2 percent compared to 2011, which is the largest percentage decline. Spring FTE in the University System declined 2.1 percent from the previous year. The largest one-year decrease was 10.4 percent at UMPI and the leading increase was 6.1 percent at UMFK. Spring FTE declined 7.7 percent overall from 2011 versus 2015. The largest five-year spring FTE decline was 25.8 percent at UMPI.
- Spring credit hour enrollments declined by 2.2 percent from last spring and dropped 7.7 percent compared to 2011.
- While both fall and spring headcount enrollments have steadily decreased over time, the spring headcount is decreasing at a faster pace, with the Spring 2015 ratio dropping to 92 percent of the fall enrollment.
- The number of Associate degree seeking students, which accounts for 3.9 percent of spring headcount enrollments, dropped 17.6 percent since Spring 2014 and decreased 40.6 percent compared with 2011. Baccalaureate level students made up 74.6 percent of the total.

Baccalaureate enrollments fell 1.8 percent since Spring 2014 and declined 4.7 percent since 2011. Non-degree graduate student enrollment decreased 19.7 percent compared with the previous spring and fell 6.8 percent compared with 2011. Non-degree undergraduate enrollment declined 0.7 percent from Spring 2014 and fell 26.7 percent compared with Spring 2011. Law enrollment declined 9.4 percent from Spring 2014 and dropped 12.4 percent compared with Spring 2011.

- Spring FTE in Associate degree programs declined 13.6 percent since 2014 and decreased 37.8 percent compared with 2011. Non-degree undergraduate FTE increased 3.3 percent over the past year, although it is down 23.3 percent since Spring 2011. Non-degree graduate FTE is down 12.9 percent since the same time last year and declined 1.5 percent compared with 2011. FTE in the University System fell 2.1 percent since Spring 2014 and decreased 7.7 percent since 2011.

Enrollment by Residency (tuition status)

- 84.6 percent of students have in-state tuition status in Spring 2015. Out-of-state enrollment increased 5.5 percent and NEBHE increased 9.8 percent compared with last year. Spring in-state enrollment lapsed 4.4 percent since 2014 and fell 12.9 percent from Spring 2011. Out-of-State enrollment increased 16.1 percent compared with 2011, while NEBHE enrollment for spring is up 14.5 percent over the same period.

Enrollment by Gender

- The gender balance in the University System for Spring 2014 is 40.4 percent male and 59.6 percent female. Spring enrollment has declined in both gender categories, with a 3.7 percent decrease in males and a 2.3 percent reduction in females.

Enrollment by Status (full-time vs. part-time)

- Part-time headcount enrollment dropped 4.4 percent from 2014, with a loss of 13.4 percent compared with 2011. UMPI experienced the largest percentage single year loss of 11.6 percent of headcount enrollment. The losses at UMPI are mostly in the part-time student population, which is down 16.3 percent from last year, while full-time students declined 8 percent. UMFK enrollment gains since Spring 2014 were driven by a 41.5 percent increase in part-time student enrollment.

Enrollment by Age

- In Spring 2015, 18 to 24 year old students make up 60.6 percent of the student population, while students 25 and older consist of 37.5 percent of the student population. The Under 18 category is up 78.1 percent compared with Spring 2011, while the 65 and over category increased 59.8 percent. The largest percentage decline, 18.6 percent, was in the 40 – 64 age range. The largest headcount decline was 1,249 students in the 18 – 24 group, a drop of 7 percent.

Residency of Students Based on Address

- Cumberland and Penobscot County residents make up 35.3 percent of all students attending the University System. 62.7 percent of out-of-state students come from the New England region, with 30.8 percent of total out-of-state students coming from Massachusetts. The vast majority of international students come from Canada (28.9 percent), China (15.4 percent), and the Marshall Islands (5.6 percent).

Incoming Degree/Certificate-Seeking Students

- First-time, first-year students typically enroll in the Fall semester. For Spring 2015, 94.9 percent of first-time students pay in-state tuition, with 4.3 percent paying out-of-state tuition, and 0.9 percent receiving the NEBHE tuition rate.
- 47.4 percent of transfer students in Spring 2015 came from institutions external to the UMS and MCCS. Internal transfers between UMS campuses made up 22 percent of the total.

Transfers from MCCS comprised 30.5 percent of the total and increased 13.6 percent from Spring 2014.

Distance Education

- Total credit hours in distance education gained 3.8 percent from 2014. The decline in traditional campus courses was 3.8 percent. Online credit hours increased 9 percent between Spring 2014 and 2015, accounting for 18.5 percent of all credit hours delivered.
- Online credit hours made up 84.6 percent of total distance education. Baccalaureate students comprised 79 percent of Spring 2015 students in distance education, with Associate level students taking 7.1 percent of distance courses and non-degree undergraduate students making up 7.5 percent.

CHANCELLOR'S REPORT

Legislative Update. Chancellor Page thanked the Trustees, Presidents, members of the Boards of Visitors, faculty, students and staff who attended his address to the Legislature on March 3rd. There were approximately 60 people in attendance from the System. Several of the attendees met with Legislators after the address. These meetings were very productive with individuals sharing the System's and State's needs and priorities. The Chancellor has met with the Appropriations Committee to review the Governor's proposed budget and in the near future there will be a meeting of the Education and Cultural Affairs Committee to discuss the budget.

One University Initiative Update. Chancellor Page commented that work is continuing on the One University initiative through efforts by Vice Chancellor Wyke and Ms. Ellen Chaffee. UMS is working closely with the New England Association of Schools and Colleges (NEASC) to explore the feasibility of a single accreditation for our universities at the System level, and this has the potential to drive the unification process in the most productive and direct way possible.

USM President Update. This week the UMS announced the appointment of Dr. Harvey Kesselman as the new President at USM. Dr. Kesselman's appointment is effective as of July 1, 2015. The transition plan is in place. Trustee Erwin spoke about the search process and the Search Committee completed a successful search within the time line required. He commented that the Search Committee worked well together and he thanked Ms. Tracy Bigney, Clerk of the Board, Terrence MacTaggart, who was the consultant for the search, and the Trustee members of the committee – Michelle Hood and Karl Turner.

PRESIDENT EMERITA & ACTING VICE CHANCELLOR'S REPORT

Dr. Theo Kalikow, President Emerita and Acting Vice Chancellor provided an update on the community engagement initiatives. The UMS is partnering with Maine Campus Compact to host two Community Engagement Summits scheduled for 3/19/15 at UMaine and 3/20/15 at USM. The Chancellor will be a speaker and a video of high impact community engagement practices will be presented. The purpose of the Summits is to spread the word about community engagement to faculty. An additional outcome from the Summits is to establish community engagement projects at each campus over the next year.

The community engagement group is also working on a three year plan of alignment of community engagement work with each campus. The group is also pursuing software to assist with measuring the impact of the community engagement work on each campus. The UMS has a great deal of community engagement work currently taking place at each campus but there is no means to quantify or describe the things each campus is doing with their community.

The community engagement group is also reviewing the tenure policy to make suggestions on policy modifications with regard to community engagement and how it can affect tenure and evaluation of the faculty work.

VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION & TREASURER'S REPORT.

Financial Update.

Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, provided a financial update.

Managed Investment Pool (including Endowment Fund). In January the Fund declined by 0.1% and fiscal year-to-date the Fund has declined by 2.7%. The market value on January 31, 2015 of the Managed Investment Pool (MIP) was \$264.8 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 January the Fund returned 0.6% and fiscal year-to-date the Fund has declined by 1.1%. The market value on January 31, 2015 of the Pension Fund is \$37.6 million.

Operating Fund. In January the Operating Fund returned 0.3% and fiscal year-to-date the Fund has declined by 0.6%.

Strategic Integration Targets 2 & 3: Unified Finance and Administration Structure.

In November 2014, the Board of Trustees authorized Vice Chancellor Wyke to develop a comprehensive financial management structure reflecting unified finance and administrative services that are functionally aligned to the degree possible consistent with the Board of Trustees 2014 Strategic Outcomes Targets 2 and 3.

She explained that there are several initiatives underway for the Strategic Integration Targets 2 and 3 resulting in the following four outcomes:

1. Enhance financial transparency
2. Enable fiscal controls
3. Reduce administrative cost per full-time equivalent (FTE) student
4. Enhance intra-system collaborations

Huron Education was selected to design a new finance and administrative structure to support the One University model by administrative services. Huron's work was scheduled to be completed by February 20th; however, due to weather delays and the loss of key members of the Huron team this work is now scheduled to be completed in late March. Therefore, Dr. Wyke requested two extra months to complete the work for the Strategic Integration Targets 2 and 3: Unified Finance and Administrative Structure. She indicated that the final report and implementation plan would be ready in May.

Student Advocacy Efforts.

Dr. Wyke explained that Ms. Laura Cyr has been continuing the student advocacy efforts. She recently coordinated a group of students to attend the Chancellor's address to the Legislature on March 3. Following the Chancellor's address, those students also had an opportunity to meet with

their local legislators to advocate on behalf of the University of Maine System. A student advocacy day is being planned with the assistance of John Lisnik for March 24 at the Legislature with 20 students from five campus participating. These students will serve as honorary pages that day, attend hearings and meet with their local Legislators.

Tuition Rates for FY2016. Dr. Wyke explained that in an effort to ease the financial burden of higher education on Maine students and their families, the Board of Trustees has held tuition flat since Fiscal Year 2012. If approved, the FY2016 tuition rate would mark the fourth consecutive year that tuition has been held flat. The University's ability to raise revenue continues to be constrained by what Maine families can afford. Maine's three-year moving average of median household income for 2011-2013 is \$50,487. Absent the application of financial aid, the weighted average of tuition and fees as a percentage of median household income is 18%.

The preliminary budget reviewed by the Finance/Facilities/Technology Committee one week ago was developed with the assumption that in-state undergraduate tuition would continue at the Fiscal Year 2012 level. The Governor has proposed a modest, but welcome increase to the Education and General Activities appropriation of the University, amounting to about \$3 million to underwrite the cost of tuition in FY2016.

The FY2016 Budget is challenging, drawing on about \$7 million in reserves to balance the budget and leaving another \$9 million in unfunded depreciation, even after eliminating 206 FTE positions, or \$13 million from personnel services. Providing affordable higher education for Maine citizens is the cornerstone of our mission as a public institution of higher education and the Governor's budget package makes continuing the freeze attainable. It is therefore, the recommendation of the Treasurer and the Chancellor that tuition remain flat for a fourth consecutive year providing the Governor's budget remains intact.

On a motion by Trustee Erwin, which was seconded by Trustee Nelson, the Board of Trustees directed that the FY2016 budget be developed without increasing current in-state undergraduate tuition rates and the mandatory unified fee.

CONSENT AGENDA

On a motion by Trustee Johnson, which was seconded by Trustee Turner, the items on the Consent Agenda were unanimously approved by the Board of Trustees as follows:

The Board of Trustees reviewed the following agenda items as forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on March 9, 2015:

Cell Tower Lease Authorization, USM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee and authorized the leasing of space on the rooftop of the Law school building at 232 Deering Ave. on the Portland Campus to T-Mobile Northeast LLC for an initial period of up to five years with the option to renew for as many as four additional periods of up to five years each. The final terms, including rate, associated costs and other terms, shall be negotiated by the University of Southern Maine in the best economic interest of the University, subject to review and approval by the University of Maine System Vice Chancellor of Finance and Administration and General Counsel.

Advanced Structures and Composites Center Expansion Grant Funded Increase, UM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee and authorized an increase in the scope of the Advanced Structures and Composites Center Expansion and an increase of \$871,000 in grant funds to be expended on the project for a new total authorized project expenditure of up to \$8.9 million.

Establishment of the Kenneth Warren Saunders and Henry W. Saunders Professor of Engineering Leadership and Management. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the establishment of the Kenneth Warren Saunders and Henry W. Saunders Professor of Engineering Leadership and Management

ACTION ITEMS

Authorization for Sale of Real Property. Trustee Fournier explained that an amendment to the resolution for the USM Sale of Real Property has been submitted to reflect concerns raised by President Flanagan. The other three resolutions remain unchanged.

On a motion by Trustee Fournier, which was seconded by Trustee Medd, the Board of Trustees authorized the University of Maine System:

- A. Acting through the University of Southern Maine, to sell, lease or otherwise transfer certain interests in real estate, buildings and land on Chamberlain Avenue, Deering Avenue and Granite Street in Portland including, without limit, the right to enter into long-term leases; provided, however, that the University may not sell or permanently transfer its interest in the underlying fee estate at these locations; that all transactions are subject to final review and approval of the University Treasurer and General Counsel; and to expend up to \$1.5 million from University reserve funds identified by the University of Southern Maine to relocate personnel to other facilities.
- B. Acting through the University of Maine, to sell or otherwise transfer up to approximately 30 acres in Old Town generally along Stillwater Avenue and being a portion of the DeMeritt Forest.
- C. Acting through the University of Maine at Machias, to sell or otherwise transfer Kimball Hall in Machias; and,
- D. To sell or otherwise transfer the real property and interests in the building known as 16 Central Street, Bangor, and to expend up to \$1 million from funds identified by the University Treasurer, subject to future adjustment, to relocate personnel to other locations of the University of Maine System.

UMM Strategic Plan. UMM Provost Stuart Swain and UMM Dean of Students Melvin Adams presented the UMM Strategic Plan.

Maine's Coastal University: A Distinctive Identity and Vision

UMM is Maine's Coastal University. Our location on the Bold Coast—including the land and sea, communities and natural ecosystems—provides the context for a unique learning and living experience. UMM's distinctive, high quality education centers on engaging students in the scientific, cultural, economic and social inquiry prompted by Maine's Bold Coast region. We provide students with active learning opportunities and leadership development, featuring close mentoring and tight community connections. Students are engaged in intellectually rigorous and innovative campus and

community experiences, including academically integrated campus service, community engagement, social diversity, mentored research, and professional internships.

The University has identified four strategic directions on which to focus:

- Nurture student success and engagement through well-designed academic, leadership development, and retention strategies.
- Enhance the University's coastal identity by expanding education and public service connections with the communities and natural environments of Maine's Bold Coast.
- Achieve and maintain financial stability and sustainability.
- Build and sustain strong community involvement and connections.

These directions include thirteen goals, each with action steps to be implemented in the next two years.

At their February 24, 2015 meeting, the Academic and Student Affairs Committee of the Board recommended that this strategic plan be forwarded to the full Board of Trustees for final approval.

On a motion by Trustee Nelson, which was seconded by Trustee Medd, the Board of Trustees approved the strategic plan submitted by the University of Maine at Machias.

Approval of the Board of Trustees Meeting Calendar for 2015-2016 and 2016-2017.

Chancellor Page explained that in accordance with the University System's Charter and the Board's By-laws, the proposed calendar is submitted for approval. In order to allow as much flexibility as possible in planning schedules, the proposed calendar has been developed on a 2-year cycle.

The BOT/BOV Summits for 2015 and 2016 have been added to the Board Calendar. Chair Collins proposed the dates for a Board Retreat either in July or October as follows:

2015

- July 19 & 20, 2015 – Change the Board meeting to a two-day event with the Retreat on Sunday and Monday morning and the Board meeting Monday afternoon, or
- October 25 & 26, 2015 – Sunday and Monday

2016

- July 17 & 18, 2016 - Change the Board meeting to a two-day event with the Retreat on Sunday and Monday morning and the Board meeting Monday afternoon, or
- October 23 & 24, 2016 – Sunday and Monday

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved the Board of Trustees meeting calendar for 2015-2016 and 2016-2017, as presented, with the dates of the Board Retreats to be added when determined.

Confirmation of Faculty Representative to the Board of Trustees. Chancellor Page explained the following nomination is being recommended by the President:

Faculty Representative:

Kim-Anne Perkins, UMPI - reappointed for two year term – Sept 2014 to May 2016.

On a motion by Trustee Medd, which was seconded by Trustee Johnson, the Board of Trustees approved the appointment of the following Faculty Representative to the Board of Trustees: Kim-Anne Perkins, UMPI - reappointed for two year term – Sept 2014 to May 2016.

INFORMATION ITEMS

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

- Faculty and Tenure Statistics 2014-2015
- Management Group Appointments Report
- 2013-2014 Degrees Conferred Report
- Capital Projects Status Report
- Dashboard Indicators
- Agenda Calendar

EXECUTIVE SESSION

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, 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, evaluations, employment and duties.
- 1 MRSA Section 405 6-D to discuss planning for negotiations and communications with AFUM, UMPSA, ACSUM, Police, PATFA, and Service and Maintenance Units.

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

Tenure Nominations for 2015.

On a motion by Trustee Johnson, which was seconded by Trustee Medd, the Board of Trustees approved the recommendations for tenure submitted by the universities of the University of Maine System in 2015. Approvals will take effect September 1, 2015.

2015 Honorary Degree Nomination, UMM.

On a motion by Trustee Johnson, which was seconded by Trustee Fournier, the Board of Trustees approved the 2015 nomination for Honorary Degree for UMM as presented.

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on May 17 & 18, 2015 at the University of Maine System.

Adjournment

Ellen Doughty for
Tracy B. Bigney, Clerk