

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine at Farmington
March 13 & 14, 2016

Board of Trustees Meeting
(Amended December 6, 2016)

Present: Samuel Collins, Chair; Gregory Johnson, Vice Chair; James Donnelly (by phone), James Erwin, Norman Fournier, Mark Gardner, Michelle Hood, Marjorie Medd, Shawn Moody, Paul Nelson, Sarah Newell, Bonnie Newsom and Karl Turner. **Chancellor:** James Page. **Faculty Representatives:** Ray Albert, Uriah Anderson, Roxie Black, Terry Colby, Cathleen McAnneny, and Patti Miles. **Student Representatives:** Brad O'Brien, Katharine Waldron, Connor Scott (by phone), Jay Knowlton, Dominic DeLuca, Jamie Austin and Sarah Elizabeth Connelly. **University Presidents:** Glenn Cummings, Kathryn Foster, Susan Hunter, John Murphy, Linda Schott and Stuart Swain. **System Staff:** Tracy Bigney, Lynda Dec, Dan Demeritt, Tracy Elliott, Chip Gavin, Ryan Low, Rosa Redonnett, Mark Schmelz, David Stevens, Alison Sucusy, James Thelen, Vendean Vafiades, Richard Thompson, and Rebecca Wyke.

Absent: Kevin McCarthy.

Sunday, March 13, 2016

Trustee Collins, Chair, called the meeting to order

CHAIR'S REMARKS

Trustee Collins thanked President Foster and the staff at UMF for hosting the Board meeting. Trustee Collins congratulated UMF on the Ribbon Cutting ceremony for their Central Heat Plant. The UMF Board of Visitors was welcomed to the Board of Trustees meeting. Trustee Collins welcomed Aaron Chadbourne, Senior Policy Advisor to the Governor, and thanked him for attending the Board meeting.

CHANCELLOR'S REMARKS

Chancellor Page explained that the agenda item for the One University presentation was not ready and it will be discussed at the May Board meeting.

ACCEPTANCE OF MINUTES

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

- January 19, 2016 – Academic & Student Affairs Committee meeting
- January 24-25, 2016 – Board of Trustees meeting
- February 22, 2016 – Investment Committee meeting

COMMITTEE REPORTS

Academic & Student Affairs Committee. Trustee Johnson reported that the Committee met on March 11, 2016. The Committee had a discussion with Dr. Ellen Chaffee on the Academic Transformation

initiative. Trustee Johnson thanked the faculty and student representatives to the Board of Trustees who provided valuable input for the Academic Transformation project. Ms. Rosa Redonnett, Chief Student Affairs Officer, reviewed the Spring 2016 Enrollment Report.

Academic & Student Affairs Committee and Human Resources & Labor Relations Committee Joint Session. Trustees Johnson and Medd reported that there was a Joint Session between the Academic & Student Affairs Committee and the Human Resources and Labor Relations Committee to review the tenure nominations for 2016 and the faculty and tenure statistics report. The Committee members approved the tenure nominations to be forwarded to the March 13-14, 2016 Board meeting for action. The Committee discussed the Faculty and Tenure Statistics report and the UMS Faculty Peer Tenure Comparison.

Human Resource & Labor Relations Committee. Trustee Medd reported that the Committee met on March 11, 2016. The Committee discussed the proposal to make a change to the Handbooks for Non-Represented Hourly, Faculty, and Salaried staff. This change will add a section in the Handbooks titled Benefit Exceptions. The Human Resources and Labor Relations Committee agreed to forward this item to the Consent Agenda for the March Board of Trustees meeting. The Committee received an update on the Equal Opportunity Center of Excellence and the potential changes to the Fair Labor Standards Act. The Human Resources Department is currently preparing for the changes in a number of ways and will continue to update the committee as the specifics are made clear. The Committee then went into Executive Session to discuss collective bargaining in all bargaining units, including the status of bargaining and goals and relationships for bargaining.

ACTION ITEM

Approval of the Board of Trustees Meeting Calendar 2016-2017 and 2017-2018. Trustee Collins 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 Board of Trustees Retreat and BOT/BOV Summits for 2016 and 2017 have been added to the Board Calendar. The Board of Trustees Office in consultation with the Chancellor and the Board Chair can modify the Board calendar as necessary to accommodate the needs of the Board.

2016-2017

July 18, 2016 @ UMS
September 18-19, 2016 @ UMFK
October 23-24, 2016 – BOT Retreat
November 4, 2016 – BOT/BOV Summit
November 13-14, 2016 @ UMM
January 29-30, 2017 @ USM
March 26-27, 2017 @ UMA
May 21-22, 2017 @ UMPI

2017-2018 (proposed)

July 17, 2017 hosted by UMS @ UM
September 17-18, 2017 @ UMF
October 22-23, 2017 – BOT Retreat
November 3, 2017 – BOT/BOV Summit
November 19-20, 2017 @ UM
January 28-29, 2018 @ UMA
March 18-19, 2018 @ USM
May 20-21, 2018 @ UMFK

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved the Board of Trustees meeting calendar for 2016-2017 and 2017-2018.

Strategic Capital Investment Report. Trustee Collins explained the purpose of the Strategic Capital Investment Committee which has met on several occasions to prioritize short term System-wide investments for the University of Maine System. This group met on March 10, 2016 and

finalized recommendations for consideration by the Finance/Facilities/Technology Committee and the full Board of Trustees. The Committee voted to dissolve the group and fiscal decisions will be move back to the Finance/Facilities/Technology Committee.

Mr. Ryan Low, Chief Financial Officer and Treasurer, explained the Committee is recommending the following expenditures by fiscal year and thanked the following Committee members: Trustee Collins, Trustee Fournier, Trustee Turner, President Foster, President Hunter, Chancellor Page, and Vice Chancellor Wyke.

For FY16:

Strategic Integration Reserve - \$1,550,000. The reserve fund is created to address critical issues that require resources outside of the traditional budget cycle. Anticipated expenditures could be, but are not limited to, proposals that have the ability to advance the One University mission, initiatives that have the potential to boost enrollment, or ideas that benefit multiple campuses. The fund is non-lapsing and it is expected that balances at the close of FY2016 would be available for FY2017 allocations.

Information Technology Staffing Study - \$50,000. The study will complete a detailed analysis of position descriptions, salaries and benefits for Information Technology positions within US:IT. The evaluation's findings will establish a strategy to address compensation schedules and other factors to be competitive in the Maine market and adjust inequities in existing staffing.

Information Technology Plan (year 1 staffing) - \$200,000. This initiative will provide direct support staff to address the existing challenges to provide expanded end-user support, to operate and modify enterprise systems, support campus training, to provide necessary support in the classroom, and address the network communications infrastructure. Results will be staff located at the campuses to enhance response, improve readiness, resolve technical issues and train users.

Campus Differentiation - \$700,000. The Committee is recommending \$350,000 in funding for the campus differentiation proposals submitted by the University of Maine at Farmington and the University of Maine at Augusta.

For FY17:

Information Technology Plan (year 2 staffing) - \$900,000. See description above.

MaineStreet redesign - \$497,500. This work will analyze, define and reengineer existing processes and system configuration to accomplish enhanced usability and capability for system users. This early design is very important to engage users, faculty, students and administrators to achieve the highest level of functionality. The funding related to design work is not eligible for bond funding. This allocation would cover the remainder of the funding needed to finish the project.

Campus Budget Relief - \$3,000,000. The Strategic Capital Investment Committee is recommending a \$3 million allocation from administrative review savings in FY2017 to UMFK, UMPI and UMM (\$1 million each) contingent on outcomes developed by the Chancellor, with input from those campus Presidents. Outcomes are expected to be developed and presented to the Board of Trustees at or before their May meeting.

Trustee Johnson asked about funding for enrollment. Chancellor Page commented that each campus has targeted enrollment initiatives.

The Finance/Facilities/Technology Committee at their meeting on March 11, 2016 agreed to forward this item for Board of Trustee approval at the March 13-14, 2016 Board meeting.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved the recommendations from the Strategic Capital Investment Committee to allocate \$2,500,000 in FY2016 and \$4,397,500 in FY2017 for a series of strategic initiatives as identified in the Agenda Item Summary.

BOT/BOV MEETING. Several members of the UMF Board of Visitors joined the Board meeting to discuss their strategic initiatives. The UMF BOV members present for the meeting were: Jerry Cayer, Chair; Mark Shibles; Lisa Laflin; Betty-Jane Meader, David Levesque, Sharon Cullenberg and Ray Glass. The group spoke about points of pride focusing on campus and community connections, the One University concept and capital investment needs and other sources of revenue.

The group expressed support for the One University direction and asked for more definition and communication about campus differentiation and how the One University would benefit students. Chair Collins thanked the BOV members and noted the importance of the Board of Trustees working with the Boards of Visitors.

CHAIR'S REMARKS.

Comments from the Governor

Mr. Aaron Chadbourne, Senior Policy Advisor to the Governor, explained the Governor's appreciation for the open lines of communication from the University of Maine System Board of Trustees and Chancellor Page. He stated that the Governor believes now is the right time to engage in the conversation about post-secondary education in Maine and the role that State funding plays in that. The Governor was adamant that the University of Maine System be at the table as part of the reform commission passed into law this past Wednesday by the legislature as part of their funding for more money in education.

Mr. Chadbourne complimented Trustee Nelson for the great job he did as the ambassador for the Board and the System in radio interviews this week regarding the decision to keep tuition flat for the sixth year. Affordability of higher education is a priority for not just the Governor and the administration but across the country and anytime the UMS can move the needle in the right direction and the right balance between public and private support, the Governor is fully behind.

Mr. Chadbourne announced the Governor nominated three new Trustees to the UMS Board of Trustees as follows:

Dr. John Craig from Waterville
Ms. Theresa Sutton from Cumberland
Mr. Jason Coombs as the Student Trustee from Brunswick

Mr. Chadbourne stated that the Governor is very proud of the Board of Trustees and the hard work that is being done and the difficult decisions that have been made.

Resolution for Patricia M. Shaw. The Board of Trustees approved the following resolution for Patricia M. Shaw:

Whereas, Patricia Shaw has served the University of Maine System with distinction as Staff Assistant and Executive Assistant to the Chancellor for thirty-one years;

Whereas, Ms. Shaw has worked closely with chancellors, trustees, presidents, student and faculty representatives and system staff;

Whereas, she is always responsive to university needs, regardless of the day or hour;

Whereas, her contacts and interactions in this position reached far outside the UMS to those in state government, higher education leaders across the country, and Maine citizens and advocacy groups;

Whereas, for many years Ms. Shaw has been the face of the chancellor's office;

Whereas, Patricia Shaw has been a trusted advisor and support for every chancellor she has worked with from Harlan Philippi to Jim Page;

Whereas, she has a keen sense of public and political perception and has provided sage counsel on widely varied issues;

Whereas, Patricia Shaw will retire from UMS on April 30, 2016;

Be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Patricia Shaw for her outstanding contributions to the quality of higher education in Maine.

Approved on the 13th day of March 2016, by the 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.

On a motion by Trustee Nelson, which was seconded by Trustee Johnson, the Board of Trustees approved the resolution as presented.

Monday, March 14, 2016

Trustee Collins, Chair, reconvened the meeting.

CITIZEN COMMENT

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

Lucas Kellett - Divestment
Ronald Mosley - Integration
Holden Cookson - Divestment
George Miller - Unified Finance

COMMITTEE REPORTS

Finance/Facilities/Technology Committee. Trustee Fournier reported that the Committee met on March 7, 2016. The Committee received an overview of the FY2017 proposed unified operating budget, recommended student charges and proposed transfers from the Budget Stabilization Fund and

campus reserves. The initial budget deficit for the FY2017 operating budget was estimated at approximately \$20 million. After considerable amount of work by the System staff, the Presidents and the Chief Business Officers on each campus, the deficit has been reduced to \$9.5 million. The options for closing the remaining deficit of \$9.5 million include the following:

1. \$3 million unallocated administrative savings.
2. In state undergraduate tuition and mandatory fee increase based on the consumer price index (CPI) of 2.3% which would equal approximately \$4.65 million.
3. Use of campus reserves

Following the budget overview presentation by Vice Chancellor Rebecca Wyke and Treasurer Ryan Low, the President and Chief Business Officers from each campus presented their FY2017 proposed budgets. The Committee did not vote on the budget at the March 7th meeting. The full budget will be presented to the Committee at their May 3rd meeting. The Committee will forward a recommendation to the Board at the May 22 & 23, 2016 Board meeting.

Trustee Fournier stated that there is an action item presented to the Board as a result of the Committee meeting on March 7th. Mr. Aaron Chadbourne, Senior Policy Advisor to the Governor, was present at the meeting on March 7th and reviewed the letter to Chair Collins from the Governor dated March 4th. The Committee received satisfactory answers to questions about the generous offer proposed by the Governor. The Governor is proposing to replace 100% of the revenue generated by a 2.3% inflation based adjustment to tuition in the 2016-2017 calendar year, which is approximately \$4.65 million, in a supplemental budget submitted to the legislature in January 2017. The Committee was assured that the \$4.65 million would be added to the UMS base budget going forward. The Governor's letter also encouraged the UMS to develop a long term investment plan for inclusion in a bond package as a referendum for Maine voters. The Committee also discussed the risk involved with the supplemental budget being submitted in January 2017 and the UMS budget starting in July 2016. The UMS would need to cover the budget between July 2016 and February 2017.

The Committee thanked Governor LePage and fully endorsed the Governor's offer and recommended freezing in-state tuition for FY2017 at the current level in anticipation of the funding in the supplemental budget.

The Committee met again on March 11, 2016. The Committee agreed to forward to the Consent Agenda for the March 13-14, 2016 Board of Trustees meeting the following items: establishment of the Stephen E. King Chair in Literature at UM, the Real Property Gift Approval Request at UM, the Title IX Softball Stadium Improvements Update at USM, and the Bond Financing and Project Authorization. The Committee approved the recommendations from the Strategic Capital Investment Report and agreed to forward the item to the full Board at the March 13-14, 2016 Board meeting. The Committee also approved the Brooks Kitchen Exhaust Update at USM. The Capital Projects Status Report, the annual report from Sightlines, the Information Technology Work Plan, the review of Information Technology projects with a value of \$250,000 or Greater and the State of Information Technology Accessibility were discussed.

Investment Committee. Trustee Turner reported that the Committee met on February 22, 2016. The Committee approved the USM Management Fee on Endowments from .25% to up to 1.25% of the market value of USM's endowments held by the UMS, the Endowment Distribution Rate of \$14.768338 per share for FY2017 and the Asset Allocation Study and Recommendations for the Management Investment Pool and the Pension Fund. The Committee reviewed the fourth quarter

results of the Defined Contribution Plan; an update on the Money Market Funds; and the fourth quarter performance reviews for the Management Investment Pool, the Pension Fund and the Operating Cash Fund.

CHAIR'S REPORT

Trustee Collins again thanked President Foster and the staff at UMF for hosting the Board meeting.

NEBHE Award

Trustee Collins congratulated UMPI President Linda Schott for receiving the NEBHE Personalized Learning award for UMPIs efforts for on competency and proficiency based learning and pioneering this learning concept in Maine as well as the nation.

Resolution for Paul M. Nelson. The Board of Trustees approved the following resolution for Paul M. Nelson:

Whereas, Paul Nelson has served the University of Maine System with distinction as the Student Trustee for two years;

Whereas, Mr. Nelson has ably served as a voice and advocate for students in Board deliberations, in working with the Student Representatives to the Board and in the public arena and has also contributed his special knowledge and perspective of the National Guard;

Whereas, Mr. Nelson has a perfect attendance record at Board of Trustee meetings, even traveling from out of state during his internship;

Whereas, he served on the Academic and Student Affairs Committee and the Finance, Facilities and Technology Committee, participating in committee meetings by telephone while deployed overseas;

Whereas, he has been a positive, enthusiastic, thoughtful colleague for Trustees, Chancellor, Presidents, and staff;

Whereas, in December 2015 Paul Nelson received a BA in Political Science with honors from the University of Southern Maine.

Whereas, he has gained distinction as Maine's Airman of the Year;

Whereas, Paul Nelson has served as the Student Trustee for the University of Maine System since May 9, 2014 and will complete his term on April 30, 2016.

Be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Paul Nelson for his outstanding contributions to the quality of higher education in Maine.

Approved on the 14th day of March 2016, by the 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.

On a motion by Trustee Erwin, which was seconded by Trustee Johnson, the Board of Trustees approved the resolution as presented.

Establishment of the Trustee Nominating Committee. Trustee Collins explained that the Board of Trustees annually in May approves officers to serve one year terms. The Committee for Nomination

of Officers shall nominate at the May Board meeting, from members of the Board, a Chair and Vice Chair. He stated that he has appointing three Trustees to serve on the Trustee Nominating Committee. Trustee Fournier will serve as Chair and Trustees Hood and Gardner will assist Trustee Fournier on the Committee.

CHANCELLOR'S REPORT

Governor's Letter

Chancellor Page stated that by the July Board meeting a plan and targets for the bond package will be presented to the Trustees.

Trustee Paul Nelson

Chancellor Page thanked Trustee Nelson for his dedication and leadership as the Student Trustee. Several months ago, USM was in the midst of controversy and it was a very stressful situation. Trustee Nelson's office at USM was located in the center of the controversy and he never shied away from the controversy and never failed to meet with individuals regardless of their opinions. Trustee Nelson's response to the controversy was unfailingly respectful of people's positions and very professional. He was always willing to engage in conversations. He took his responsibility as a Trustee very seriously and represented the Board, the Chancellor's office and the UMS with distinction. As a result of his efforts, he not only earned the respect of this Board and the UMS and individuals from all sides of the controversy and in doing that he advanced the cause of the USM, of this Board and UMS.

Alfond Foundation

Chancellor Page commented that he, President Hunter, President Cummings and Mr. Elliott Cutler made a presentation to the Harold Alfond Board regarding the UMS Professional and Graduate Center and provided an update on the progress. They highlighted collaborative efforts and opportunities for students. He stated he was very proud of the progress that the campuses have made in these areas. This was confirmed by a commitment from the Alfond Foundation to endorse the initiative.

Unified On-line

Chancellor Page stated that at the request of the Chief Academic Officers the Unified On-line initiative has been delayed until the May Board meeting. More input has been requested from the faculty groups and it is taking longer than anticipated to synthesize the information.

Academic Transformation

Dr. Ellen Chaffee participated in the Academic & Student Affairs Committee on March 11, 2016 to engage in a discussion on the final report on the Academic Transformation project. The Committee received valuable input from the Faculty and Student Representatives at the Committee meeting. Chancellor Page is reviewing the information and has not yet determined whether it materially affects the recommendations.

Commission for Funding Education in Maine and Student Affordability

The Legislature passed legislation, signed by the Governor, to create a Commission on Funding for Education in Maine K-20 and student affordability. Commissioner Beardsley will be the chair on the Commission and the UMS will be an active participant in the Commission.

Vice Chancellor for Academic Affairs (VCAA) Search

Chancellor Page stated that President Schott will be chair of the Search for the VCAA and the members of the Search Committee are: USM President Glenn Cummings, UM Provost Jeff Hecker, Ms. Rosa Rodennett, Trustee Marge Medd and UMA Provost Joe Szakas. The Search Committee will be staffed Ms. Tracy Bigney. Dr. Ellen Chaffee is working on behalf of the UMS to help identify possible candidates. The next meeting of the Search Committee is scheduled for April 14th. There is a very tight timeline for the Search.

Communication Strategy for the One University Concept

Chancellor Page stated that the organizing principles around the One University Concept are articulated in the Board of Trustees 2014 Strategic Outcomes, particularly Strategic Outcomes 1 through 4. How those items translate in operations and how they are inter-related is a complex matter and not transparent to our stakeholders. In order to make progress with this communication effort Chair Collins asked Trustee Erwin to work on a process and plan for the Trustees articulation of their strategic priorities.

Trustee Erwin provided a brief update on the process and plan. He explained that how the concept of the One University gets translated into reality has been a source of questions and concern from multiple sources internal and external to the UMS. The need to add clarity to the concept is becoming more urgent. He stated that it is inherently the Board's fiduciary responsibility to articulate this strategic direction of the System that speaks to the stakeholders' needs and aspirations. Trustee Erwin stated that at the January Board meeting Chair Collins and the Chancellor asked that he undertake a review of the key performance indicators (KPIs) to help drive this change process. After conversation with the Chancellor, the Board and the System Administration we came to the conclusion that while KPIs are a very important part of this change process, they are not the core issue currently. The Board needs to focus on Board level decision making on how the One University concept can translate into concrete action. The key strategic outcomes that the Board determines should drive what the System is and needs to become and should be the governing principal on which we build a clearer vision. The next step is to define a clearer operational model. Over the next few months the task will be to update the vision and outcomes that are in the 2014 Strategic Outcomes document.

Trustee Erwin summarized by stating the key takeaways at this point are:

- The Board will need to come together around a clearer One University operating model that is responsive to both internal and external calls for clarity and specificity.
- The framework has to derive from outcomes to represent the highest strategic priorities.
- These will need to take place within the next few months.
- The ultimate goal is to get the UMS to fiscal sustainability and student success.

VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION'S REPORT

Vice Chancellor Rebecca Wyke presented the Core Financial Ratios and Composite Financial Index for FY06 to FY15.

Primary Reserve Ratio

The Primary Reserve Ratio answers the question: *Are resources sufficient and flexible enough to support the mission of the University?* It provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable net position without relying on additional net position generated by operations. The ratio is calculated by dividing the expendable

net position by total expenses. The benchmark for this ratio is 0.40 which represents approximately 5 months of reserves. For FY2015 the UMS was slightly below this benchmark at 0.39.

Net Operating Revenues Ratio

The Net Operating Revenues Ratio answers the question: *Do operating results indicate the institution is living within available resources?* Operating results either increase or decrease net position and thereby impact the other three core ratios in this analysis. The ratio is calculated by dividing Operating Income (Loss) plus the Net Non-Operating Income by Operating Revenues plus Non-Operating Revenues. The benchmark target for this ratio is between 2% and 4% and the UMS is currently below the low end of the benchmark at -3.0%.

Return on Net Position Ratio

The Return on Net Position Ratio answers the question: *Does asset performance and management support the strategic direction?* This ratio demonstrates whether the University is financially better off than in the previous year by measuring total economic return. An improving trend indicates that the UMS is increasing its net position and is able to set aside financial resources to strengthen its future financial flexibility. The ratio is calculated by dividing the Change in Net Position by the Net Position at the Beginning of the Year. The benchmark for this ratio is 6% and the UMS is currently below the benchmark at -3.14%.

Viability Ratio

The Viability Ratio answers the question: *Are financial resources, including debt, managed strategically to advance the mission?* This ratio measures the expendable resources available to cover debt obligations and indicates the ability of the University to assume new debt and is calculated by dividing Expendable Net Position by Long-Term Debt. The benchmark for this ratio is 1.25 and the UMS has exceeded this benchmark since FY2011 and is 1.52 for FY2015.

Composite Financial Index

The Composite Financial Index blends the four other core ratios into one overall financial measurement of the University. A score of 1.0 indicates poor financial health; a score of 3 achieves the low benchmark and indicates a relatively stronger financial position; while a score of 10 achieves the high benchmark for overall financial health. The University is currently at 1.8 having only exceeded or met the low benchmark three times since FY2006.

TREASURER'S REPORT.

Financial Update. Mr. Ryan Low provided the following financial update.

Managed Investment Pool (including Endowment Fund). The Managed Investment Pool (MIP), with a market value of \$248 million, returned -3.8% for the month of January, and -7.6% for the fiscal year to date. Changes in market value besides market fluctuation include: participant contributions and distributions including 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. The Defined Benefit Pension Plan, with a market value of \$33 million, saw a return for the month of January of -2.0% and -4.8% for the fiscal year to date.

Operating Fund. Operating Funds, with a market value of \$277 million, returned -0.5% for the month of January and -2.1% for the fiscal year to date.

Forecast Update

Mr. Low stated that an update on the forecast was provided to the Board at the November meeting. The forecast has not been finalized; however, all campuses have improved their financial positions since October and collectively by more than \$2.1 million. Mr. Low acknowledged that this has been difficult work by the campuses and thanked everyone for their efforts. That gain has been eaten up by the loss of investment income.

FY2018 and Unified Budget Process

Mr. Low explained that the unified budget process is more than a new allocation model or how the UMS is going to handle financial aid. It is a much larger process that starts with the common budget build in July and works all the way through that process which includes a more collaboration and more consistent approach to the budget development. Currently, there are five teams working on different areas of the unified budget which are: allocation, tuition and fees, institutional financial aid, capital budget and planning and reserves or unrestricted net position. Great feedback has been received from the campuses on this process.

There are two phases ongoing. One is the work of those five teams which will continue over the next several weeks. The second phase is another round of campus visits over the next four weeks to talk about where we are in the process and discuss the recommendations. The recommendations will be finalized by the beginning of May.

Tuition Rate for FY2017. Board Chair Trustee Collins received a letter from Governor Paul LePage dated March 4, 2016 requesting that the Board of Trustees not increase in-state tuition for FY2017. Governor LePage stated that if UMS holds tuition at the current level for a sixth year, he will request \$4.65 million dollars in a supplemental budget request to offset the revenue that would have been gained by a 2.3% tuition increase.

The Board's Finance/Facilities/Technology Committee reviewed the letter at its meeting March 7. Mr. Aaron Chadbourne, Senior Policy Advisor to the Governor, was present to respond to questions.

The Finance/Facilities/Technology Committee adopted the following sense of the committee to be forwarded for discussion by the full Board at the March Board of Trustees meeting:

That the Board of Trustees accepts the Governor's offer and will freeze in-state tuition for FY2017 at the current level in anticipation of funding in the supplemental budget.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees thanked Governor LePage and endorsed the priorities expressed in the letter to Chair Collins. The Board of Trustees appreciates the offer of additional finding in a supplemental budget for FY2017 and anticipates continuing in-state tuition at the current rates for FY2017 subject to approval of the FY2017 budget at the May meeting.

DISCUSSION TOPICS

Sightlines Presentation and Discussion. Mr. Chip Gavin, UMS Chief General Services Officer, explained the annual report from Sightlines and introduced Ms. Emily Morris, Mr. Jonathan King and Mr. Dan Scott 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 reflect a challenging situation in which the University's renovation age, density and other metrics generally have worsened year over year.

Highlights from the report include:

- A very broad overview of Sightlines annual findings.
- Updated data for the familiar density, net asset value and 50+ year renovation age metrics.
- A "Roadmap for the Future" which is a newly available analysis that uses data to help answer questions about what kind of investment or other changes will be needed to arrest and improve the worsening Key Performance Indicators which Trustees have adopted.

CONSENT AGENDA

On a motion by Trustee Johnson, which was seconded by Trustee Nelson, 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 11, 2016:

Establishment of the Stephen E. King Chair in Literature, UM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to establish the Stephen E. King Chair in Literature, UM.

Real Property Gift Approval Request, UM.

The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to accept a gift of the facility at 4 Munson Road from the Delta Nu Property Association of Sigma Nu fraternity.

Title IX Softball Stadium Improvements Update, USM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the expenditure of up to \$2.2 million to improve the softball facilities at the University of Southern Maine.

Bond Financing and Project Authorization. The Board of Trustees approved the Financing and Project Authorization resolution related to the issuance of revenue bonds not to exceed \$50 million for the purposes of financing the UMS IT and UMM Kimball Hall demolition projects not to exceed \$25 million and refunding the revenue bond issued in 2007.

The Board of Trustees reviewed the following agenda items as forwarded by the Human Resources & Labor Relations Committee to the Consent Agenda from its meeting on March 11, 2016:

Changes to the Handbooks for Non-Represented Hourly, Faculty and Salaried Staff. The Board of Trustees approved the recommendation of the Human Resources and Labor Relations

Committee to include the addition of Benefit Exception to the Handbook for Non-Represented Hourly Staff and Handbook for Non-Represented Faculty and Salaried Staff as presented.

INFORMATION ITEMS

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

- Tenure Report
- Management Group Appointments Report
- Financial Aid Annual Report
- Spring Enrollment Report
- Capital Projects Status Report
- Strategic Initiatives Status Update
- Dashboard Indicators
- Agenda Calendar

EXECUTIVE SESSION

On a motion by Trustee Fournier, which was seconded by Trustee Medd, 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, UMPA, ACSUM, Police, PATFA, and Service and Maintenance Units.
- 1 MRSA Section 405 6-E to discuss legal issues to consult with General Council where premature general public knowledge would clearly place the System at a substantial disadvantage.

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

Tenure Nominations for 2016.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved the recommendations for tenure submitted by the Universities of the University of Maine System in 2016. Approvals will take effect September 1, 2016.

Approval of the Collective Bargaining Agreement, PATFA.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees authorized the Chancellor to execute the collective bargaining agreement with The Maine Part-Time Faculty Association, American Federation of Teachers Local #4593, AFT-Maine, AFL-CIO.

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on May 22 & 23, 2016 at the University of Maine System.

Adjournment

Ellen Doughty for
Tracy B. Bigney, Clerk