

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine at Machias
November 13 & 14, 2016

Board of Trustees Meeting

Present: Samuel Collins, Chair; Gregory Johnson, Vice Chair; Jason Coombs, James Donnelly, James Erwin, Norman Fournier, Michelle Hood, Shawn Moody, Bonnie Newsom, Theresa Sutton and Karl Turner. **Chancellor:** James Page. **Faculty Representatives:** Ray Albert, Uriah Anderson, Terry Colby, Cathleen McAnney, Lisa Leduc, Elizabeth Turesky and Patti Miles. **Student Representatives:** Jay Knowlton, Rebekah Powell, Sarah Elizabeth Connelly, Alex DesRuisseaux, Kimberley Minor, Connor Scott, Ross Harris, Issac Michaud, Samuel Borer, Clair Aldrich, and Jamie Austin. **University Presidents:** Glenn Cummings, James Conneely, Kathryn Foster, Susan Hunter, John Short, Ray Rice and Sue Huseman. **System Staff:** Tracy Bigney, Lynda Dec, Dan Demeritt, Tracy Elliott, Chip Gavin, Ryan Low, Tamara Mitchell, Robert Neely, Rosa Redonnett, Mark Schmelz, Alison Sucey, James Thelen, Richard Thompson, and Rebecca Wyke.

Absent: Mark Gardner and Kevin McCarthy.

Sunday, November 13, 2016

Trustee Collins, Chair, called the meeting to order

CHAIR'S REMARKS

Trustee Collins thanked President Huseman and the staff at UMM for hosting the Board of Trustees meeting. He welcomed Mr. Charles Rudelitch from the UMM Board of Visitors (BOV) and thanked him for joining the Trustees at the Board table.

ACCEPTANCE OF MINUTES

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

- September 18 & 19, 2016 - Board of Trustees Meeting
- October 6, 2016 - Executive Committee Meeting
- October 23, 2016 - Special Board Meeting
- October 27, 2016 - Human Resources & Labor Relations Committee Meeting
- November 2, 2016 - Joint Session with Audit Committee and Finance/Facilities/
Technology Committee
- November 2, 2016 - Finance/Facilities/Technology Committee Meeting
- November 8, 2016 – Academic & Student Affairs Committee Meeting

COMMITTEE REPORTS

Academic & Student Affairs Committee. Trustee Johnson reported that the Committee met on November 8, 2016. The Committee agreed to forward to the Consent Agenda for the November Board meeting the Awarding of Academic Degrees. The award of tenure at the time of hire at UMaine was approved and forwarded to the November 2016 Board meeting for approval. The Committee received the following updates: Name Change within the College of Education and Human Development at UMaine, Community Engagement and the Coalition of Urban and Metropolitan Universities at USM, International Academy (formerly known as International High

School) at USM, Program Integration, Collaborative and Multi-Campus Degrees and Fall 2016 Enrollment Update which resulted in an increase in enrollment for the first time in 13 years and graduate enrollment is up for the first time in six years.

Audit Committee. Trustee Hood reported that the Committee met on November 2, 2016 for a joint session with the Finance/Facilities/Technology Committee. The UMaine Department of Athletics Agreed-Upon Procedures performed by O'Connor and Drew were reviewed. O'Connor and Drew outlined one finding in which the data for student athlete was not submitted to the NCAA. O'Connor & Drew recommended that the University review its policies and procedures to ensure that data required to be submitted to the NCAA is sent in prior to the deadline date. Representatives from Berry, Dunn, McNeil & Parker, LLC reported on the results of the FY2016 UMS financial statement audit and emerging accounting issues. A clean or unmodified opinion was issued. GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* and GASB 81 – *Irrevocable Split-Interest Agreements* were discussed and both will be effective for FY2018. The Annual Financial Report for FY2016 was reviewed. The UMS ended FY2016 with a *Loss Before Other Changes in Net Position* of \$1 million. *Total Other Changes in Net Position* offset the loss with \$7 million, for a *Change in Net Position* for FY2016 of \$6 million. The *Total Net Position* at June 30, 2016 was \$867 million increasing \$6 million from FY2015. The Committee agreed to extend Berry, Dunn, McNeil and Parker, LLC's appointment as the University of Maine System's external auditors for fiscal year 2017.

Executive Committee. Trustee Collins reported that the Committee met on October 6, 2016. The Committee went into Executive Session in accordance with 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties and 1 MRSA Section 405 6-C to discuss the condition, acquisition, use or disposition of property or economic development if premature disclosures of the information would prejudice the competitive or bargaining position of the UMS. At the conclusion of the Executive Session the Executive Committee approved the extension of the appointment of Dr. Ray Rice as Interim President of the University of Maine at Presque Isle to end no later than June 30, 2018, subject to prior termination as provided for in the Employment Agreement.

Finance/Facilities/Technology Committee. Trustee Fournier reported that the Committee met on November 2, 2016. The Committee agreed to forward to the Consent Agenda for the November Board meeting the following items: the Establishment of the Dennis McConnell Professorship in Business at UM, the Budget Stabilization Fund Carry Over Request for UMM, the Budget Stabilization Fund Request for the Maine Law School, the Initial Funding for Institutional Research and Reporting Positions and Project Funding for Data Warehouse Improvements, the Short-Term Housing Plan at USM, and the Existing Athletic Field Acquisition at UMF. The Committee approved the Costello Field House Floor Replacement at USM. The following updates were provided: the Potential Legislation to Authorize the University to Issue Taxable Debit, the Transfer to Unrestricted Net Position at UM, the Capital Projects Status Report, and a Review of Information Technology Projects with a value of \$250,000 or greater.

Human Resource & Labor Relations Committee. Trustee Erwin reported that the Committee met on October 27, 2016. The Committee agreed to forward to the Consent Agenda for the November Board meeting the Changes to the Handbook for Non-Represented Faculty and Salaried Staff. These changes were related to the Fair Labor Standards Act (FLSA). The Committee was provided an overview of the Health Plan changes for calendar year 2017 and a progress report on the Human Resources Strategic Plan.

INFORMATION ITEM.

UMM Initiatives & Signature Programs. UMM President Sue Huseman provided a presentation on the UMM Initiatives and Signature Programs. The following presentations were provided: Food Recovery Network, Psych & Community Studies Alumni, Business & Entrepreneurial Studies, and GIS.

BOT/BOV MEETING. The UMM Board of Visitors (BOV) met with the members of the Board of Trustees. The following members of the UMM BOV were present: Charles Rudelitch, Jacob van de Sande, Traci Sanborn, Liz Neptune, Marjorie Withers, Dianne Tilton, Anne Perry, Ron Beckwith, Judson McBrine, Ron Ramsey, Wendy Harrington, Becky McKenna, Ron Ramsay, Dana Altvater and Kathy Sparaga.

Monday, November 14, 2016

CITIZEN COMMENT

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

Emily Craig – Divestment
Cassandra Carroll – Divestment
Andrew Nolan – Divestment
Julie Everitt – Divestment
Jon Reisman – UMM Leadership/One University
Jay Knowlton – Maine Center for Graduate Professional Studies
Patti Miles – Maine Center for Graduate Professional Studies
Elizabeth Turesky – Maine Center for Graduate Professional Studies
Bob Berta – Graduate 1976 UMM; 1989 UMM
Ron Mosley – Shared Governance
Lisa Leduc – AFUM – Maine Center for Graduate Professional Studies
Jim McClymer – Organizational Irrationality
Connor Scott – Thanks & Appreciation
Jamie Austin – Thanks & Appreciation
Frank Hallissey – Endowment & Local Board of Trustees

CHAIR'S REPORT

Certificates of Appreciation

Trustee Collins presented certificates of appreciation to Connor Scott, former Student Representative to the Board of Trustees from UM, and Jamie Austin, former Student Representative to the Board of Trustees from UMF. The Board expressed appreciation for their dedication and leadership to the UMS.

Trustee Collins thanked President Sue Huseman and the staff at UMM for hosting the Board of Trustees meeting. Trustee Collins express appreciation to the campuses for the dedication and leadership in developing the numerous partnership and collaborative efforts that are currently underway. He stated that the Trustees are dedicated to the success of the projects and these efforts are an example of the effectiveness of the One University concept.

CHANCELLOR'S AND VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION'S REPORT. Chancellor Page thanked UMM for hosting the Board meeting and the presentation yesterday by the UMM Board of Visitors. He thanked Mr. Charles Rudelitch, Chair of the UMM Board of Visitors, for joining the Trustees at the Board table. Chancellor Page spoke about the importance of the UM-UMM partnerships and thanked the staff at both campuses for the dedication and hard work on the collaborative efforts.

Enrollment. Chancellor Page explained the real cost of four-year public higher education in Maine has declined again, falling 3% over a five year period. Maine is among only three states to achieve a decline in 2016 over a five-year trend in college pricing while the national average, inflation-adjusted cost of attending a public, four-year university has increased by 9% over the same period. The improvements in affordability and access contributed to a 1.6% increase in enrollment in the Fall of 2016, the first fall semester enrollment growth in 13 years for the UMS.

Strategic Resources Allocation Planning Update. Chancellor Page stated that the UMS is entering a period of transition to focused investment. He stated the Board of Trustees adopted a set of four primary outcomes to guide the work of the strategic resource planning for the next five years: increase enrollment; improve student success and completion; enhance the fiscal positioning of the University System; and support Maine through research and economic development. In addition, the Board identified two secondary outcomes to supplement this work: develop relevant academic programming that supports student success and meets State needs; and engage the University workforce.

Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration, provided an overview of the Strategic Resources Allocation Planning Update. The Implementation Design Team Composition and Functional Areas of Responsibility included: Rebecca Wyke, Robert Neely, Ryan Low, and Rosa Redonnett.

In June 2016, the Chancellor appointed a small working group to conduct scenario planning for the purpose of scoping the direction of the work, the strategies for achieving the outcomes, and the level of investment resources that would be required. The working group engaged campus leadership in a brainstorming exercise to identify strategies appropriate to each campus, then mapped the strategies to the outcomes and developed a set of preliminary recommendations on investments.

The Chancellor led an initial round of campus visits to introduce the Board's primary outcomes and the work underway to develop a plan for the strategic allocation of resources to support those outcomes. The working group then lead a second round of campus visits for the purpose of engaging the campus communities in discussion of the preliminary recommendations, including ascertaining priorities and identifying any gaps. These forums focused in particular on strategies and investments related to enrollment, student success, and academic programing. Additionally, the working group met with the faculty and the student representatives to the Board to introduce and discuss the work underway and held a summit of the campus and System leadership teams to discuss the preliminary recommendations and share feedback from the campus visits.

The charter deliverables related to the current implementation design phase are due to the Chancellor in mid-December, including a plan for the integrated implementation planning phase – December 2016 to May of 2017. A final report is due to the Chancellor and the Board of Trustees in July 2017. Below is a list of preliminary recommendations.

Increase Enrollment

- Achieve or exceed the 5-year enrollment management projections and the corresponding revenue estimates in the Multi Year Financial Analysis – by population and by campus.

Improve Student Success & Completion

- Achieve retention and completion rates equivalent to or better than peer institutions.
- Achieve student satisfaction/engagement rates equivalent to or better than peer institutions.
- Demonstrate through alumni satisfaction surveys that UMS graduates indicate they are well-prepared for the workforce or graduate education.
- Reduce the average debt of students within the UMS.
- Achieve retention and completion rates equivalent to or better than peer institutions.

Enhance the Fiscal Positioning of the UMS

- Eliminate the Structural Budget Gap.
- Achieve year over year improvement in the Core Financial Ratios.
- Acquire the investment funds necessary for implementation of the Strategic Resource Allocation Plan.

Support Maine through Research and Economic Development

- Increase investment in research and economic development initiatives that support Maine.
- Increase number of commercialization and other partnerships with Maine industry.
- Demonstrate through impact studies by each campus or major program an upward trend-line of community engagement and economic impact.
- Demonstrate through employer satisfaction surveys that UMS graduates are meeting demands for labor, including for specific skills and occupations, and that graduates are well-prepared to fill workforce needs.

Relevant Academic Programming

- Track program vitality through ongoing development of sustainable, innovative programs that meet regional and State needs.
- Increase student access and success through ongoing development of sustainable, innovative programs that meet regional and State needs.
- Leverage faculty expertise and resources through shared program delivery.
- Quantify the market opportunities for growth of online programs aligned with university capacity.

University Workforce Engagement

- Demonstrate through employee engagement surveys continual improvement in engagement scores and the penetration of vision and values.

VICE CHANCELLOR FOR ACADEMIC AFFAIRS' REPORT. Dr. Robert Neely, Vice Chancellor for Academic Affairs, provided an update of the status of the program integration efforts for round 1 and 2, explained the Program Innovation Fund and discussed the barriers to collaboration. He reviewed the targeted efforts which include: mass email communication with faculty, senate/assembly visits, the UMA-UMFK Partners in Nursing Education (PINE) program, the institutional research collaborations, and the accelerated program approval process.

Fall 2016 Enrollment Report. Ms. Rosa Redonnett, Chief Student Affairs Officer, provided an update on the status of enrollment at our campuses for Fall 2016 based on the findings within the report.

The Fall 2016 Enrollment Report is historically run after our census date of October 15. Highlights from the report are as follows:

Enrollment by Headcount, FTE, Credit Hours

- Headcount enrollment is up 1.6% in the University of Maine System over last year. Undergraduate headcount enrollment gained 0.6% and graduate enrollment increased 9.3% versus Fall 2015. Campuses that are down versus Fall 2015 include UMA (-5.7%), UMM (-5.2%), and UMF (-0.8%). Gains in headcount enrollment compared with last year came from increases at UM (2.7%), UMFK (22.1%), UMPI (2.9%), and USM (1.5%). Headcount overall is down 5% compared to Fall 2012.
- Baccalaureate headcount enrollment is down 1.2% from last year and Associate degree enrollment declined 18.7%, a continuing trend. Increases from last year in headcount came from non-degree undergraduate enrollment, which is up 17% compared with the previous year. Non-degree graduate enrollment increased 46.2% and graduate enrollment grew by 4% compared with Fall 2015.
- FTE enrollment is up 1.1% compared with Fall 2015. Gains over last year came from UM (2.4%), UMFK (15.5%), UMPI (7.5%), and USM (0.6%). Although UMM declined 5.7% in headcount compared with Fall 2015, FTE enrollments fell 0.1%, indicating that UMM is enrolling more full-time students than last year.
- Baccalaureate FTE is up 0.4% compared with last year, demonstrating that our campuses are enrolling more full-time baccalaureate students when contrasted with the overall headcount decline of 1.2%. Baccalaureate FTE is down 3.5% compared with Fall 2012. Associate degree FTEs declined 20.3% from Fall 2015 and fell 52% compared with Fall 2012. Similar to headcount, non-degree undergraduate FTE (19.9%), graduate FTE (0.4%), and non-degree graduate FTE (41.6%) are driving increases in total FTE when matched with Fall 2012. Graduate FTE is down 10.2% and non-degree graduate FTE is down 31.6% compared with Fall 2012. Law student FTE is down 2.3% from Fall 2015 and fell 15.4% versus Fall 2012.
- Credit hour enrollments increased 1% in the University of Maine System compared with last year. Credit hours have declined 4.5% overall compared with Fall 2012. FTE derives from credit hours and therefore credit hours generally track closely with FTE.

Enrollment in Early College Programs by Headcount, FTE, Credit Hours

- A new measure in the enrollment report is the inclusion of high school students in early college programs in order to study that student group's effect on enrollments at some of our universities. High school student headcount enrollments in early college programs are 9.3% of the undergraduate student body in the University of Maine System as of the Fall 2016 census. Early college students generate 4.1% of undergraduate FTEs and credit hours. UMF has the lowest percentage of high school early college students at 0.5 percent of undergraduate headcount and 0.1% of FTE. UMFK has the highest percentage of high school early college students at 39.7% of headcount and 19.6% of FTE.
- High school early college students comprise 61.2 % of the total non-degree undergraduate headcount in the University of Maine System.

Enrollment by Residency

- In-state headcount enrollments increased 0.4% from last Fall due to an 11.2% growth of in-state graduate headcount enrollments. Undergraduate headcount enrollments declined 1%

versus Fall 2015. Overall, in-state headcount enrollments have decreased 10.2% versus the Fall 2012 census. Out-of-state headcount enrollments are up 9.3% from last Fall and increased 32.4% compared with Fall 2012. NEBHE tuition rate students are up 1.4% from Fall 2015 and increased 21.8% versus Fall 2012.

- Credit hours for in-state students declined 1.1% from Fall 2015 and fell 11.7% compared with Fall 2012, a continuing trend. Out-of-state credit hour enrollments have continued to increase year after year, up 40% from Fall 2012 and increasing 11.6% compared with last year. NEBHE credit hours are up 2.5% from 2015 and 24.7% versus Fall 2012.
- In-state students comprised 82.4% of the student body in Fall 2016 and enrolled in 78.8% of all credit hours delivered. Out-of-state students by contrast are 14.4% of all UMS students and take 17.1% of all credit hours, indicating that out-of-state students are more likely to be full-time. NEBHE students comprise 1.4% of all students and take 2.5% of credit hours delivered.

Enrollment by Gender

- Women comprised 59.4% of the student body in the University of Maine System, while men made up 40.6%. Female students increased 2% while male students increased 1.1% versus Fall 2015. Compared with Fall 2012, male headcount declined 4.3% and female headcount fell 5.4%.
- Credit hours delivered to men made up 43% of all Fall 2016 credit hours. Women enrolled in 57% of credit hours.

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

- Full-time student headcount enrollments are down 0.2% from Fall 2015 and fell 6.4% versus Fall 2012. Full-time students make up 64% of the student body and take 82.4% of all credit hours.
- Part-time student headcount enrollments are up 5.1% compared to Fall 2015 and are down 2.3% compared with Fall 2012. Part time students comprise 36% of the student body and took 17.6% of all delivered credit hours in Fall 2016.

Incoming Degree/certificate-seeking Students

- First-time student headcount enrollments are up 4.9% over the Fall 2015 census. Incoming graduate students are up 8.1% over last year. Declines occurred among transfer students (-8.9%) and readmit students (-8%) compared with Fall 2015. All categories of incoming students are down when comparing Fall 2016 with Fall 2012.

Transfer Students

- Students transferring in from the Maine Community College System (MCCS) are down 7.9% compared with Fall 2015. Transfers from external institutions other than MCCS declined 6.6% from Fall 2015. Transfers between UMS institutions are down 15.6% versus last year. Compared with 2012, the number of transfer-in students has dropped 16.9%.

Enrollment by Ethnicity

- The number of ethnically white students increased 1.5% compared with last year and declined 7.5% compared with Fall 2012. The Hispanic/Latino demographic is now approximately even with the Black/African American ethnic category as one of the largest minority demographic groups in the University of Maine System, at 2.2% of the student body each, respectively. Minorities overall comprise 6.9% of the student body and minorities have increased 16.7% compared with Fall 2012.

Enrollment by Age

- The largest growing demographic is the under 18 age range, which has increased 34.2% in the past year and 152.2% compared with Fall 2012 due primarily to the expansion of high school early college programs. The 18-24 year-old demographic increased 0.5% in the past year and is 59.2% of the student body as of Fall 2016. Compared with Fall 2012, 18-24 year olds have decreased 3.8%. Students aged 25 and over fell 2.3% from Fall 2015 and declined 19.1% compared with Fall 2012.

Migration of Students

- The University of Maine System enrolls 35.3% of the Maine resident student body from Cumberland County (20.7%) and Penobscot County (14.6%). Students originally from Maine make up 80.4% of total headcount enrollments. Out-of-state students from New England make up 63.1% of the total out-of-state enrollments, with Massachusetts (32.7%), New Hampshire (12.3%), and Connecticut (10.6%) in the top three states. International students comprise 1.9% of the student body, with Canada (24%) and China (15.7%) in the top two nations for international student enrollments.

Distance Education

- Distance education delivered online is now 83% of all distance credit hours and 16.7% of total credit hours. The online modality grew by 6.5% compared with last year and is up 31.3% versus Fall 2012. Distance ITV is down 39.4% compared with last year and 62.7% compared with Fall 2012, which implies a shift away from the ITV modality. Distance video conference is down 16.6% compared with last year and is up 26% compared with Fall 2012. Distance onsite declined 6.8% from last year and 16.2% compared with Fall 2012. Total distance education is up 0.7% from Fall 2015 and 12.7% versus Fall 2012.
- Baccalaureate students enrolled in around 75.1% of all distance credit hours offered, non-degree undergraduates enrolled in 12.1%, and graduate students enrolled in 6.2% of distance credit hours.

Ms. Nancy Griffin, Vice President for Enrollment Management and Student Affairs at USM, spoke about USM enrollment data. She also spoke about the USM goals which are: affordability, connectedness, and community engagement.

Mr. Jared Cash, Vice President for Enrollment at UMF, spoke about their enrollment plan and efforts in "Recruit to Retain." He also referenced the UMF Strategic Plan which includes several enrollment and retention goals.

INFORMATION ITEMS

FocusMaine: Overview and Update. Chancellor James Page and Ms. Andrea Cianchette Maker, leader of Pierce Atwood's Government Relations practice and a key advocate in work across Maine related to economic and workforce development, provided an overview of FocusMaine, an update of work to date, and a discussion of the role the UMS plays within this important initiative.

Launched in the fall of 2014, FocusMaine is a private-sector-led group of Maine leaders focused on accelerating business development in Maine through the identification and growth of just a few select, key industries that have a high potential to create jobs and wealth in the State.

The goal of FocusMaine is to strengthen and revitalize opportunity and prosperity in Maine by

accelerating the creation of traded jobs within a few select sectors. Traded jobs are those that produce goods or services that are sold primarily outside of the state, a process which then increases wealth in the state. FocusMaine is centered on traded jobs because they have higher rates of full-time work, they pay 50% higher wages than local jobs and each new job in a traded industry creates, on average, an additional 1.6 new jobs in the local economy. Maine has a lower share of traded jobs than the rest of the U.S., and that share continues to decline. Maine would need 35,000 more traded jobs to match the national average.

FocusMaine seeks to serve as a catalyst for three traded sectors with a high potential to become "signature industries" -- industries that serve a growing global market, provide a significant number of meaningful jobs for a sustainable period of time and reflect the values of our unique state in a changing world in which Maine can compete successfully by relying on its inherent strengths.

Two signature industries were selected that presented the highest potential to create jobs and wealth in the state:

- Signature Industry #1 - **Become a renowned producer of high quality, traceable food**
 - Focus on the traded sectors of agriculture and aquaculture
- Signature Industry #2 - **Build a world-class biopharmaceutical development and manufacturing environment**

FocusMaine's role is to champion growth in the food (agriculture and aquaculture) and biopharmaceuticals sectors in Maine, by increasing and targeting to improve sector viability and sustainability. To achieve this goal, FocusMaine will:

- Set and measure progress toward bold job growth of 20,000 to 30,000 direct and indirect jobs generated by the identified sectors over 10 years.
- Coordinate and accelerate workforce development and entrepreneurial efforts in these sectors.
- Build and fund the execution of comprehensive, 10-year sector growth implementation plans.
- Provide professional staff to assist and drive the plans with sector coordination.
- Support public and private sector leaders who are committed to overseeing the execution of a comprehensive 10-year plan.
- Partner with stakeholders within these sectors, as well as with other state organizations with similar goals, to optimize accelerated growth for the sectors.

Ms. Maker thanked the Board of Trustees for the opportunity to share the FocusMaine initiatives. She left the UMS with the following questions as conversation starters:

- Does the UMS consider it a mission to support the accelerated growth of a sector or two in the State of Maine?
- What are the best practices of land grant Universities in engaging in a concerted effort to grow an economic sector i.e., food and beverage industry or biopharmaceutical?
- How is the System allocating its resources in these sectors today?
- How does it prioritize these sectors in your strategic plan in areas of focus?
- What is the Board of Agriculture and Cooperative Extension requesting for resources to help them do their jobs more effectively?
- How can the UMS engage effectively with FocusMaine without creating more committees and more meetings?

- How can the UMS determine its actions internally and connect with FocusMaine so we are in the same boat and applying leverage on oars in the same direction?
- What actions is the System willing to take to support this sector? Does the UMS incentivize the professors to be more involved in the businesses and are they being rewarded for working with commercial enterprises?
- Can the UMS have flexibility in courses for people who are in the business today and need additional education?

Ms. Maker stated that FocusMaine took the initiative to dive deep to see if they can't get the Maine economy back on track using the best resources they can find to grow the economy and FocusMaine invites the UMS to join them. Trustee Collins responded with a short answer of "yes," to what degree, and what extent. He agreed that the UMS needs to partner with FocusMaine to accomplish the goals.

Presentation on One University Initiative: 4-H STEM Ambassador Program. Dr. Lisa Phelps, 4-H Program Administrator and Associate Professor for the University of Maine Cooperative Extension; Dr. William Otto, Associate Professor of Chemistry, Environmental & Biological Science for the University of Maine Machias, and Ms. Kylie Dunphy, a student majoring in environmental science at the University of Maine Machias and 4-H STEM Ambassador, provided a presentation on the 4-H STEM Ambassador Program and specifically the first two years of program expansion throughout the University of Maine System, made possible by support from the University of Maine System Board of Trustees.

The 4-H STEM Ambassadors are trained University of Maine System students who facilitate hands-on science, technology, engineering, and math (STEM) activities with youth 8–14 years old throughout Maine. Through 4-H STEM Ambassadors, youth become connected to the research, resources, and scientists at Maine's public universities.

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 \$274 million, returned 0.3% for the month of September and 3.6% 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 \$32 million, saw a return for the month of September of 0.3% and 2.4% for fiscal year to date.

Operating Fund. Operating Funds, with a market value of \$284 million, returned 0.3% for the month of September and 1.4% for fiscal year to date.

FY2016 Budget to Actual Report. Mr. Low stated that for FY2016, the UMS experienced an increase from E&G and Auxiliary Operations of \$4.1 million; the equivalent of 0.8% of the annual operating revenue budget. The Unrestricted investment income was budgeted at \$3.0 million; the return on unrestricted investments, net of expenses, was \$2.482 million and resulted in a negative budget-to-actual variance of \$518 thousand. The net student revenues (tuition, fees, room & board –

less financial aid) were 0.6% below budget. The total credit hours were 9,387 or 1.4% below budget. Due to a positive variance for sales & services revenue, however, total revenues were 0.4% above budget. The Universities continued to monitor and reduce spending whenever possible. Total operating expenses and transfers were \$12.8 million or 2.5% below budget with approximately 75% of these savings in personnel services – primarily from positions remaining unfilled. Three universities originally requested FY2016 Budget Stabilization Funds. Although all three campuses received Budget Stabilization Funds at the end of FY2016, the amounts needed by UMM and UMPI were less than originally requested.

FY2016 Annual Financial Report Ms. Tracy Elliott, Director of Finance and Controller, provided an overview of the results of the University of Maine System’s (UMS) fiscal year 2016 (FY2016) **draft** Annual Financial Report. These financial statements include activity from all revenue sources and uses including Educational and General, Auxiliary, Endowments, Restricted Gifts, Grants and Contracts, Loan and Plant activity.

In FY16, the System adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. For the UMS, the impact of GASB 72 was limited to financial statement disclosures related to fair value measurements of investments. UMS’ investments are primarily at quoted prices in active markets which is considered to be level 1 and a low risk from a valuation perspective. This level 1 classification applies to 86% of operating investments and 92% of the Managed Investment Pool.

The UMS ended FY2016 with a *Loss Before Other Changes in Net Position* of \$1 million. *Total Other Changes in Net Position* offset the loss with \$7 million, for a *Change in Net Position* for FY2016 of \$6 million.

The *Total Net Position* at June 30, 2016 was \$867 million increasing \$6 million from FY2015. Changes in each *Net Position* category were:

Net Position Category:	<u>Increase (Decrease)</u>
<i>Net Investment in Capital Assets</i>	\$4 million
<i>Restricted Nonexpendable</i>	--
<i>Restricted Expendable</i>	\$1 million
<i>Unrestricted</i>	<u>\$1 million</u>
<i>Change in Net Position</i>	<u>\$6 million</u>

Ms. Elliott highlighted that UMS’ Unrestricted Net Position at June 30, 2016 was nearly \$157 million and that note 10 to the financials includes a breakdown of the purposes for which these funds are earmarked at year-end. Ms. Elliott also noted that the auditor’s presentation includes a review of GASB 75 related to Postemployment Benefits Other than Pensions (known as OPEB), which will be implemented in FY2018, and promises significant impacts to the financials, including an adjustment to Unrestricted Net Position.

On a motion by Trustee Fournier, which was seconded by Trustee Donnelly, the Board of Trustees approved the FY2016 Annual Financial Report as presented.

Primary Partnership Report. Chancellor Page provided a brief summary of the Primary Partnership Report. In the Summer of 2015, the UMS began an analysis of overall capacities, both

financial and human, of the University of Maine at Machias looking to see how the university can be better positioned for long term stability and position it to serve the Down East region. After a data gathering effort, a primary partnership was announced between the University of Maine and the University of Maine at Machias with the goal of how that partnership could best realize the following three outcomes:

- How does the campus get to a sustainable position?
- How do we ensure that within the sustainable position it carries out its mission of service, education and research to the communities?
- How do the UMS get the institutions collaborating in a way to invest in this region, in the students, and the activities in the area?

Chancellor Page stated that three working groups were developed which included: an administrative group to look at the administrative functions, an academic collaboration team, and a group to develop a long term plan for structure and governance. A six-member team was established to include: President Sue Huseman, President Susan Hunter, Charles Rudelitch from the UMM BOV, Miles Theeman from the UM BOV, Trustee Bonnie Newsom, and James Thelen as University Council and Chief of Staff.

Mr. Thelen spoke about the cross-campus collaborative efforts from everyone involved with the primary partnership. Consensus has been reached in a number of areas and other areas need more focus. UM President Susan Hunter and UMM President Sue Huseman provided an update on the progress of the primary partnership.

ACTION ITEMS

Joint Resolution with the Maine Community College System. Trustee Collins and Mr. Thelen explained that the University of Maine System (UMS) Board of Trustees and the Maine Community College System Board of Trustees (MCCS) recognize the critical role each system plays in meeting Maine's needs for public higher education. The Boards also recognize that by working together UMS and MCCS can provide better service to students and the citizens of Maine and can use limited resources more efficiently and effectively.

In recognition of the importance of collaboration and in accordance with the goals of Public Law 2015, Chapter 261 creating the Public Higher Education Systems Coordinating Committee, the two Boards are adopting the following Joint Resolution of the Boards of Trustees of the University of Maine System and Maine Community College System. The resolution will be signed by the Chairs of the two boards.

On a motion by Trustee Turner, which was seconded by Trustee Moody, the Board of Trustees approved the following joint resolution with the Board of Trustees of the University of Maine System and the Maine Community College System:

Whereas, the Maine Legislature enacted Public Law 2015, Chapter 261 (LD 1441) to establish the Public Higher Education Systems Coordinating Committee ("Coordinating Committee") in order to promote efficiency, cooperative effort and strategic planning between the University of Maine System ("UMS") and the Maine Community College System ("MCCS");

Whereas, the law requires the Chancellor and Chair of the Board of Trustees of UMS, President and the Chair of the Board of Trustees of MCCS to meet at least twice a year to discuss:

- Improving college affordability;
- Minimizing or eliminating barriers to student transfer between the systems;
- Reducing unnecessary duplication of programs between the systems; and
- Identifying opportunities for sharing best practices and individual efficiencies, building cross-system economies of scale and sharing of resources.

Whereas, on February 3, 2016, the Coordinating Committee submitted to the Maine Legislature's Joint Standing Committee on Education and Cultural Affairs a complete account of the members' prior efforts to promote efficiency, cooperative effort and strategic planning between the Systems;

Whereas, the Boards of Trustees of UMS and MCCS, each agree with and adopt as their own those goals and purposes expressed in the law for the Coordinating Committee; and

Whereas, the Boards of Trustees of UMS and MCCS each find and agree that it is in their mutual interests to complement each System's efforts to achieve the best educational outcomes for students and maximize degree attainment for Maine's citizens and workforce with relevant, accessible and affordable certificate and degree programs;

NOW, therefore, it is resolved:

1. The Boards of Trustees of each System encourage:
 - a. The UMS Chancellor and MCCS President to confer regularly on matters of mutual interest, to share best practices, and to collaborate where operationally compatible and financially efficient;
 - b. University and College Presidents to regularly collaborate and coordinate among them, and to encourage and enable their academic and student staff, faculty, and administrators to do the same, to confer regularly on matters of mutual interest, with a primary focus on strengthening academic pathways and transfer opportunities, sharing of local resources, and coordination of regional population attraction efforts;
 - c. Academic Affairs leaders of the Systems to continue their regular ongoing efforts regarding remediation, dual enrollment, pathways, and transfer;
 - d. System administrative function heads to look for opportunities for collaborating, achieving economies of scale, and sharing resources; and
 - e. The General Counsels of the Systems to continue to confer regularly to discuss best practices, policies and procedures that efficiently promote effective legal compliance, student legal affairs management, insurance procurement and risk management.
2. That each Board, in its discretion, encourage the Presidents of the Universities and Community Colleges to submit to each System head summary written reports of their collaborations and activities, including where interactions were not found to advance the purposes of the law and this resolution, by June 30 and December 30 each year.

Confirmation of Student Representatives to the Board of Trustees. On a motion by Trustee Donnelly, which was seconded by Trustee Fournier, the Board of Trustees approved the appointments of the following Student Representatives to the Board of Trustees:

Samuel Borer, UM – 2 year term – October 2016 – May 2018
Isaac Michaud, UMF – 2 year term – November 2016 – May 2018
Ross Harris, UMFK – 2 year term – October 2016 – May 2018

CONSENT AGENDA

On a motion by Trustee Johnson, which was seconded by Trustee Erwin, 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 Academic & Student Affairs Committee to the Consent Agenda from its meeting on November 8, 2016:

Awarding of Academic Degrees. The Board of Trustees authorized the awarding of degrees during Commencement ceremonies for the 2016-2017 academic year to those students fully recommended by the appropriate faculties and the presidents of the respective institutions and/or divisions of the University of Maine System.

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 November 2, 2016:

Establishment of the Dennis McConnell Professorship in Business, UM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to approve the establishment of the Dennis McConnell Professorship in Business.

Budget Stabilization Fund Carry Over Request, UMM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to carry-over up to \$675,000 in Budget Stabilization Funds originally awarded for FY2016 to be used for critical facilities infrastructure improvements at the University of Maine at Machias.

Budget Stabilization Fund Funding Request, Maine Law School. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee and authorized the Chancellor to approve a one-time allocation of up to \$895,075 in Budget Stabilization Funds for the Maine Law School.

Short-Term Housing Plan, USM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Maine System acting through the University of Southern Maine to enter a lease for student housing in Portland, Maine with Blue Vista or its successor organization for a duration including discretionary extensions of up to 5 years and a cost of up to \$9.6 million subject to review and approval of the final terms and conditions by the University's General Counsel and Treasurer.

Existing Athletic Field Acquisition, UMF. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Maine System acting through the University of Maine at Farmington and using up to \$500,000 in funds identified by UMF and approved by the University Treasurer to purchase the approximately 33.54 acres known as Prescott Field, subject to review and approval of all final terms and conditions by the University Treasurer and General Counsel.

Initial Funding for Institutional Research and Reporting Positions and Project Funding for Data Warehouse Improvements, UMS. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the expenditure of \$642,857 from the System's strategic investment fund reserves for the purpose of providing initial funding for positions to support institutional research and reporting and project funding for improvements to the data warehouse.

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 October 27, 2016:

Changes to the Handbook for Non-Represented Faculty and Salaried Staff. The Board of Trustees approved the recommendation of the Human Resources/Labor Relations Committee to accept the changes to the Non-Represented Faculty & Salaried Staff Handbook as presented in the Agenda Item Summary.

INFORMATION ITEMS

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

- Management Group Appointments Report
- Boards of Visitors Annual Reports
- Capital Projects Status Report
- Strategic Initiatives Status Update
- Dashboard Indicators
- Agenda Calendar

EXECUTIVE SESSION

On a motion by Trustee Erwin, which was seconded by Trustee Donnelly, 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-C to discuss the condition, acquisition, use or disposition of property or economic development if premature disclosures of the information would prejudice the competitive or bargaining position of the UMS.
- 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 Moody, which was seconded by Trustee Donnelly, the Board of Trustees concluded the Executive Session.

Confirmation of Boards of Visitors Appointment, UMF. On a motion by Trustee Erwin, which was seconded by Trustee Fournier, the Board of Trustees confirmed the Board of Visitors appointment for UMF, as presented.

Tenure at time of hire, UM. On a motion by Trustee Donnelly, which was seconded by Trustee Sutton, the Board of Trustees approved the recommendation of the Academic and Student Affairs Committee to grant tenure to the candidate submitted by the University of Maine. This appointment will be effective November 1, 2016.

Tenure at time of hire, UM. On a motion by Trustee Erwin, which was seconded by Trustee Sutton, the Board of Trustees approved the recommendation of the Academic and Student Affairs Committee to grant tenure to the candidate submitted by the University of Maine. This appointment will be effective January 1, 2017.

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on January 29 & 30, 2017 at the University of Southern Maine.

Adjournment

Ellen Doughty for
Tracy B. Bigney, Clerk