

**UNIVERSITY OF MASSACHUSETTS**

**AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER**

**MINUTES OF THE MEETING OF THE  
COMMITTEE ON ADMINISTRATION AND FINANCE**

**Wednesday, March 5, 2008; 8:00 a.m.**

**Amherst Room**

**225 Franklin Street – 33rd Floor**

**Boston, Massachusetts**

**Committee Members Present:** Chair O’Shea; Trustees Beatrice, Boyle, Collins, Johnston, King-Shaw, Kulenovic, Lawton, MacAfee, Nath, Thompson and Tocco; Chairman Manning; Vice Chair Karam

**Committee Member Absent:** Vice Chair Rego

**University Administration:** President Wilson; General Counsel Bench; Executive Vice President Julian; Senior Vice President Williams; Vice Presidents Gray and Lenhardt; Associate Vice President Harrington; Chancellors Cole, Motley, MacCormack, Meehan and Collins; Mr. MacKenzie, Executive Director, Building Authority; Mr. O’Riordan, Budget Director; Ms. Wilda, University Controller; Vice Chancellors for Administration and Finance Hatch, O’Connor, Zekan and Griffin; Vice Chancellor Jenal; Mr. Harrison, Director of Auditing

**Faculty Representatives:** Professor May, UMass Amherst; Professor Tirrell, UMass Boston; Professor Gibbs, UMass Dartmouth; Professor Carter, UMass Lowell

Chair O’Shea convened the meeting at 8:04 a.m.

The first item on the agenda was the **Chair’s Report**. Chair O’Shea first welcomed the newest members to the Committee: Ruben King-Shaw and Philip Johnston. Chair O’Shea then reviewed the presentations and action items for today’s meeting and indicated his pleasure with the continuing levels of state support and the University’s parallel efforts to sustain reasonable levels of revenue and investment in asset enhancement.

The next item on the agenda was the **President’s Report**. President Wilson reported on the following:

- Trustee Boyle has asked for a discussion of tuition waivers for veterans; the state currently offers tuition and fee waivers for members of the National Guard;
- The state has funded only 20% of the University’s capital costs for buildings and maintenance, while the University funds 80%;
- The capital plan currently in the legislature proposes \$1B for UMass;
- The state will be facing a difficult fiscal year in FY2009;

**Committee on Administration and Finance**  
**March 5, 2008**

- For the fifth consecutive year, the University is proposing an increase in student charges below inflation (at a rate of 3.1%);
- The tuition and fee increase will create new revenues of about \$23M, of which 20% will be put back into financial aid;
- There has been a 7% average increase in tuition and fees nationally at public universities UMass has remained at half of this amount;
- The University has increased support for financial aid by over \$50M for the past 5 years;
- In FY08, UMass will meet 91% of student need;
- Students graduating from UMass have one of the lowest debt loads in the nation;
- The University wants to continue to work with the state and private donors to continue support for financial aid.

The next item was the **Vice President's Report**. Vice President Lenhardt reported that the University's bond rating has been increased by Standard and Poor's and that the public initiative is going well; on April 9, the President and the Chancellors will go through a simulated emergency exercise.

The first item on the agenda was **Approval of the Minutes of the Prior Meeting of the Committee**.

It was moved, seconded and

**VOTED:** To approve the minutes of the November 28, 2007 meeting of the Committee.

The first discussion item was the **UMass Building Authority Update**. Mr. MacKenzie reported on the following:

- The Building Authority is doing well in construction projects;
- The Central Heating Plant and Studio Arts building at Amherst are almost done;
- The fire alarm and elevator projects at Boston are completed;
- The Cedar Dell renovations at Dartmouth are almost complete;
- Beginning construction at Lowell;
- Beginning the new campus facility at the Medical School and currently in the process of hiring a project manager;
- The Building Authority will make sure to borrow enough funds to continue construction. Due to the market, the Building Authority has lost about \$300,000 in bond investments over the past 3 weeks.

The next item was the **Marching Band Building, UMass Amherst**. Trustee Beatrice reported on his efforts to relocate the UMass Amherst Marching Band into a new facility. Trustee Beatrice thanked Chancellor Cole for committing \$4.5 million toward the construction of a new band building. It was noted that the UMass Alumni have also offered financial support. Trustee Boyle commended Trustee Beatrice for his efforts to confront this issue with a satisfying

**Committee on Administration and Finance**  
**March 5, 2008**

result. Chair O'Shea thanked Trustee Beatrice and Chancellor Cole for working together and for their strong commitment and support for the Band.

The next item was **FY2007 System Peers Financial Ratios**. Vice President Lenhardt gave a presentation explaining the University's revenues and expenses, financial indicators, the FY2008 projected restricted and unrestricted revenues, cost drivers, current rates of inflation and student charge proposal.

Trustee Kulenovic questioned why the capital spending and debt service were shown separately. Vice President Lenhardt indicated that capital spending is the amount currently spent on construction while debt service is over a 30 year time span.

Trustee Johnston asked about the compact in Boston in which the business community was going to ensure that all high school students who wanted to go to college would be able to even if they did not have enough money.

Chancellor MacCormack discussed the need for investment in increased energy costs and replacing retired faculty, major issues on the Dartmouth campus. The campus must reallocate resources to those areas that need additional funds.

Chancellor Meehan indicated that the Lowell campus does not have the new technology and infrastructure needed to compete. Chancellor Cole discussed the struggle to maintain the police force necessary to oversee the size of the Amherst campus; health services needs more funding as well.

Chancellor MacCormack reported that there has been an increase in the funding of Pell grants which has helped many students. The Dartmouth campus has a unique issue in which the trend is for Portuguese students to work in order to pay for their education because it is not their custom to borrow funds.

The first item for action was the **2008-2009 Student Charges**. Mr. O'Riordan, Budget Director, provided an overview of the University's average student charge over the past five years, comparison to student charges at other public institutions and the campuses' proposed tuition and fee increases.

Trustee King-Shaw asked for an explanation of the Curriculum Fee. Mr. O'Riordan explained that the fee was created during a past fiscal crisis to be able to support the University's academic mission. Trustee King-Shaw encouraged the Trustees to consider that the increases in student charges are to increase academic quality at the University. The University could raise fees by seven percent and still be one of the most affordable universities in the nation.

Trustee Kulenovic reported that the data does not go back 7 years which is when the fiscal crisis occurred. The state and federal governments have not helped substantially in providing

**Committee on Administration and Finance**  
**March 5, 2008**

funds and we should consider taking a leadership role. There is the issue of students dropping out for financial reasons. The number of students staying in Massachusetts after graduation is declining due to the high cost of living.

A motion was made and seconded.

To recommend that the Board take the following action:

1. In accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve tuition at the following maximum rates for the Amherst, Boston, Dartmouth and Lowell campuses for academic year 2008-2009:

<b><u>Tuition</u></b>	<b><u>Amherst</u></b>	<b><u>Boston</u></b>	<b><u>Dartmouth</u></b>	<b><u>Lowell</u></b>
Undergraduate (resident)	\$1,714	\$1,714	\$1,417	\$1,454
Undergraduate (non-resident)	\$9,937	\$9,758	\$8,099	\$8,567
Graduate (resident)	\$2,640	\$2,590	\$2,071	\$1,637 *
Graduate (non-resident)	\$9,937	\$9,758	\$8,099	\$6,425 *
*Per 9 credit load				

2. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following maximum mandatory fee rates for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2008-2009:

<b><u>Total Mandatory Fees (Curriculum &amp; Other Mandatory Charges)</u></b>	<b><u>Amherst</u></b>	<b><u>Boston</u></b>	<b><u>Dartmouth</u></b>	<b><u>Lowell</u></b>
Undergraduate (resident)	\$8,518	\$7,397	\$7,441	\$7,552
Undergraduate (non-resident)	\$11,792	\$11,539	\$10,462	\$12,459
Graduate (resident)	\$7,766	\$7,887	\$7,946	\$6,862 *
Graduate (non-resident)	\$10,471	\$11,551	\$10,462	\$10,805 *
*Per 9 credit load				

3. And further, in accordance with Policy T92-031, Appendix E, to authorize the President to approve, no later than April 3, 2008, the individual rates for mandatory charges, providing that total mandatory student charges shall not exceed the total rates as outlined below for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2008-2009:

**Committee on Administration and Finance**  
**March 5, 2008**

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**Total Mandatory Student Charges**

	<u>Amherst</u>	<u>Boston</u>	<u>Dartmouth</u>	<u>Lowell</u>
Undergraduate (resident)	\$10,232	\$9,111	\$8,858	\$9,006
Undergraduate (non-resident)	\$21,729	\$21,297	\$18,561	\$21,026
Graduate (resident)	\$10,406	\$10,477	\$10,017	\$8,499 *
Graduate (non-resident)	\$20,408	\$21,309	\$18,561	\$17,230 *

\*Per 9 credit load

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4. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following tuition and maximum mandatory fee rates for the Worcester campus for academic year 2008-2009:

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<u>Medical School</u>	<u>Tuition</u>	<u>Mandatory Fees</u>	<u>Total Student Charges</u>
Medical School (resident)	\$8,352	\$5,886	\$14,238
Ph.D./MD (resident)	\$2,640	\$20,541	\$23,181
Ph.D./MD Years 1-2 (non-resident)	\$9,856	\$35,541	\$45,397
Ph.D./MD Years 3+ (non-resident)	\$9,856	\$25,685	\$35,541
Graduate School of Nursing (resident)	\$2,640	\$5,788	\$8,428
Graduate School of Nursing (non-resident)	\$9,856	\$5,788	\$15,644
Grad. School of Biomedical Science (resident)	\$2,640	\$3,975	\$6,615
Grad. School of Biomedical Science (non-resident)	\$9,856	\$3,975	\$13,831

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5. And further, in accordance with Section 1A of Chapter 75 of the General Laws and T92-031 (Appendix E), to authorize the President to approve, no later than April 3, 2008, final student housing rent and food service charges providing that the average total charge to undergraduate Massachusetts resident students shall not exceed the average rates as outlined below for academic year 2008- 2009:

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	<u>Amherst</u>	<u>Boston</u>	<u>Dartmouth</u>	<u>Lowell</u>
<u>Room &amp; Board (average rate)</u>	\$8,114	N/A	\$9,428	\$7,519

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**Committee on Administration and Finance**  
**March 5, 2008**

6. And further, to authorize the President to approve, no later than April 3, 2008, the full schedule of rent and food service charges for all other classifications of students, room options and meal plans for academic year 2008-2009.
7. And further, to authorize the President to approve, no later than April 3, 2008, individual fee rates for other student fees and student fee/revenue based operations charges not already approved by the Board for academic year 2008-2009.

Trustee Tocco made a motion to amend the student fee motion to state that 50% of the student fee increase would go back into financial aid.

The motion for the amendment was seconded.

Trustee King-Shaw responded that the University is currently meeting 91% of student need and has a detailed strategic plan. Trustee Nath supported the original motion stating that this was a modest increase.

Trustee Thompson asked how the quality of education can improve when students need to work to pay for school or drop out. Trustee King-Shaw indicated that the Board is only asking to increase fees by 3.1% and does not believe that this increase will drive more drop-outs.

Vice President Lenhardt indicated that the 20% investment in financial aid figure was developed to keep financial aid at the same standard each year and is based on real data. President Wilson reported that the University has conducted exercises in keeping student charges flat and increasing student charges by a percent below inflation.

The motion to amend the vote on student fees was defeated.

The original motion was then:

**VOTED:** To recommend that the Board take the following action:

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1. In accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve tuition at the following maximum rates for the Amherst, Boston, Dartmouth and Lowell campuses for academic year 2008-2009:

**Committee on Administration and Finance**  
**March 5, 2008**

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<b><u>Total Mandatory Fees (Curriculum &amp; Other Mandatory Charges)</u></b>	<b><u>Amherst</u></b>	<b><u>Boston</u></b>	<b><u>Dartmouth</u></b>	<b><u>Lowell</u></b>
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**Committee on Administration and Finance**  
**March 5, 2008**

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5. And further, in accordance with Section 1A of Chapter 75 of the General Laws and T92-031 (Appendix E), to authorize the President to approve, no later than April 3, 2008, final student housing rent and food service charges providing that the average total charge to undergraduate Massachusetts resident students shall not exceed the average rates as outlined below for academic year 2008- 2009:

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	\$8,114	N/A	\$9,428	\$7,519

6. And further, to authorize the President to approve, no later than April 3, 2008, the full schedule of rent and food service charges for all other classifications of students, room options and meal plans for academic year 2008-2009.
7. And further, to authorize the President to approve, no later than April 3, 2008, individual fee rates for other student fees and student fee/revenue based operations charges not already approved by the Board for academic year 2008-2009.

Chair O'Shea then called on Trustee Boyle who asked the Committee consider a motion to **Waive Tuition for In-State Graduate Students** who are veterans. There was a discussion and agreement about including the UMassOnline Program.

**Committee on Administration and Finance**  
**March 5, 2008**

It was moved, seconded and

**VOTED:** To approve graduate tuition waivers for Massachusetts-resident veterans, including those enrolled in the UMassOnline Program. (Doc. T08-039)

Trustee Boyle also requested a policy that would waive fees for all combat veterans; the Committee asked for additional background to be presented at the next meeting.

The next item was the **Policy on Codes of Conduct for University Vendor Relationships.** Vice President Lenhardt asked the Committee for approval to reaffirm an ethics policy for procurement practices.

It was moved, seconded and

**VOTED:** To recommend that the Board take the following action:

The University of Massachusetts will adhere to the highest ethical principles in its relationships with vendors and the procurement of any goods and services. These principles will assure that all goods and services are of the highest quality and value for the best competitive price possible. All such goods and services shall be procured in such a way that all qualified vendors have an equal opportunity to provide such goods and services.

The University and its vendors shall comply with all federal and state laws and regulations as well as University policies, procedures and guidelines relative to the confidentiality and privacy of University employees and students. All University employees are required to provide continuing assurances and be fully aware that any conflict of interest related to or appearance of a conflict with a vendor is unacceptable. The President of the University shall issue guidelines to implement this University policy. (Doc. T08-028)

The next item was a **Tobacco Free Policy, UMass Worcester.** Chancellor Collins reported that this policy will help keep the campus' environment in line with the health-related field; currently, 85% of people at the Medical School do not smoke.

A motion was made and seconded:

To recommend that the Board:

Approve the Tobacco Free Environment/No Smoking Policy for the University of Massachusetts Medical School (UMMS) and to prohibit smoking or use of any tobacco products of any kind in or on any UMMS property, whether owned, leased or assigned,

**Committee on Administration and Finance**  
**March 5, 2008**

inclusive of buildings, garages, grounds or other spaces, temporary or permanent. Any such restrictions shall comply with all local, state and federal laws regarding the use of tobacco.

Trustee Collins asked for an amendment to the motion that includes language that would allow the employees to collectively bargain the policy regarding tobacco use.

It was moved, seconded and

**VOTED:** To amend the original motion striking the last sentence and by inserting: “Any such restrictions shall comply with all local, state and federal laws, including the obligation to collectively bargain the policy with the recognized representatives of employees where applicable, regarding the use of tobacco.”

Trustee Thompson abstained from the motion.

There was also discussion about a system-wide policy and agreement that each campus would need to determine its own set of rules regarding smoking and that each campus should consider bringing such a policy back to this Committee.

It was then moved, seconded and

**VOTED:** To recommend that the Board take the following action:

To approve the Tobacco Free Environment/No Smoking Policy for the University of Massachusetts Medical School (UMMS) and to prohibit smoking or use of any tobacco products of any kind in or on any UMMS property, whether owned, leased or assigned, inclusive of buildings, garages, grounds or other spaces, temporary or permanent. Any such restrictions shall comply with all local, state and federal laws, including the obligation to collectively bargain the policy with the recognized representatives of employees where applicable, regarding the use of tobacco. (Doc. T08-029)

Trustee Thompson abstained from the motion.

The next item was **Land Transfer Resolution, JFK Library**. The funds from this transfer will support an endowment at the Boston campus. The transfer has been authorized by the Legislature.

**Committee on Administration and Finance**  
**March 5, 2008**

It was moved, seconded and

**VOTED:** To recommend that the Board take the following action:

To authorize the President of the University, the Executive Vice President, or the Vice President for Management and Fiscal Affairs and Treasurer, each of them acting individually, to take any and all actions and execute any and all documents necessary or convenient to effect the conveyance of the parcel of land described in Section 1 of Chapter 210 of the Acts of 2006 and currently under the control of the University of Massachusetts to the United States of America, acting by and through the National Archives and Records Administration, pursuant to the provisions of said Chapter 210; and further, to deposit the proceeds from said sale in a trust fund as described in Section 3 of said Chapter 210. (Doc. T08-030)

The next item was **Authorization to Transfer Funds to Foundation**. This authorization will allow the University Treasurer to be advised by the UMass Foundation Investment Committee in the transfer of funds.

It was moved, seconded and

**VOTED:** To recommend that the Board take the following action:

To authorize the University Treasurer to execute a Memorandum of Understanding with an appropriate University affiliate for the purposes of engaging the affiliate's investment committee to provide advice and counsel and direct asset allocation and manager selection with regard to the University's investment of cash reserves. Said reserves are to be invested consistent with generally established industry guidelines covering investment of university core cash balances. (Doc. T08-031)

The next item was **Community Investment Policy**. Trustee Kulenovic reported on the importance of this item stressing the University's mission and priorities are to maintain affordability and access. This initiative would increase community ties and stimulate economic activity.

A motion was made and seconded and on roll call:

1. To require that no less than 1% of investments of the University's Operating Cash and Endowment be placed in Community Investment Institutions for an initial period of time not to exceed two years. Community Investment Institutions may include but not be limited to community development banks, credit unions, loan funds, venture capital funds, pooled funds and bond funds whose primary mission is to promote community development in economically distressed areas through market-rate investments,

**Committee on Administration and Finance**  
**March 5, 2008**

particularly in the State of Massachusetts provided that the Community Investment Institutions must be determined by the President to be viable entities that are at a minimum FDIC insured and capable of disbursing funds to targeted communities pursuant to this policy and guidelines.

2. And further, to authorize the President, in consultation with campus constituencies, to create guidelines for the implementation of the Community Investment Policy, including but not limited to: how Community Investment Institutions shall be selected using prudent measures for assessing safety and adequate returns on investment, desired community impacts, the role of individual campuses, how public relations benefits shall be maximized, and potential student educational opportunities associated with investments made.
3. And further, to require the President to report to the Board of Trustees within two years on the record and success of such investments and with his recommendation whether the program ought to continue; unless extended by vote of the Board of Trustees at or before its meeting in May of 2010, such program shall be discontinued and any outstanding investments shall be treated as ordinary investments.

Trustee Karam indicated that this proposal would be a \$4M investment which is larger than originally thought. President Wilson reported that if this proposal includes endowment funds an issue would be raised about funds that are restricted.

Trustee Kulenovic responded that he would be willing to strike out “endowment” from the motion’s language and have an absolute investment value instead of a percent. The concern is that the amount needs to be great enough in order to show benefits.

An amendment was made to substitute \$2M investment for “not less than 1%” and to strike out “endowment” from the language. The amendment was seconded.

The motion as amended was defeated by a vote of 6-4.

The next item was **Refunding the 2006-1 Bond Issue**. Mr. MacKenzie reported that the proposal is to allow the Building Authority to refinance its bonds with letter of credit institutions if the market continues to deteriorate.

It was moved, seconded and

**VOTED:** To recommend that the Board take the following action:

That the issuance by the University of Massachusetts Building Authority (the “Authority”) of bonds (in one or more series) (the “Refunding Bonds”) for the purpose of refunding the Authority’s Project and Refunding Revenue Bonds,

**Committee on Administration and Finance**  
**March 5, 2008**

Senior Series 2006-1, is hereby approved, and the President of the University of Massachusetts (the "University"), the Vice President for Management and Fiscal Affairs and Treasurer of the University and any other officer of the University designated by the President, each acting alone, (each, an "Authorized Officer") are hereby authorized in the name and on behalf of the Trustees of the University (the "Trustees") to approve in writing the issuance by the Authority of the Refunding Bonds.

And further,

That each Authorized Officer is hereby authorized to do all other things and to take all other action deemed necessary or desirable to carry into effect the matters hereby authorized, including without limitation the execution, sealing and delivery on behalf of The Commonwealth of Massachusetts (the "Commonwealth"), the Trustees or the University, of contracts for state financial assistance in the form of a guaranty by the Commonwealth of the Refunding Bonds of the Authority or for management and services with respect to projects refinanced by the Refunding Bonds (all as provided in and subject to the Enabling Act), each such contract to have such provisions as are approved by the signer thereof on behalf of the Commonwealth, the Trustees or the University.

And further,

That this vote shall take effect immediately upon passage. (T08-036)

The meeting adjourned at 11:00 a.m.

Barbara F. DeVico  
Secretary to the Board of Trustees