

UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

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

Wednesday, May 28, 2008; 8:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts

Committee Members Present: Chair O’Shea; Vice Chair Rego; Trustees Beatrice, Boyle, Collins, Kulenovic, Lawton, MacAfee, Nath and Tocco; Chairman Manning; Vice Chair Karam

Committee Members Absent: Trustees Johnston and King-Shaw

University Administration: President Wilson; General Counsel Bench; Executive Vice President Julian; 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; Deputy Chancellor Jenal; Mr. Harrison, Director of Auditing; Associate Chancellor Moloney, UMASS Lowell

Faculty Representatives: Professor May, UMASS Amherst; Professor Tirrell, UMASS Boston; Ms. Gibbs, UMASS Dartmouth; Professor Carter, UMASS Lowell

Chair O’Shea convened the meeting at 8:03 a.m.

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

It was moved, seconded and

VOTED: To approve the minutes of the March 5, 2008 meeting of the Committee.

The next item on the agenda was the **Chair’s Report.** Chair O’Shea reviewed today’s agenda including two significant discussion items: the Building Authority Update and the annual review of Financial Indicators. Both of these items are closely related to the University’s overall long term strategy and ability to achieve success.

Chair O’Shea briefly discussed the action items and of particular interest was an item from Trustee Boyle related to Veteran’s tuition and fee waivers. He indicated his pleasure with the state of the University’s financial condition and stressed the need to be diligent in assuring continuing program and fiscal viability.

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The next item on the agenda was the **President's Report**. President Wilson began his report by noting the positive news concerning the State's operating budget prospects. The FY2008 budget has not yet been finalized but each branch of the government has recommended higher levels of support for the University. State leaders recognize the value of investing in the University.

President Wilson also anticipates the passage of the capital bills, higher education and life sciences bills; he thanked everyone who has helped supporting this proposed legislation. The Building Authority just issued more than \$200 million in bonds; \$130 million will be issued in the next few weeks. There are new buildings such as the Studio Arts and Integrated Sciences Building at Amherst and the new research labs at Dartmouth.

More highlights from the President's Report included:

- The University is looking forward to Robert Holub starting his position as Chancellor at the Amherst campus; President Wilson thanked Chancellor Cole for his distinguished leadership and service over the past year;
- The Financial Indicator Report is a key part of the commitment to be accountable to the Trustees and other constituents;
- The Operating Budget reflects continuing progress – the University is competing effectively for students and high caliber faculty;
- Extending benefits for combat veterans is a fiscal challenge for the University as many State and Federal legislative committees are dealing with this issue as well; the University is supportive of the effort.

President Wilson concluded his report by congratulating Chancellor Meehan for bringing two new Endowed Chairs and thanked all the Chancellors and their teams for their effective management and collaboration.

The next item was the **Vice President's Report**. Vice President Lenhardt reported that last week's meeting of the Committee on Academic and Student Affairs included a report on public safety. The campuses have discussed emergency exercises and all are stressing prevention of emergency situations.

Vice President Lenhardt also reported that state support in unrestricted funds affects the University operations especially in capital funds.

The first discussion presentation was the **UMASS Building Authority Report**. Mr. MacKenzie reported on the following:

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- By the end of June, the Building Authority will have issued \$1.8B in bonds;
- The Building Authority is currently involved in 18 major projects on the campuses;
- In recent financing, the Building Authority has issued variable-rate bonds instead of fixed rates which has saved money; these new bonds will finance major projects on the campuses;
- By the end of June, the Building Authority will issue \$120M in fixed-rate bonds for projects at the Medical School;
- The use of fixed-rate bonds is per request of the campus;
- The Building Authority has lost about \$1.5M since January due to Ambac's financial trouble – there are plans to replace Ambac with a line of credit from Bank of America and a Commonwealth guarantee.

President Wilson commended David MacKenzie and the Building Authority for handling these issues during difficult financial times. Trustee Karam had a question about the Medical School swapping bonds with fixed-rates that would lose points. Chancellor Collins indicated that we can pay interest at the current rate; having fixed-rate bonds also helps to balance the Building Authority's portfolio.

Trustee Tocco inquired about the Building Authority looking at energy efficiency that would qualify the University for federal funds. Mr. MacKenzie indicated that each campus is currently undergoing projects and renovations that include energy efficiency.

Chair O'Shea inquired about Building Authority concerns; Mr. MacKenzie reported that potential lawsuits for projects that may go wrong; we need to manage the consultants that have been hired for the many campus projects.

The next discussion item was the **FY2008-FY2013 Financial Indicators Report**. Vice President Lenhardt made the presentation and discussed the emphasis on an increase in unrestricted funds for operations. Trustee Karam indicated that he would like to see trend lines in the operating margin at future meetings.

Trustee Tocco would like to see debt service and capital spending broken out instead of lumped into a single category. Trustee Karam would like to see future projections for the University. Chair O'Shea noted that while it may look like some indicators are going in the wrong direction - this is due to strategic decisions to invest in capital. Chairman Manning noted that there may be short-term impacts due to capital investments, but the long-term effects will be positive.

Chair O'Shea wrapped up the discussion by reporting that we should focus on trends in the financial indicators and that the indicators are positive and reflect the Board' strategic decisions.

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The first item for Action is the **FY2009 University Operating Budget**. Mr. O’Riordan, Budget Director made a presentation highlighting the overall revenue and expense activity for the University that includes State support, student charges, enrollment changes, debt service, wage increases, inflation and energy costs and non-operating revenues generated from grants and contracts.

Mr. O’Riordan responding to a question about a one time appropriation explained that this was to cover collective bargaining costs; for FY09 we hope that the supplemental appropriation will pass to cover such costs.

It was moved, seconded and

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

To approve the FY2009 University Operating Budget as contained in Doc. T08-056 and to approve the Statements of Trust contained in Appendix A of said Doc. T08-056.

The next item was the **Authorization to Allocate FY2009 State Appropriation**. This is a routine item authorizing the President to allocate the state appropriation.

It was moved, seconded and

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

To direct the President to allocate the amount appropriated for the University in Line Item 7100-0200 of the state appropriation act for fiscal year 2009 to the campuses and the central administration of the University, and to notify the Board of Trustees and the House and Senate Committees on Ways and Means of said allocations. (Doc. T08-057)

The next item was **Amendments to the University Purchasing Policy**. The amendments will update the policy to bring it more into line with current University and state practices.

It was moved, seconded and

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

To approve the amendments to the University Purchasing Policy as contained in Doc. T92-031, as amended (Appendix A).

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The next item was the **Establishment of Endowed Chairs, UMASS Lowell**. Chancellor Meehan reported that the professorships will help the Lowell campus to advance the study of environmental friendly plastics through teaching and research.

It was moved, seconded and

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

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed professorship to advance the study of environmentally friendly plastics through teaching research and laboratory in plastics engineering at the University of Massachusetts Lowell to be known as the James Dandeneau Endowed Professorship in Plastics Engineering.

And further,

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed professorship to advance the study of environmentally friendly plastics through teaching research and laboratory in plastics engineering at the University of Massachusetts Lowell to be known as the Mark and Elisia Saab Endowed Professorship in Plastics Engineering. (Doc. T08-058)

The next item was the **Welcome Home Waiver Program**. Trustee Boyle indicated that this item is an extension of the Welcome Home Bill passed by the State and includes National Guardsmen only. This proposal limits waiver recipients to include combat veterans only which is about 90 students; it limits waivers to full-time students only; is limited to \$2000 per year and will not include UMassOnline students.

There was a question about Gulf War veterans but they are not covered at this time. Trustee Boyle thanked Vice President Lenhardt and Mr. O’Riordan for their help with this issue.

It was moved, seconded and

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

The University shall award an annual mandatory fee waiver of up to \$2,000 to all degree-seeking Massachusetts resident undergraduate and graduate student veterans who have received a bonus from the Commonwealth pursuant to Subsection (1) of Section 16 of Chapter 130 of the Acts of 2005.

Said waivers are granted for a maximum of eight semesters, or \$8,000, to recipients who maintain good academic standing while taking twelve or more credits each semester in state supported courses.

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In the future the University will integrate this program with any new State or Federal programs providing educational benefits to Massachusetts resident student veterans.

The President shall issue guidelines for the implementation of this program.

And further,

To amend Trustee Policy T08-039 by striking the words “including those enrolled in the UMassOnline Program” (Doc. T08-059)

Chancellor MacCormack then recognized outgoing Vice Chancellor Donald Zekan for all of his work over the years. There was a round of applause.

The meeting adjourned at 10:07 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees