

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

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

**Wednesday, December 4, 2013; 8:00 a.m.**

**Amherst Room  
225 Franklin Street – 33<sup>rd</sup> Floor  
Boston, Massachusetts**

**Committee Members Present:** Chair Woolridge; Vice Chair Collins; Trustees Buonomo, Furman, Fubini, Johnston, Kingston and Mullan; Chairman Thomas; Ms. Lee (representing Trustee Malone)

**Committee Members Absent:** Trustees Campbell, King-Shaw, Lee, Malone and Peters

**University Administration:** President Caret; General Counsel Heatwole; Senior Vice President Wilda; Chancellors Subbaswamy, Motley, Grossman, Meehan and Collins; Ms. Craven, Executive Director, UMass Building Authority

**Faculty Representatives:** Ms. Billings, UMass Amherst; Professor Tirrell, UMass Boston; Professor Carter, UMass Lowell

**Documents Used:**

- Quasi Endowment Policy, Doc. T07-018, as amended
- Establishment of the Seedworks Professorship Endowment Fund, UMass Amherst, Doc. T13-114
- Changes to Capital Projects, Doc. T13-077, as amended
- Update on University's FY15 State Budget Request, Doc. T13-079
- 2013 Annual Clery Report, Doc. T13-115

Chair Woolridge convened the meeting at 8:12 a.m.

Chair Woolridge stated that the Committee had been provided with draft minutes for the September 11, 2013 meeting and asked for any corrections. There were no corrections and the minutes were approved.

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**Reports:**

**Chair's Report**

Chair Woolridge provided an update on the latest tax revenue collections reported by the State's Department of Revenue through October. Chair Woolridge then reviewed the meeting agenda.

**President's Report**

President Caret provided an update on the University's budget including advocating for the University's 50/50 budget request; its tuition retention proposal; other budget line items, and negotiating collective bargaining contracts. President Caret also provided a legislative and capital program update.

**Action Items:**

Chair Woolridge requested approval of the **Revisions to the Quasi Endowment Policy.** He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Senior Vice President Wilda provided an overview of the revisions. Trustee Fubini commented on the purpose and need for the quasi-endowment and asked that the topic be considered for discussion at a future meeting. He also inquired about benchmarks with other university systems. It was moved and seconded:

To recommend that the Board take the following action:

To approve the revisions to the Quasi Endowment Policy as contained in Doc. T07-018, as amended.

The Chair asked for a vote and the motion passed unanimously.

Chair Woolridge requested the approval of the **Establishment of the Seedworks Nursing Endowed Professorship for Social Justice, UMass Amherst.** He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved and seconded:

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 the "Seedworks Nursing Professorship for Social Justice" at the University of Massachusetts Amherst. (Doc. T13-114)

The Chair asked for a vote and the motion passed unanimously.

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Chair Woolridge requested the approval of the **Changes to Capital Projects**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Budget Director Pasquini provided a review of the Quarterly Capital Report and an overview of the projects. Chair Woolridge asked about the two new projects and if these were final budget estimates. Chancellor Subbaswamy clarified that the Amherst projects were design projects and not final. There was a discussion about the language describing the various stages of the projects. Chair Thomas asked about the 60 and 70 percent variance from the original budget. Budget Director Pasquini noted inflation and scope changes. There was a discussion about the need to improve the process for capital approvals. Chair Woolridge stated that it was important that the appropriate people were a part of the beginning of the projects.

Budget Director Pasquini provided an overview of the project phase dashboard, funding sources dashboard, debt capacity dashboard and the project and project types dashboard. Trustees asked for clarification about definitions, including “project” and “contingent upon funding”. Budget Director Pasquini explained that some projects are not fully funded. Chairman Thomas asked that more information be included on the reason for the label “contingent upon funding”. Director Craven noted that the Building Authority only borrows what the University allows it to borrow. There was further discussion on the debt service ratio. It was moved and seconded:

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, to approve the estimated total project cost of the following capital project at the Worcester Campuses and add it to the approved project list:

<b><u>Project Name</u></b>	<b><u>Total Project Cost Estimate December 2013</u></b>
Campus Landscape Improvements – Worcester Campus	\$1,500,000

And further,  
Pursuant to Trustee Policy T93-122, to approve the preliminary campus estimate for the following capital project at the Amherst Campus:

<b><u>Project Name</u></b>	<b><u>Total Project Cost Estimate December 2013</u></b>
Design and replacement of the Hillside Roof, Exterior Envelope, and Accessibility – Amherst Campus.	\$2,500,000

And further,

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Pursuant to Trustee Policy T93-122, to approve the revised estimated total project cost of the following capital project at the Amherst Campus:

<b><u>Project Name</u></b>	<b><u>Total Project Cost Estimate December 2013</u></b>
Lincoln Campus Center Concourse, Phase 1 - Amherst Campus	\$850,000
Lincoln Campus Center Concourse, Phase 2 – Amherst Campus	\$19,000,000
Coal Yard Decommission – Amherst Campus	\$400,000
Water tank repairs – Amherst Campus (Doc. T13-077, as amended)	\$1,159,000

The Chair asked for a vote and the motion passed unanimously.

Chair Woolridge then asked for a motion to put the above matters on a Consent Agenda for the Board meeting, and explained that the Board can approve all these items by a single vote, and that no discussion will be permitted.

It was moved and seconded to place the above matters on a Consent Agenda. The Chair called for a vote and the motion passed unanimously.

**Discussion Items:**

Executive Director Craven provided the **Building Authority Update**, which included a brief update on recent initiatives, including a general overview of projects, a financing update, and an update on ratings. There was a discussion about the cost-benefit of paying debt-service on low rates versus waiting. Trustees commented on the need to prioritize within the system if borrowing ahead and added.

Senior Vice President Wilda provided an update on the **FY2013 University Financial Report**, which included fiscal highlights and trends. It was suggested that the average time of matriculation, revenue and expense trends over the last three years and the cost per student could be displayed. Chancellor Meehan noted the Lowell campus' focus on strategic growth. Trustee Fubini noted that three campuses were expected to lose money and added that endowment growth doesn't come without cost. Senior Vice President Wilda noted the endowment performance and reviewed other financial indicators, including the operating margin, the primary reserve, endowment per student, debt service to operations, and the viability ratio. The importance of revenue growth as a primary focus of the Board and the University was discussed; Trustees suggested that there needs to be additional thought on the effects of the capital program on the rest of what the University does.

**Information Items:**

Chair Woolridge stated that the two information items, the **University's FY15 State Budget Request** and the **2013 Annual Clery Report** were posted on BoardVantage.

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There being no other business, the meeting adjourned at 10:08 a.m.

Kate Wilkinson  
Staff Assistant