

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

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

**Wednesday, September 11, 2013; 8:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts**

Committee Members Present: Chair Woolridge; Vice Chair Collins; Trustees Buonomo, Campbell, Fubini, Johnston, Kingston, Lee and Mullan; Chairman Thomas

Committee Members Absent: Trustees Furman, Malone and Peters

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

Faculty Representatives: Professor Tirrell, UMass Boston

Documents Used:

- Capital Projects AND FY2014 - FY2018 University's Capital Plan, Doc. T13-077
- Resolution Authorizing Request for Initiation by UMass Building Authority of University Projects and Related Matters, Doc. T13-078
- Fiscal Year 2015 State Budget Request Authorization, Doc. T13-079
- Update to University Policies, Doc. T92-031, Appendix B, G, and C, as amended
- Policy on Student Accounts Receivable, Doc. T13-091
- Policy for Creating and Establishing Fiscal Policy and Standards, Doc. T13-093
- Establishment of The Richard Simpson Endowed Professorship, UMass Amherst, Doc. T13-080

Chair Woolridge convened the meeting at 8:10 a.m. and welcomed new Trustee, Megan Kingston from UMass Amherst to the Committee. He then stated that due to a full Board agenda and the need to keep the meeting moving forward in a constructive manner, any members of the Committee or others who wish to speak must do so through the Chair, and all speakers will be limited to three minutes. He also noted that Board of Trustees meeting guidelines restrict comments to specific agenda items.

Chair Woolridge then stated that the Committee had been provided with draft minutes for the December 5, 2012 Executive Session and the draft minutes of the June 12, 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, noting the recent debate around the 'tech tax' and its potential impact on revenues. Chair Woolridge then reviewed today's agenda.

President's Report

President Caret began his remarks by welcoming Trustee Kingston and UMass Dartmouth's new Provost, Mohammad Karim. President Caret provided a review of the past year's journey to the 50/50 Plan, which resulted in a \$50 million increase to the University, the largest in UMass history. President Caret thanked Governor Patrick and the Legislature. He noted this year's freeze in mandatory fees and the move to advocate for tuition retention. President Caret reported that capital projects continue to be a challenge, with the University bearing 81 percent of the debt. President Caret highlighted his upcoming bus tour to promote philanthropic and political support for the University. He also provided updates on the FY13 9C cuts, the move to look at a formula-based funding model, the student loan crisis and sequestration.

Action Items:

Chair Woolridge requested the **Approval of Capital Projects AND FY2014-FY2018 University Capital Plan, (Doc. T13-077)**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Assistant Vice President Gorzkowicz provided an overview of the Capital plan, which included 255 projects and \$5.5 billion. He reviewed the types of projects, the overall funding sources for the capital plan and the borrowing amounts for the University and the state. Assistant Vice President Gorzkowicz provided a debt affordability analysis by campus. He then summarized the higher education bond bill spending, which totaled \$886 million. He added that there was no higher education authorization beyond FY2018, making the ability to plan a challenge.

Chair Woolridge then asked for a brief moment of silence for 9/11.

Trustee Johnston then asked if a higher education bond bill had been filed. Trustee Fubini inquired about the mechanism that creates the cut-off for the capital plan. Assistant Vice President Gorzkowicz replied that the projects must be starting in the next year and have the funding lined up. Trustee Fubini then inquired about the pipeline. There was a discussion about how the capital projects list is developed and the modification approval process. Trustee Mullan asked if projects were ever removed from the list, noting his interest in FY2014 cash flow. Senior Vice President Wilda replied that they were working on a revised process for presenting this information to the Board. Chair Woolridge stated that the revised process would provide monitoring and diminish cost overruns. Chancellor Meehan provided an example of Corbett Hall on the Lowell campus that was approved but did not go forward. It was moved and seconded:

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To recommend that the Board take the following action:

Pursuant to Trustee policy T93-122, to approve the following new capital projects:

Campus	Priority Order	Campus Project Names	Est. September 2013	Project Phase
Amherst	59	Campus Core Accessibility, Waterproofing and Landscape Improvements study	\$1,000,000	Study / Feasibility
Amherst	69	Machmer Repairs	\$12,600,000	Study / Feasibility
Amherst	73	University Health Services design	\$4,000,000	Study / Feasibility
Amherst	c-u	Liquified Natural Gas infrastructure	\$1,200,000	Completed
Boston	BL.02.05	McCormack Hall: Roof Replacement and Building Envelope Repairs (Design Development)	\$3,500,000	Design Development
Boston	BL.15	Calf Pasture Pumping Station: Secure and Button Up Envelope and Improve Exterior Appearance (Security: Substantial Completion; Button-up and Exterior Appearance: Conceptual)	\$1,000,000	Conceptual
Boston	BL.24	Study Bayside Parcel for Future Permanent Use, Including Sea Level Rise Requirements (Conceptual) \$0.35M from BL.22 and \$0.65M additional	\$1,000,000	Conceptual
Boston	MP.16	Master Plan Phase I: New Baseball Facility To Be Constructed at Boston College High School (Conceptual)	\$1,000,000	Conceptual
Boston	TR.05.01	Healey Building: Renovations to Improve and Increase Student Learning Space, Including Necessary Fire Protection Improvements (Conceptual)	\$12,500,000	Conceptual
Boston	TR.06	Instructional Equipment Upgrades and Replacements (Conceptual)	\$5,000,000	Conceptual
Boston	TR.07	WUMB: Relocation WUMB Radio to New Facility (Conceptual)	\$4,000,000	Conceptual
Dartmouth	9	Update Campus Master Plan	\$1,500,000	Conceptual
Dartmouth	18	** ATMC Acquisition	\$11,400,000	Study / Feasibility
Dartmouth	21	Wind Turbine Project	\$1,317,457	Substantial Completion
Dartmouth	22	Residence Halls - Wireless Network Installation	\$1,200,000	Designer Selection
Dartmouth	26	Centennial Way Retail Corridor	\$10,000,000	Conceptual
Lowell	16	McGauvran Dining Conversion	\$30,000,000	RFP for OPM Issued
Lowell	18	Residence Hall Acquisition & Construction	\$100,000,000	Conceptual
Lowell	24	Athletic & Recreational Facility Improvements - incl. Division 1	\$10,000,000	Study / Feasibility
Worcester	1	Basic Research and Student Lab Wing Improvements (Floors 5&6)	\$15,500,000	Study / Feasibility
Worcester	3	LRB Teaching and Learning Space - Backfill Project (Floor 1)	\$2,000,000	Study / Feasibility
Worcester	10	Campus Electrical Distribution Efficiency Improvements	\$2,500,000	Study / Feasibility
Worcester	13	Library repurposing and renovations	\$5,500,000	Study / Feasibility
Worcester	14	Student Services and Delivery Services Improvements	\$3,600,000	Study / Feasibility
Worcester	17	A Level Animal Quarters Improvements (cage wash, mechanical, finishes)	\$14,500,000	Study / Feasibility
Worcester	31	Steam Chiller 2 & 3 Retrofits	\$1,000,000	Study / Feasibility
Worcester - WCCC	9	MBL - AAV Production Facility (not including filling suite)	\$5,000,000	Study / Feasibility

And further,

To approve the following revised project cost estimates for previously approved capital projects:

Campus	Priority Order	Campus Project Names	Est. September 2013	Est. June 2013	Est. September 2013	Project Phase
Amherst	7	Dickinson House, Field & Webster elevator	\$1,500,000	\$1,200,000	\$1,200,000	In Mid Construction
Amherst	68	Life Science Laboratories Fit out	\$50,000,000	\$50,000,000	\$15,000,000	Designer Selection
Amherst	10	Fine Arts Center fire protection and emergency generator	\$3,250,000	\$6,000,000	\$6,000,000	In Mid Construction
Lowell	15	Alumni Hall/Lydon Library Renovations/Innovation District	\$5,000,000	\$5,000,000	\$8,000,000	Conceptual
SUBTOTAL - APPROVED PROJECT CHANGES			\$59,750,000	\$62,200,000	\$30,200,000	

And further,

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To approve the FY2014 to FY2018 University Capital Plan as described in Doc. T13-077.

And further,

With respect to any or all of the projects identified in the University 5 Year Capital Plan and included on the approved project list as described in Doc. T13-077, to authorize the President of the University and such other officers of the University as he may designate (the President and each such other officer referred to herein as an “Authorized Officer”), each acting singly, in the name and on behalf of the trustees, the University or the Commonwealth, as appropriate, (a) to effectuate the financing of one or more or all of such projects by such means as such Authorized Officer shall deem advisable, including without limitation by requesting in writing the University of Massachusetts Building Authority, the Massachusetts Development Finance Agency or any other statutorily qualified issuer in the Commonwealth to issue debt therefor, or to request the Worcester City Campus Corporation to effectuate the financing thereof through any such issuer of debt, (exclusive of capitalized interest, debt service reserve funds, cost of issuance of the obligations, costs of bond insurance or other credit enhancement and other cost of the financing), and, (b) in connection with any such financing, to take such actions (including without limitation the execution of the guaranty of the Commonwealth on any obligation guaranteed by the Commonwealth), secure such governmental approvals, execute such agreements (including without limitation contracts for financial assistance, management and services, contracts for management and services or leases or subleases) containing such provisions and provide for such terms and sources of repayment, all as such Authorized Officer shall deem advisable and as may be required or permitted by law, including without limitation St. 1960, c. 773, §_19A, as amended, and St. 1992, c. 138, §_15A, as inserted by St. 2000, c. 159, §_303. (Doc. T13-077)

Chair Woolridge requested the approval of the **Resolution Authorizing Request for Initiation by UMass Building Authority of University Projects and Related Matters**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Trustee Buonomo stated that it was important to think carefully about the 8 percent debt service cap. Trustee Fubini added that a strategy conversation on this topic should be discussed another time, but he advocated for raising the cap. It was moved and seconded:

To recommend that the Board take the following action:

WHEREAS, pursuant to Chapter 773 of the Acts of 1960, as amended (“Building Authority Enabling Act”), the University of Massachusetts Building Authority is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”) created to aid and contribute to the performance of the education and other purposes of the University of

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Massachusetts (the “University”) by providing dormitories, dining commons and other buildings and structures for the use of the University, its students, staff and their dependents and for lease to or use by an organization or association, in any form, of students or others the activities of which are a part of the activities at the University and subject to regulation by the Board of Trustees of the University (the “Trustees”);

WHEREAS, pursuant to the Building Authority Enabling Act, the Building Authority may issue bonds to finance projects undertaken by the Building Authority at the request of the Trustees, or, with the approval of the Trustees, issue refunding bonds, all of which bonds are secured, in part, by revenues from the Building Authority, the University and the Commonwealth, as authorized by the Trustees on behalf of the University and the Commonwealth;

WHEREAS, in the judgment of the Trustees it is in the best interests of the University, its students, staff and their dependents and said organizations that the Building Authority undertake projects and finance such projects as described below;

WHEREAS, in the judgment of the Trustees it is in the best interest of the University for the Building Authority to refund bonds when market conditions are favorable; and

WHEREAS, the Building Authority’s enabling act authorizes the Trustees, on behalf of the Commonwealth, to provide a Commonwealth guaranty of not to exceed \$200,000,000 outstanding principal amount of Building Authority Bonds;

NOW, THEREFORE,

1. Each of the President and the Senior Vice President for Administration & Finance and Treasurer of the University, acting alone, be and each, acting alone, (each, an “Authorized Officer”) hereby is authorized in the name and on behalf of the Trustees to make a written request of the Building Authority that the Building Authority initiate and undertake:

(a) Any or all of the projects set forth in Appendix E of the University of Massachusetts FY2014 to 2018 University Capital Plan (Trustee Document T13-077); and

(b) Any other construction of or respecting or renovation, repair, remodeling or other work in or upon or respecting any building or structure owned or used by the University or the Building Authority, or the provision, installation, renovation, repair or remodeling of or other work upon or respecting any furnishings, furniture, machinery, equipment or facilities with respect to any such building or structure, all as may be requested of the Building Authority in writing from time to time by an Authorized Officer, the making of any such request being hereby authorized.

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2. The projects to be initiated by the Building Authority in accordance with any request authorized to be made in Section 1 of this resolution may in the discretion of the Building Authority be undertaken separately or together for financing purposes.
3. The issuance of refunding bonds by the Building Authority is hereby approved, in such amount and on such terms as shall be approved in writing by an Authorized Officer.
4. Each Authorized Officer hereby is authorized to execute and deliver on behalf of the University and the Commonwealth one or more contracts for financial assistance, management and services with respect to the projects financed or refinanced by the Building Authority and the Building Authority bonds issued in connection therewith, including any refunding bonds. Each such contract may include the Commonwealth guaranty of all or a portion of such bonds, as determined by an Authorized Officer and within the limits prescribed by the Building Authority's enabling act.
5. Each Authorized Officer is hereby authorized to take such other action as deemed necessary or desirable to be done or taken to effectuate the matters hereby authorized, as conclusively evidenced by their doing the things or taking the action hereby authorized. (Doc. T13-078)

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

Chair Woolridge requested the approval of the **Fiscal Year 2015 State Budget Request Authorization**. 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 a further update on the outcome of the 50/50 Plan, which stipulates \$518 million in FY2015, but does not cover pending collective bargaining. It was moved and seconded:

To recommend that the Board take the following action:

To authorize the President to prepare and submit the University's Fiscal Year 2015 State Budget request and to submit the State funding formula pursuant to Section 7 of Chapter 75 and Section 15B of Chapter 15A of the General Laws. (Doc. T13-079)

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

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

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Senior Vice President Wilda reviewed the process that was undertaken of all University A&F policies with the goal of content and format standardization across the system. Trustee Johnston asked if the UMass Foundation was part of the review, alluding to the recent issues at Westfield State University. Trustee Mullan inquired if all of the policies were on the website. It was moved and seconded:

To recommend that the Board take the following action:

To approve the revisions to the Travel Policy Doc. T92-031 (Appendix B, as amended).

And further,

To approve revisions to the Policy on Investment in New Companies Based on University Technology Doc T92-031 (Appendix G, as amended).

And further,

To approve revisions to the Business Expense policy T92-031 (Appendix C, as amended).

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

Chair Woolridge requested the approval of the **Policy on Student Accounts Receivable**. 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 reviewed the new policy, which provides a baseline threshold for campuses with regard to active students with outstanding balances at the University. She added that campuses can choose to be more restrictive.

Trustee Buonomo asked about the magnitude of delinquent accounts. Senior Vice President Wilda replied that there was an annual \$1 million write-off per campus. Trustee Mullan asked if it was a brand new policy or if there was something else similar. Vice President Wilda stated that there were campus-level policies but that this was University-wide and at the Board level. Trustee Lee stated that consistency was critical. Chairman Thomas asked about extenuating circumstances and waivers. Trustee Campbell stated that oversight was the key to success and inquired about reporting by campus. Senior Vice President stated that monitoring and tracking systems were in place. Trustee Fubini inquired about the mechanism for appeal. It was moved and seconded:

To recommend that the Board take the following action:

To approve a new Trustee Policy on the management of Student Accounts Receivables. (Doc. T13-091)

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

Chair Woolridge requested the approval of the **Policy for Creating and Establishing Fiscal Policy and Standards**. 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 described the policy for creating new policy. It was moved and seconded:

To recommend that the Board take the following action:

To approve a new Trustee Policy for Creating and Establishing Fiscal Policy and Standards. (Doc. T13-093)

Chair Woolridge requested the approval of the **Establishment of The Richard Simpson Endowed Professorship, UMass Amherst**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Trustee Kingston stated that Professor Simpson was a very well respected professor in the Isenberg School of Management. 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 Richard Simpson Endowed Professorship at UMass Amherst. (Doc. T13-080)

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

Chair Woolridge then asked for a motion to put the above action items #2-7 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 Vice Chair called for a vote and the motion passed unanimously.

Discussion Items:

Senior Vice President Wilda provided a **Review of the University's Fiscal Year 2014-2018 Budget Forecast, Related Financial Indicators and New Dashboards**. She reviewed the established baseline assumptions and a number of indicators, including operating margin trends, debt service to operations, financial cushion, and endowment per student. Trustee Fubini asked about the system's peers and the terminology of "financial cushion". Senior Vice President Wilda introduced the dashboard, which is currently in a test environment. There was a discussion about whether the dashboard was for internal use only. Senior Vice President Wilda

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described additional metrics on the dashboard. Vice President Solis noted that the data would be refreshed quarterly and asked for suggestions for additional metrics.

Executive Director Craven provided the **Building Authority Update**, which included a brief market update and an update on recent initiatives and the status of projects.

Chair Woolridge stated that the **Report on the University's Sustainability Efforts** was posted on BoardVantage.

There being no other business, the meeting adjourned at 9:59 a.m.

Kate Wilkinson
Staff Assistant