

ANNUAL FINANCIAL INFORMATION  
with respect to  
THE UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY  
and THE UNIVERSITY OF MASSACHUSETTS  
for the  
FISCAL YEAR ENDED JUNE 30, 2015

The following is the annual financial information with respect to the University of Massachusetts Building Authority (the “Authority”) and the University of Massachusetts (the “University”) for the fiscal year ended June 30, 2015. This report is being filed with the Municipal Securities Rulemaking Board (the “MSRB”) via its Electronic Municipal Market Access (“EMMA”) service pursuant to the continuing disclosure agreements of the Authority and the University since 1995 in connection with the issuance of Authority bonds.

This statement is limited in scope. It contains only an updating of certain financial and operating data referenced below. The information set forth herein does not contain all material information concerning the Authority and University necessary to make an informed investment decision. This statement does not constitute an offer to sell or the solicitation of an offer to buy Authority bonds. This statement is intended to provide only the information necessary to conform to the requirements of Rule 15c2-12.

Annual financial information for the Authority and the University, which is required to be filed pursuant to the continuing disclosure agreements entered into in connection with the Authority’s outstanding bonds, is attached hereto as Exhibit A and Exhibit B, respectively. Reference is made herein to that certain Official Statement dated February 25, 2015, as supplemented on March 13, 2015, for the Authority’s Project Revenue Bonds, Senior Series 2015-1 and Refunding Revenue Bonds Senior Series 2015-2 (the “Series 2015 Official Statement”) and that certain Official Statement dated April 18, 2008, for the Authority’s Facilities Revenue Bonds, Senior Series 2008-A (Commonwealth Guaranteed) (the “Series 2008-A Official Statement”), each of which was previously filed with EMMA. By reference below, certain information from the Series 2015 Official Statement or the Series 2008-A Official Statement is incorporated herein and restated as of June 30, 2015.

DATED: March 26, 2016

**EXHIBIT A – AUTHORITY FINANCIAL AND OPERATING DATA**

**1. Any material change in the provisions of the Contract:**

See the Series 2015 Official Statement, “Security and Sources of Payment for the Bonds – Contract” and “Security and Sources of Payment for the Bonds – Pledge of Revenues under the Project Trust Agreement.”

**2. Annual debt service requirements:**

The following table sets forth for each fiscal year ending June 30 the total debt service, including principal and interest, due on Outstanding Authority bonds under the Project Trust Agreement and the Facilities Trust Agreement, as of June 30, 2015:

Fiscal Year Ended <u>June 30</u>	Total Debt Service on Authority Bonds <sup>(1)</sup>	Fiscal Year Ended <u>June 30</u>	Total Debt Service on Authority Bonds <sup>(1)</sup>
2016	\$209,711,948	2032	\$148,076,349
2017	208,780,187	2033	147,331,261
2018	209,726,494	2034	131,333,794
2019	211,552,926	2035	146,047,408
2020	211,355,438	2036	159,431,445
2021	210,951,675	2037	158,494,704
2022	199,174,294	2038	150,616,111
2023	199,352,148	2039	142,991,750
2024	198,887,838	2040	115,760,470
2025	182,180,648	2041	114,285,318
2026	185,270,987	2042	84,413,908
2027	180,907,863	2043	84,415,423
2028	179,575,971	2044	81,390,276
2029	175,871,454	2045	56,247,741
2030	164,396,304	2046	21,884,100
2031	147,663,252		

<sup>(1)</sup> Includes interest on the Authority’s Project Revenue Bonds, Senior Series 2008-1, Facilities Revenue Bonds, Senior Series 2008-A Bonds, Project Revenue Bonds, Senior Series 2011-1 Bonds and Project Revenue Bonds, Senior Series 2011-2, each issued as variable rate debt, Outstanding as of June 30, 2015 in the principal amounts of \$187,125,000, \$21,035,000, \$129,690,000 and \$98,220,000, respectively, and amortizing in accordance with the terms thereof, assumed at the rates of 3.388%, with respect to the 2008-1 Bonds; 3.378%, with respect to the 2008-A Bonds; and 3.482%, with respect to the 2011-1 Bonds and 2011-2 Bonds, respectively. These assumed rates are based on the fixed rates being paid to the counterparties under interest rate swap agreements associated with such bonds. See Note E to the Financial Statements of the Authority as of and for the years ended June 30, 2015 and 2014, which have been previously posted to EMMA and see also the University Financial and Operating Data included herewith as Exhibit B under the heading “INDEBTEDNESS OF THE UNIVERSITY – Bonds Issued by UMBA – Interest Rate Swap Agreements.” With respect to the Authority’s Project Revenue Bonds, Senior Series 2009-2 and Project Revenue Bonds, Senior Series 2010-2, which were issued as so-called “Build America Bonds” under the American Recovery and Reinvestment Act of 2009, outstanding as of June 30, 2015 in the aggregate principal amount of \$702,175,000 and amortizing in accordance with the terms thereof, interest *includes* the cash subsidy payments expected to be received from the United States Department of the Treasury.

**3. Any material change in the Enabling Act or other law of the Commonwealth with respect to the Authority:**

See the Series 2015 Official Statement, “The Authority – General.”

**4. Members, officers and staff of the Authority (“The Authority – Members, Officers and Staff”):**

EXHIBIT A

The Authority consists of eleven members appointed by the Governor of the Commonwealth, five of whom shall be appointive members of the Board of Trustees of the University and may, but need not, be graduates of the University, and two others who shall be graduates of the University. Members from the Board of Trustees of the University serve while they are Trustees of the University; each other member serves for a term expiring on June 30 in the sixth calendar year after the calendar year in which his or her term began (unless appointed to fill a vacancy in which case such member shall serve for the unexpired term). Each member continues in office until his or her successor is appointed and qualified. The Authority annually elects a chairman and vice-chairman from its members and also elects a secretary-treasurer and may elect an assistant secretary-treasurer, neither of whom needs to be a member of the Authority.

As of the date hereof, the members and officers of the Authority and the dates of expiration of their respective terms were as follows:

<u>Member's Name, Position, Residence and Profession</u>	<u>Term Expires</u>
Philip W. Johnston,* Chair, Marshfield President, Philip W. Johnston Associates	September 13, 2017
Paul J. Carney, Vice Chair, Montecito, California	June 30, 2020
Karen G. Courtney, Secretary-Treasurer, Winchester President, K Courtney & Associates, Inc.	June 30, 2017
John T. Smolak, Member, North Andover Partner and Co-Founder, Smolak & Vaughan LLP	June 30, 2021
Richard P. Campbell,* Member, Cohasset Attorney, Campbell Campbell Edwards & Conroy, P.C.	September 1, 2016
Edward W. Collins, Jr.,* Member, Springfield International Representative, International Brotherhood of Electrical Workers	September 13, 2017
William F. Kennedy, Member, Quincy Attorney, Nutter McClennen & Fish, LLP	June 30, 2016
Paul Lonergan, Member, Cambridge President, Congress Wealth Management	June 30, 2019
Jeffrey B. Mullan,* Member, Milton Attorney, Foley Hoag LLP	September 1, 2016
Christopher Philbin, Member, West Boylston Vice President for Government and Community Relations, UMass Memorial Health Care, Inc.	June 30, 2019
Henry M. Thomas, III,* Member, Springfield President and Chief Executive Officer, Urban League of Springfield, Inc.	September 13, 2017

\* University Trustee member of Authority Board. Pursuant to the Enabling Act, the members who are appointive members of the University Trustees shall continue in office as members of the Authority so long as they continue in office as University Trustees. The date indicated is the expiration date of such member's term as a University Trustee.

## EXHIBIT A

As of June 30, 2015, Patricia Filippone was the Executive Director of the Authority. Prior to joining the Authority in June 2012, Ms. Filippone served in various positions at The Broad Institute since 2008, including Chief Financial Officer and Assistant Treasurer, Senior Financial Officer and Controller. Previously, she was Director of Allston Finance at Harvard University. Prior to that, Ms. Filippone was at the Massachusetts Water Resources Authority for 12 years in various positions, including as Director of Finance and Chief Financial Officer, Treasurer and Controller. She began her career at Coopers & Lybrand and has been a Certified Public Accountant since 1991. She received a B.S. from Babson College.

As of June 30, 2015, Robert Dolan was the Chief Financial Officer of the Authority. Prior to joining the Authority in April 2015, Mr. Dolan was Director of Finance for the Commonwealth's Executive Office for Administration and Finance since 2007. Previously, he was also the Assistant Budget Director for the Executive Office for Administration and Finance and Fiscal Policy Manager for the Commonwealth's Senate Committee on Ways and Means. Mr. Dolan received his B.A. from Saint Anselm College.

As of June 30, 2015, Joanna Aalto was Treasurer and Director of Construction Audits of the Authority. Prior to joining the Authority in June 2013, Ms. Aalto was the Controller/Director of Audits of the Massachusetts School Building Authority since January 2005. Prior to that, Joanna spent seven years at PriceWaterhouseCoopers LLP in the Audit and Business Assurance group and two years as an analyst at PaineWebber Inc. Joanna received her Master of Management from the Kellogg School of Management and a Bachelor of Arts from Harvard University and is a Certified Public Accountant.

As of June 30, 2015, Joseph Naughton was the Director of Capital Projects of the Authority. Previously, Mr. Naughton worked for the University's President's Office since 2006 in various positions, including as Director of Budget and Planning and Assistant Budget Director and Manager of Capital Planning. Prior to that, he was the Bond Fund Manager of the Capital Expenditure and Program Office for the Commonwealth's Department of Transportation. Mr. Naughton received a B.S. in Accounting from the Carroll School of Management at Boston College.

As of June 30, 2015, David P. Mullen was the General Counsel of the Authority. Prior to joining the Authority in June 2015, Mr. Mullen was in private law practice since 2003. Previously, he served as First Deputy General Counsel to the Massachusetts Bay Transportation Authority and, before that, as Chief Counsel to the Massachusetts Highway Department. Mr. Mullen received his J.D. and B.S. from Suffolk University.

**5. Any amendment to the Project Trust Agreement made with the consent of the registered owners of the Bonds and any other amendment to the Project Trust Agreement which is material to the interests of the registered owners of Bonds:**

See the Series 2015 Official Statement, "Appendix D – Summary of Legal Documents."

**6. Any amendment to the Facilities Trust Agreement made with the consent of the registered owners of the Bonds and any other amendment to the Facilities Trust Agreement which is material to the interests of the registered owners of Bonds:**

See the Series 2008-A Official Statement, "Appendix D – Summary of Legal Documents."

## EXHIBIT B – UNIVERSITY FINANCIAL AND OPERATING DATA AS OF JUNE 30, 2015

### **University of Massachusetts**

#### **HISTORY AND MISSION**

The University is a state coeducational institution for higher education with separate campuses at Amherst, Boston, Dartmouth, Lowell and Worcester in The Commonwealth of Massachusetts (the “Commonwealth”). The University was established in 1863 in Amherst, under the provisions of the 1862 Morrill Land Grant Acts, as the Massachusetts Agricultural College. It became known as the Massachusetts State College in 1932 and in 1947 became the University of Massachusetts. The Boston and Worcester campuses were opened in 1965 and 1970, respectively. The Lowell and Dartmouth campuses (previously the University of Lowell and Southeastern Massachusetts University, respectively) were made a part of the University by a legislative act of the Commonwealth, effective September 1, 1991.

The University’s core mission is “*to provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation and the world.*” For the Fall of 2015, the University enrolled 73,761 students. The University’s five campuses are geographically dispersed throughout the Commonwealth and possess unique and complementary missions. In addition, the University has a system-wide online education consortium called UMassOnline, which in academic year 2014-2015 offered approximately 1,500 online and blended courses and had 66,767 course enrollments.

The University was rated as one of the world’s best universities in the *Times Higher Education* of London’s “World University Rankings” for 2015-2016. UMass was ranked 141<sup>st</sup> out of the top 400 universities in the world and was the only public university in New England to be listed in the global top 200. The University was ranked fifth highest in Massachusetts, eighth highest in New England, 24<sup>th</sup> highest in American public universities and 51<sup>st</sup> highest of all American institutions (public or private). The University was also ranked in the top 100 best universities in the world and in the top 43 best American universities in the *Times Higher Education* of London’s “World Reputation Rankings” of 2015. Adding to its world-class reputation, total research and development expenditures at the University reached approximately \$629 million in fiscal year 2015, marking the sixth straight year that the University has exceeded the \$500 million mark.

#### **UNIVERSITY CAMPUSES**

The University is composed of five campuses, spread across the Commonwealth in Amherst, Boston, Dartmouth, Lowell and Worcester. Each campus has a unique history and plays a unique role in helping the University meet its mission.

##### **Amherst Campus**

The Amherst campus (“UMass Amherst” or the “Amherst Campus”), the University’s flagship campus approximately 90 miles west of Boston, is the largest in the University system. With a student body of 22,942 full-time equivalent (“FTE”) undergraduate and 4,755 FTE graduate students enrolled in Fall 2015, the Amherst Campus offers the most comprehensive and varied programs of the campuses in the University system, including liberal arts and professional programs, in addition to doctoral and research programs. It offers six associate-level programs and 117 bachelor’s, 75 master’s and 47 doctoral degree programs. During the 2014-2015 academic year, 54 associate’s, 5,683 bachelor’s, 280 undergraduate certificates, 1,715 advanced degrees and 39 graduate certificates were conferred. Students may enroll in the College of Education, College of Engineering, College of Humanities and Fine Arts, College of Information and Computer Sciences, Isenberg School of Management, College of Nursing, College of Natural Sciences, School of Public Health and Health Sciences, College of Social and Behavioral Sciences, and the Stockbridge School of Agriculture.

## EXHIBIT B

The 1,400-acre Amherst Campus includes the 28-story W.E.B. Du Bois Library, containing over six million volumes, including eBooks as well as governmental documents and law collections, the 9,000-seat state-of-the-art multi-purpose arena, the William D. Mullins Center and 51 campus residence halls in seven unique residential areas. In 2008, the campus opened the Studio Arts Building and the Central Heating Plant and completed renovations to a landmark academic building. In 2009, the campus completed a new student recreation center and an integrated sciences building. In 2011, the UMass Amherst police department began operations at the new Campus Police Station and Emergency Operations Center, which was the first new construction on campus to meet LEED certification standards. In 2012 and 2013, UMass Amherst completed construction of phase one of a new laboratory sciences building, and a \$186 million residential and classroom Commonwealth Honors College complex opened. A state-of-the-art classroom and academic facility opened in the fall of 2014. The Amherst Campus is initiating a variety of efficiency and effectiveness initiatives which are expected to save the campus \$2 million annually in operating costs, including procurement, utility commodities, energy savings, and administrative systems. UMass Amherst is a national leader in campus sustainability, recently receiving prestigious awards for its sustainable academics, research, and campus operations. It is one of only four schools in the country to receive the Climate Leadership Award from Second Nature, reach STARS (Sustainability Tracking, Assessment and Rating System) Gold from the Association for the Advancement of Sustainability in Higher Education (AASHE) and be placed on the Princeton Review Green Honor Roll. The 2013 report of The Center for Measuring University Performance, “The Top American Research Universities 2013 Annual Report,” ranks UMass Amherst 67th for both total research and federal research expenditures among public research institutions. On a number of other measures of competitive success – national academy memberships, faculty awards, doctorates awarded and postdoctoral appointees – the Amherst Campus ranks in the top 54 among public research universities. During fiscal year 2015, the campus once again secured a record amount of sponsored research, including approximately 414 federal awards totaling approximately \$100.4 million.

### **Boston Campus**

The 175-acre Boston campus (“UMass Boston” or the “Boston Campus”), which is located three miles from downtown Boston on a harbor peninsula with the John F. Kennedy Presidential Library, the Edward M. Kennedy Institute for the United States Senate (the “Kennedy Institute”), and the Massachusetts State Archives and Commonwealth Museum, is currently a non-residential campus. The Boston Campus focuses on the academic needs of the local urban and non-traditional populations and the research and policy needs of business, government and communities in the greater Boston metropolitan region. In April 2004, the Boston Campus opened its new 331,000 square foot Campus Center to better serve its students. The Boston Campus has a diverse student body, consisting of 10,371 FTE undergraduate students and 2,825 FTE graduate students enrolled in Fall 2015. The Boston Campus offers 67 undergraduate degree programs, 14 undergraduate certificate programs, 90 master’s programs and graduate certificate programs and over 22 doctoral programs through the College of Liberal Arts, College of Science and Mathematics, College of Management, College of Nursing and Health Sciences, College of Public and Community Service, McCormack Graduate School of Policy and Global Studies, College of Education and Human Development, College of Advancing and Professional Studies, School for Global Inclusion and Social Development and School for the Environment.

During the 2014-2015 academic year, 334 certificates, 2,442 bachelor’s and 1,098 advanced degrees were conferred.

The Boston Campus is the only educational institution in the Northeast to share its campus with a presidential library. The students and faculty have access to the John F. Kennedy Library, as well as to the State Archives building, which houses valuable Massachusetts historic and state government records. The Boston Campus also has over 550,000 books and journals at its Healey Library.

UMass Boston completed the construction of the Integrated Sciences Complex in Fall 2015 and a general academic building known as University Hall was opened for the 2016 spring semester. Additionally, the Kennedy Institute opened in the Spring 2015. The Integrated Science Complex and University Hall are both operated by the Boston Campus. The Kennedy Institute is operated by a charitable

## EXHIBIT B

organization registered in the District of Columbia going by the same name and will be owned by the University of Massachusetts Building Authority (“UMBA”). The Kennedy Institute operates as a civic, academic and research institution focused on the study of the United States Senate. Although the Kennedy Institute has broad public access and is available for target groups outside of the University, one of the primary purposes of the Kennedy Institute is to enhance the academic and research environment available to the students and faculty of the University. Due to the multi-purpose nature of the Kennedy Institute, the University’s annual financial commitment for the capital and operating expenses of the Kennedy Institute is limited to approximately \$1.25 million.

On May 19, 2010, UMBA purchased the Bayside Exposition Center (the “Bayside Site”) for \$18.7 million. The 20-acre Bayside Site is approximately one-half mile from the Boston Campus and will help meet the space needs of the Boston Campus as it begins to develop new campus facilities and renovate outdated existing facilities. The acquisition of the Bayside Site has initiated a University-led planning process to create a vision for redeveloping the site to further University and local objectives. UMass Boston plans to work with the City of Boston, the Commonwealth, neighbors and the surrounding communities to develop a plan that realizes the potential of the Bayside Site, stimulates economic activity, creates jobs and brings greater activity and opportunity to Columbia Point and the region. In the interim, the Bayside Site will allow the University to replace parking eliminated during the above-referenced construction process.

UMass Boston’s 25-year capital plan calls for the redevelopment of the campus with new and renovated facilities, new infrastructure and green space for greater access to and engagement with the public. The first ten years of the capital plan, launched in 2007, calls for more than \$500 million in new facilities and infrastructure construction on the campus. UMass Boston expects to open its first-ever student dormitories in September 2018, achieving a long-held goal of providing students with an on-campus residential option.

In 2015, the Boston Campus completed an institutional self-study in preparation for the reaccreditation review by the New England Association of Schools and Colleges (“NEASC”). In January 2016, NEASC notified the Boston Campus of its continued accreditation. The next NEASC review will be in 2025.

### **Dartmouth Campus**

The Dartmouth campus (“UMass Dartmouth” or the “Dartmouth Campus”) distinguishes itself as a vibrant public research university dedicated to engaged learning and innovative research resulting in personal and lifelong student success. The Dartmouth Campus serves as an intellectual catalyst for economic, social and cultural transformation on a global, national and regional scale. The Dartmouth Campus offers more than 50 undergraduate and 40 graduate programs of study (including 12 at the Doctorate level) through the College of Arts and Sciences (with a School of Education), the Charlton College of Business, the College of Engineering, the College of Nursing, the College of Visual and Performing Arts, the School for Marine Science and Technology and the UMass School of Law (the “Law School”). The main campus, designed by the eminent architect Paul Rudolf, is located on 710 acres in Dartmouth and is approximately 55 miles south of Boston and 30 miles east of Providence, Rhode Island. Other Dartmouth Campus sites include the University of Massachusetts School of Law in Dartmouth, the School for Marine Science and Technology on the waterfront in New Bedford, the Star Store Center for the Arts in New Bedford, the Advanced Technology and Manufacturing Center in Fall River and offices in New Bedford, Fall River and Fairhaven.

On February 2, 2010, the Massachusetts Board of Higher Education issued approval for UMass Dartmouth to offer the Juris Doctor (J.D.) degree and establish the first public law school in the Commonwealth. Through the donation of assets to the University of Massachusetts Foundation, Inc. (the “Foundation”), including the facility, equipment, systems and furnishings from an existing private law school (Southern New England School of Law or “SNESSL”), the Dartmouth Campus admitted the first class of new students to the Law School in August 2010. The opening August 2010 head count enrollment for the first year was 316, which was composed of 165 new law students and 151 students continuing from

## EXHIBIT B

SNESL. During the first year, 51 of the 151 mid-stream students graduated with the J.D. degree and the bar pass rate of those who took the Massachusetts Bar was within 15% of the average bar pass rate for Massachusetts law schools accredited by the American Bar Association (“ABA”). The Law School prepared a comprehensive self-study for consideration of provisional ABA accreditation and received an ABA site visit; the final decision for provisional accreditation was granted on June 12, 2012. Current downturns in admissions to law schools across the country have resulted in a somewhat smaller than expected number of new students; the Fall 2015 overall enrollment was 205. Despite lower than expected Law School enrollment, the Dartmouth Campus’s detailed overall enrollment and revenue planning for a variety of admissions demand scenarios continues to ensure institutional strength and provides for hiring and program development needed to ensure educational quality and success. The Law School has a public-service focus, with a curriculum concentrating on civil and human rights, legal support for businesses, economic justice and community law. The operating plan for the Law School calls for increasing enrollment, the bar pass rate, employment rate, and reputation, as well as assuring compliance with ABA standards, anticipating ABA accreditation in 2016 or 2017.

The Dartmouth Campus had 6,540 FTE undergraduate and 1,226 FTE graduate students enrolled in Fall 2015. During the 2014-2015 academic year, 31 undergraduate certificates, 1,362 bachelor’s and 550 advanced degrees/certificates were conferred. The most recent edition of U.S. News and World Report’s (“U.S. News”) “America’s Best Colleges” ranks UMass Dartmouth as the number two public regional university in New England. The College of Engineering is listed among the best undergraduate engineering programs in the country, as are the online programs. The Dartmouth Campus, which is implementing its strategic plan, UMASSDTRANSFORM2020, weaves the research, academic, creative and community service activities of faculty and graduate students into the undergraduate experience and into the economic and cultural life of southeastern Massachusetts and beyond. Areas of focus for the strategic plan include marine science, law and public policy, K-12 schools, healthcare, economic development and the creative economy.

In the summer of 2015, the University began construction of the Charlton College Learning Pavilion providing approximately 22,000 square feet of needed classrooms, meeting spaces, an auditorium and technology-enhanced space. In October 2015, the University broke ground on the \$55 million expansion of its School for Marine Science and Technology in New Bedford and launched its Center for Innovation and Entrepreneurship in Fall River to strengthen the connections between UMass Dartmouth research and regional economic development.

In 2016, UMass Dartmouth was officially designated as a Doctoral University – Higher Research Activity (R2) from the National Carnegie Classification of Institutions of Higher Education at the Center for Postsecondary Research at Indiana University, achieving a major milestone for the University and the region. UMass Dartmouth is the only Massachusetts research university located south of Boston. This designation elevates UMass Dartmouth from its previous designation as a Master’s University.

### **Lowell Campus**

The Lowell campus (“UMass Lowell” or the “Lowell Campus”) is a doctoral-level research university committed to educating students for lifelong success in a diverse world and conducting research and outreach activities that sustain the economic, environmental and social health of the region.

Located in the historic industrial City of Lowell, approximately 25 miles northwest of Boston, the campus spans more than 125 acres along the Merrimack River on three campus clusters – North, South and East. The Lowell Campus had a student body of 10,971 FTE undergraduate and 2,656 FTE graduate students in Fall 2015. The Lowell Campus offers four associate’s, 121 bachelor’s, 48 master’s and 34 doctoral degree programs through the College of Fine Arts, Humanities and Social Sciences, the Kennedy College of Sciences, the Francis College of Engineering, the College of Health Sciences, the Manning School of Business and the Graduate School of Education. The most recent additions to UMass Lowell’s degree inventory are a Master’s degree in Finance and Doctoral degrees in Education and in Applied Psychology and Prevention Science. During the 2014-2015 academic year, 162 associate’s degrees and

## EXHIBIT B

undergraduate certificates, 2,388 bachelor's degrees and 1,467 advanced degrees/certificates were conferred.

UMass Lowell is the third-fastest-rising school on U.S. News & World Report's national universities list over the last five years, gaining 27 spots due to a dramatic transformation driven by the campus's "UMass Lowell 2020" strategic plan. Rapid gains have been made in enrollment, retention, student achievement, research expenditures and fundraising. Undergraduate enrollment has increased 50 percent since Fall 2007, with 42 percent of full-time undergraduates now living on what had historically been a commuter campus. Average SAT scores for incoming freshmen for Fall 2015 are the highest in UMass Lowell history, a combined 1173, up more than 20 points over Fall 2014 and more than 100 points since Fall 2008. Since Fall 2010, freshmen retention has increased from 78 to 86 percent, the four-year graduation rate has increased from 26 to 39 percent and the six-year graduation rate has increased from 51 to 56 percent. UMass Lowell's 1,000-student Honors College, established in 2014, had a one-year retention rate of 93 percent. In recognition of the benefits of small classes in certain gateway courses and labs, the percentage of classes with fewer than 20 students has been increased from 37 to 59 percent since Fall 2008. UMass Lowell is recognized by the Carnegie Foundation as a "Research University - High Research Activity" with annual research expenditures exceeding \$66 million. Since 2007, the university has secured more than \$135 million in gifts and pledges and increased the endowment from \$37 million to \$82.4 million. In 2015, UMass Lowell received a Higher Education Excellence in Diversity (HEED) Award from Insight Into Diversity Magazine, The Education Trust ranked it third in the nation for closing achievement gaps for underrepresented students and The Washington Center for Internships and Academic Seminars named it Public Institution of the Year.

Over the last seven years, 12 buildings have been constructed, acquired and redeveloped, fully renovated or built via public-private partnership on the Lowell Campus. In 2009, UMBA purchased the former Doubletree Hotel in downtown Lowell and converted the property into the UMass Lowell Inn & Conference Center (the "ICC"), a multi-purpose property that provides hotel accommodations, high-quality conference space and housing for 500 students. In 2010, UMBA acquired the 6,500-seat Tsongas Arena from the City of Lowell, renaming it the Tsongas Center at UMass Lowell and hosting hockey and basketball games, concerts, functions, University events and other community activities. In 2011, UMBA purchased the former St. Joseph's Hospital in Lowell, redeveloping it as University Crossing, an important connection point between UMass Lowell's North, South and East campuses that has become a vibrant hub for students and the community since opening in 2014. The \$80 million, 84,000-square-foot Mark and Elisia Saab Emerging Technologies and Innovation Center (the "Saab Center") opened in October 2012 as the first new academic building on campus in more than three decades. The opening of the Saab Center was followed by the opening of the \$40 million Health and Social Sciences Building in 2013. Also in 2013, UMass Lowell opened the \$54 million University Suites residence hall, providing suite-style housing for 472 students. A second suite-style residence hall, Riverview Suites, with housing for 800 students, was built by a private developer for lease by UMass Lowell starting in 2013 with a second phase opening in 2015. In 2014, the Charles J. Hoff Alumni Scholarship Center opened following a private developer's historic renovation and lease to the campus. In 2015, the McGauvran Center reopened as a hub for dining, learning and gathering following a \$34 million renovation and expansion. During that span, two parking garages were also constructed at a total cost of \$40 million. The campus's 13<sup>th</sup> building since 2009, the \$40 million Pulichino Tong Business Center will open in 2017. A renovation of Perry Hall, which houses UMass Lowell's signature engineering programs and will encourage additional industry partnerships, is in the design phase. In 2015, UMass Lowell launched a \$27 million project with the Commonwealth's Accelerated Energy Program (AEP) that will generate \$1.5 million in annual energy savings and reduce campus-wide energy usage by 20 percent or more.

In July 2013, UMass Lowell athletics officially elevated to Division I in all sports, with 17 sports joining the America East Conference. The reclassification to full Division I status is a four-year process. The ice hockey program has competed in Division I since 1983 and is a member of Hockey East.

### **Worcester Campus**

The Worcester campus (“UMass Worcester” or the “Worcester Campus”) provides general and specialized medical education, engages in a comprehensive program of basic scientific and clinical research and provides graduate level training in the biomedical sciences and nursing. Located approximately 40 miles west of Boston and 50 miles east of Amherst, the campus is home to three graduate schools: the School of Medicine (the “Medical School”), the Graduate School of Biomedical Sciences and the Graduate School of Nursing. The Worcester Campus also consists of a \$250 million research enterprise, public service entities such as Commonwealth Medicine and MassBiologics and the University Campus hospital of UMass Memorial Health Care (formerly the Clinical Services Division of the University) which is the clinical partner of the Medical School. Effective March 31, 1998, as enacted by Chapter 163 of the Acts of 1997 of the Commonwealth, the Clinical Services Division of the University and the subsidiaries of a University-related organization, UMASS Health System, were contributed to and merged with and into an independent Massachusetts not-for-profit corporation named UMass Memorial Health Care, Inc. (“UMass Memorial”). Pursuant to an agreement between the parties, the University’s obligations to UMass Memorial are limited to allowing it to remain on the UMass Worcester Campus and to sharing certain capital, operating and shared-services expenses relating to such premises, as more fully described in the notes to the University’s financial statements.

Created in 1962, UMass Worcester provides medical education at an affordable cost to Massachusetts residents and graduate education to science and nursing students, offering incentives to graduates who practice primary care and other medical disciplines in underserved areas in Massachusetts. With a nationally renowned and recognized program in primary care training, which is perennially ranked in the top 10% of all U.S. medical schools by U.S. News, as well as its success in graduating physicians who remain in Massachusetts to establish their careers, the Medical School plays a unique role in fulfilling the health care provider workforce needs of Massachusetts. The Medical School has aligned itself with the Association of American Medical Colleges’ recommendation that medical schools increase the number of physicians they educate to help address the looming shortage of doctors, especially those in primary care fields. To help address physician workforce shortages in the Commonwealth, the Worcester Campus had already increased the incoming class size for the Medical School from 103 to 125. Once again and on account of the Medical School’s ongoing commitment to increase the supply of physicians practicing in the Commonwealth, the Worcester Campus is in the midst of another Medical School class size expansion. Over the course of the next two years, the Medical School will increase class size from 125 to 150 students. This will allow the Medical School to evolve the composition of its student body, which has been limited by a residency requirement. Moving forward, the Medical School will open up a modest number of slots (25 per year) for out-of-state students, who will pay a competitive market rate. Such a move will give the Medical School a national profile in the medical education field and greatly enhance and diversify the applicant pool. This further expansion has necessitated identifying and partnering with additional clinical affiliates to ensure an outstanding educational experience for medical students. In 2015, the Worcester Campus announced a new affiliation with Cape Cod Hospital in Hyannis, as well as the establishment of its first-ever regional campus in partnership with Baystate Health in Springfield.

The Graduate School of Biomedical Sciences, composed of Basic & Biomedical Sciences and Clinical & Population Health Research divisions, trains students in their selected specialty area, while emphasizing a broad background in the basic medical sciences in preparation for research with direct relevance to human disease. The Graduate School of Nursing provides high quality master’s and doctoral-level preparation for advanced-practice nurses and nurse educators.

Consistent with its strategic plan and mission, the Worcester Campus supports a highly productive and collaborative research enterprise with outstanding scientific resources and facilities. The Worcester Campus research community includes a Nobel Laureate, a Breakthrough Prize and Lasker award recipient, three members of the National Academy of Sciences, three members of the Institute of Medicine, one member of the Royal Society and seven Howard Hughes Medical Institute Investigators. The research enterprise at the Worcester campus is founded upon a world-class basic science research program with well-documented programmatic strengths in RNA biology, gene therapy, receptors and cell signaling,

## EXHIBIT B

neurodegenerative diseases, cardiovascular diseases, diabetes, immunology and autoimmunity and infectious diseases.

With the signing of the \$1 billion Life Sciences Bill by Governor Deval Patrick on June 16, 2008, UMass Worcester assumed a key role in helping realize the Commonwealth's potential as a global leader in life sciences. The law provided funding for the Albert Sherman Center, a 512,000 square-foot education and research complex that was completed in December 2012 and formally opened on January 30, 2013. The largest facility built on the Worcester Campus since construction of the original medical school and hospital complex in the 1970s, the Sherman Center serves as the new hub of the Worcester Campus integrating research, education and social activities.

For Fall 2015, the Worcester Campus had 1,056 FTE graduate and medical students enrolled in six master's and six doctoral degree programs, as well as 545 post-graduate residents and fellows enrolled in 19 medical residency programs and 33 medical fellowship programs. During the 2014-2015 academic year, 2 post-master's certificates and 244 advanced degrees were conferred. The Worcester Campus provides general and specialized medical care and engages in a comprehensive program of basic scientific and clinical research that benefits the recipients of clinical services and contributes to the national effort to understand, prevent and treat disease. In 2012, the educational program leading to the M.D. degree at the Worcester Campus was successfully re-accredited by the Liaison Committee on Medical Education ("LCME"), with a full eight year cycle. In addition, the NEASC conducted a site visit evaluation for the reaccreditation of UMass Worcester, and the final NEASC reaccreditation report was confirmed in May 2013.

### **UMassOnline**

In February 2001, the University launched UMassOnline, the University's system-wide online education consortium. Headquartered at the President's Office Collaborative Services Facility in Shrewsbury, Massachusetts, UMassOnline enables the University to provide greater access to its educational programs and to increase revenues that can be used to support the campuses. In fiscal year 2015, UMassOnline and the Continuing Education units at the five campuses collaboratively generated tuition revenue of \$89.6 million and supported over 66,767 course enrollments.

UMassOnline's mission is to provide access to a University of Massachusetts education to students who are unable to attend one of the campuses, serving community needs for education in the critical areas of economic development, health and welfare and education, and raising revenues for support of students, faculty, teaching, outreach and research. To this end, UMassOnline supports the campuses in developing, growing and marketing online programs by funding the development of new online programs, providing faculty support, development and training, providing technology support and by creating and maintaining a robust platform for online learning, assessing new teaching and learning technologies, and deploying marketing programs that will position the University as a high-quality national leader in online higher education, as well as increase online course and program enrollments in the Massachusetts, New England, national and international markets.

In academic year 2014-2015, the University offered over 147 online degrees, certificates and continuing medical education programs, as well as 1,500 online and blended courses.

### **The University of Massachusetts Collaborative Service Facility**

The University established the University of Massachusetts Collaborative Services Facility ("CSF") in November 2003. The CSF is located in Shrewsbury, Massachusetts. The CSF was created for the purpose of consolidating a number of departments within the University President's Office and other UMass organizations in an effort to both reduce costs and better serve the University system.

## EXHIBIT B

### **The University of Massachusetts Club**

The University, acting through UMBA, has established an Alumni dining club, known as “The University of Massachusetts Club.” The Club opened on October 31, 2005 and is located on the 32<sup>nd</sup> floor of 1 Beacon Street in downtown Boston. As of August 1, 2015, the Club is managed by the not-for-profit organization University Services, Inc.

### **UNIVERSITY RELATED ORGANIZATIONS**

The financial statements of the University include the University and certain other organizations that have a significant relationship with the University. The statements include the University’s blended component units, which are UMBA, a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960 of the Commonwealth, as amended, the Worcester City Campus Corporation (“WCCC”), a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, and the University of Massachusetts Amherst Foundation, Inc. (the “UMass Amherst Foundation”), a tax-exempt organization that was established in 2003.

The purposes of UMBA are to provide dormitories, dining commons and other buildings and structures for use by the University and other entities associated with the University and to issue bonds to finance such projects. The University created WCCC in 1992 to purchase various assets of Worcester City Hospital, to operate as a real estate holding company, and to foster and promote the growth, progress, and general welfare of the University’s Worcester Campus and all of its locations. The subsidiaries of WCCC include Worcester Campus Services, Inc. (“WCS”) and U Health Solutions, Inc. (“UHS”) (formerly Public Sector Partners, Inc. (“PSP”). WCS has 11 real estate holding company subsidiaries. Through its Board of Directors, the UMass Amherst Foundation leads and supports private fundraising on behalf of UMass Amherst faculty, students and facilities.

The University’s discrete component units are the University of Massachusetts Foundation, Inc. (the “Foundation”) and the University of Massachusetts Dartmouth Foundation, Inc. (the “Dartmouth Foundation”). These foundations are tax-exempt organizations related to the University and were established to foster and promote the growth, progress and general welfare of the University and to solicit, receive and administer gifts and donations for such purposes. The Foundation manages the majority of the University’s endowments, including the endowment of the UMass Amherst Foundation. The Foundation and the Dartmouth Foundation are reported in the financial statements of the University as part of the University Related Organizations.

### **GOVERNANCE**

Under the General Laws of the Commonwealth (the “General Laws”), the University is governed by a Board of Trustees (the body herein called the “University Trustees” or the “Board of Trustees of the University”) under the coordinating authority of the Commonwealth’s Department of Higher Education (“DHE”) (successor to the Commonwealth Board of Higher Education). The day-to-day operations of the University are directed by a team of administrative officers of the University, the chief executive officer being the President of the University (the “President”).

The General Laws give the University Trustees the authority to govern the University and to appoint the President, the Chancellors (the senior administrative officers of each campus) and other officers and members of the professional staff. The General Laws also grant to the University Trustees the legal right to establish and manage non-appropriated funds, which funds include, for example, certain student fees, grants and contracts, and funds used to support certain self-sufficient operations within the University. See “UNIVERSITY REVENUES AND BUDGETING” below. The University Trustees consist of 19 voting members and three non-voting members. Seventeen voting members of the University Trustees are appointed by the Governor of the Commonwealth (the “Governor”). One of these appointees is the Secretary of Education, as mandated by Chapter 27 of the Acts of 2008 and at least five of those appointed must be alumni of the University and one must be a representative of organized labor. Two of the voting members are full-time students of the University and three additional full-time students act as non-voting

## EXHIBIT B

members. The student members are elected annually from each of the five campuses and the two voting student positions are rotated annually among the members representing the five campuses. The University Trustees, except for the student members, serve five-year staggered terms, and are eligible for reappointment for an additional five-year term.

The President is responsible for implementing the policies of the University Trustees and for providing leadership for the activities and operations of the University. The President's Office is responsible for the development of academic and financial policies, overall coordination of University activities, and certain University-wide operational activities, including Internal Audit, the General Counsel's office, the Treasurer's and Controller's functions, Information Systems and Human Resources.

### **Education System Reorganization**

In February 2008, legislation was passed that reorganized the leadership structure of education in the Commonwealth. A cabinet-level executive office of education was established with comprehensive education oversight, including the following departments: Early Education, Elementary and Secondary Education and DHE. The legislation also established a position of Secretary of Education whose authority includes authorizing the hiring of the respective Commissioners of the education departments, approving long-term planning, and approving budget and capital requests. In addition, the reorganization increased the size of each of the education boards by two members and designated the Secretary of Education as a voting member on the three education boards as well as a voting member of the Board of Trustees of the University. The reorganization also provided the Governor with the authority to appoint the chair of the University Trustees.

### **Department of Higher Education**

The University is subject to the coordinating authority of the DHE, which has the statutory responsibility to develop, foster and advocate for the public higher education system in Massachusetts (which consists of the University, nine state universities, and 15 community colleges), to review and establish tuition at the state universities and the community colleges, to approve changes in academic programs at these institutions, and to collaborate with the public institutions of higher education in order to identify and define institutional missions.

The Board of the DHE consists of 13 voting members; one of whom is the Secretary of Education, nine members appointed by the Governor reflecting regional geographic representation and three members chosen to represent public institutions of higher education. Of the members appointed by the Governor, at least one must be a representative of organized labor, one must be a representative of the business community and one must be a full-time undergraduate student at a public institution of higher education. Of the members chosen to represent public institutions of higher education, one must be a member of the Board of Trustees of the University as voted by the University Trustees, one must be a member of a board of trustees of a state university chosen by vote of the chairs of the boards of trustees of each of the state universities, and one must be a member of a board of trustees of a community college chosen by vote of the chairs of the boards of trustees of each of the community colleges. Three of the DHE members appointed by the Governor are appointed for terms coterminous with that of the Governor. The remaining members of the Board of the DHE are appointed to serve five-year terms, except that the undergraduate student members will be appointed annually. The chairperson of the Board of the DHE is selected by the Governor.

### **Board of Trustees**

The present members and officers of the University Trustees, their original appointment dates and the expiration dates of their respective current terms are set forth below. The term expiration date is September 1 of the applicable year; however University Trustees generally continue to serve until a successor University Trustee is appointed.

EXHIBIT B

<b>Name and Position; Month and Year Initially Appointed</b>	<b>Current Term Expiration Date</b>
Victor Woolridge, <i>Board of Trustees Chair</i> , Springfield <i>Appointed November 2009</i> Vice President, Cornerstone Real Estate Advisers, LLC	2019
Maria D. Furman, <i>Board of Trustees Vice Chair</i> , Wellesley <i>Appointed November 2009</i> Former Managing Director and Bond Portfolio Manager of Standish Mellon Asset Management (retired)	2019
James R. Buonomo, Shrewsbury <i>Appointed April 2013</i> Consultant, JRB Advising	2018
Richard P. Campbell, J.D., Cohasset <i>Appointed September 2011</i> Founder and Shareholder, Campbell Campbell Edwards & Conroy, P.C.	2016
Lawrence M. Carpman, Marshfield <i>Appointed September 2011</i> President, Carpman Communications, LLC	2016
Edward W. Collins, Jr., Springfield <i>Appointed September 2007</i> International Representative, International Brotherhood of Electrical Workers	2017
Robert Epstein, Brockton <i>Appointed September 2015</i> President & CEO, Horizon Beverage Group	2020
David G. Fubini, Boston <i>Appointed April 2013</i> Senior Director, McKinsey & Company	2018
Philip W. Johnston, Marshfield <i>Appointed September 2007</i> President, Philip W. Johnston Associates	2017
Alyce J. Lee, Milton <i>Appointed September 2011</i> Founding Trustee and Vice Chair, Board of Trustees, Boston Medical Center (BMC) and Former Chief of Staff to Mayor Thomas M. Menino	2016
Robert Manning, Boston <i>Appointed August 2015</i> Chairman & Co-CEO, MFS Investment Management	2016
Jacob Miller, Fairhaven <i>Non-voting Student Member, Appointed April 2014</i> University of Massachusetts, Dartmouth	2016
Jeffrey B. Mullan, J.D., Milton <i>Appointed September 2011</i> Partner, Foley Hoag LLP	2016
Nolan O'Brien, Quincy <i>Voting Student Member, Appointed April 2013</i> University of Massachusetts, Boston	2016
Emily C. O'Neil, Amherst <i>Voting Student Member, Appointed April 2015</i> University of Massachusetts, Amherst	2016

## EXHIBIT B

Kerri Osterhaus-Houle, M.D., Hudson <i>Appointed September 2007</i> Partner, Women's Health of Central Massachusetts, PC	2018
R. Norman Peters, J.D., Paxton <i>Appointed September 2009</i> Partner, Peters & Sowyrda	2019
James A. Peyser, MALD, Milton <i>Appointed January 2015</i> Secretary of Education, Executive Office of Education Commonwealth of Massachusetts	<i>Serves ex-officio</i>
Amanda Robinson, Hingham <i>Non-Voting Student Member, Appointed April 2015</i> University of Massachusetts, Lowell	2016
Yevin Roh, Worcester <i>Non-Voting Student Member, Appointed April 2015</i> University of Massachusetts Medical School	2016
Henry M. Thomas, III, J.D., Springfield <i>Appointed September 2007</i> President and CEO, Urban League of Springfield, Inc.	2017
Margaret D. Xifaras, J.D., Marion <i>Appointed September 2011</i> Attorney, Law Offices of Lang, Xifaras & Bullard	2016

### **Administrative Officers**

The following is a list of the current administrative officers of the University.

*Martin T. Meehan, J.D., age 59*

Martin T. Meehan, J.D., began his term as President of the University on July 1, 2015. Mr. Meehan was previously the Chancellor of the Lowell Campus since July 2007. Prior to that, Mr. Meehan represented the Fifth Congressional District of Massachusetts in the U.S. House of Representatives since 1993. He has also served as the First Assistant District Attorney for Middlesex County from 1991 to 1992. Mr. Meehan was also the Director of Public Affairs for the Massachusetts Secretary of the Commonwealth and the Deputy Secretary of State for Securities and Corporations from 1986 to 1990. Mr. Meehan earned his B.S. in Education and Political Science from the University of Massachusetts, Lowell, a Master's degree in Public Administration from Suffolk University and a J.D. degree from Suffolk University Law School. He holds honorary degrees from Suffolk University, Green Mountain College in Vermont and Shenkar College of Engineering & Design in Israel.

*James R. Julian, Jr., J.D., Executive Vice President and Chief Operating Officer, age 53*

James R. Julian, Jr., J.D., has been the Executive Vice President at the University since January 1996. Prior to joining the University, he served as Chief of Staff and Counsel for the former Massachusetts Senate President, William M. Bulger, from 1991 to 1996. He holds a B.S. degree in Political Science from Suffolk University and a J.D. degree from the New England School of Law.

*Marcellette G. Williams, Ph.D., Senior Vice President for Academic Affairs, Student Affairs and International Relations, age 73*

Marcellette G. Williams, Ph.D., has been the Senior Vice President for Academic and Student Affairs and International Relations since July 2005. Dr. Williams served as interim Chancellor of the

## EXHIBIT B

Amherst Campus from July 2001 through July 2002. Prior to becoming interim Chancellor, Dr. Williams was Deputy Chancellor and Professor of English and Comparative Literature at the Amherst Campus. Prior to joining the University, Dr. Williams served in a variety of academic and administrative positions at Michigan State University, where she earned her bachelor's, master's and doctoral degrees.

*Christine M. Wilda, Senior Vice President for Administration & Finance and Treasurer, age 45*

Christine M. Wilda was appointed to the position of Senior Vice President for Administration & Finance and Treasurer in July 2012. Previously, she served as interim Vice President for Administration & Finance, Treasurer and Controller from February 2012 to June 2012 and as the University Controller from 2002 to January 2012. Prior to that, Ms. Wilda was an associate in the University Controller's office since 1992. Ms. Wilda received a B.A. degree in Accounting and an M.B.A. degree from the Isenberg School of Management at the University of Massachusetts, Amherst.

*Kumble R. Subbaswamy, Ph.D., Chancellor, Amherst Campus, age 63*

Kumble R. Subbaswamy, Ph.D., became the Chancellor of the Amherst Campus in July 2012. Dr. Subbaswamy previously served as provost at the University of Kentucky since 2006. He joined the University of Kentucky's physics faculty in 1978 after serving as a post-doctoral fellow at the University of California, Irvine. During his first eighteen years at the University of Kentucky, he served as Associate Dean of Arts and Sciences and as chair of the Department of Physics and Astronomy. Dr. Subbaswamy was also Dean of the College of Arts and Sciences at the University of Miami from 1997 to 2000, when he left to become Dean of Arts and Sciences at Indiana University in Bloomington, where he served until 2006. Dr. Subbaswamy holds a B.S. degree in Physics from Bangalore University, an M.S. degree in Physics from Delhi University and a Ph.D. degree in Physics from Indiana University.

*J. Keith Motley, Ph.D., Chancellor, Boston Campus, age 60*

J. Keith Motley, Ph.D., became the Chancellor of the Boston Campus in July 2007. Previously, Dr. Motley had held the position of Vice President for Business and Public Affairs since 2005. Dr. Motley served as Interim Chancellor of the Boston Campus from August 2004 until June 2005. Prior to becoming Interim Chancellor, Dr. Motley served as the Vice Chancellor for Student Affairs at the Boston Campus. Previously, Dr. Motley held a variety of student-service positions at Northeastern University including Dean of Student Services, Associate Dean/Director of the John D. O'Bryant African-American Institute and Assistant Dean/Director of the Office of Minority Student Affairs. Dr. Motley is a founder of the Roxbury Preparatory Charter School and chair emeritus of the school's board of trustees. He also serves on the board of trustees of Newbury College in Brookline. Dr. Motley holds B.S. and M.Ed. degrees from Northeastern University and a Ph.D. degree from Boston College.

*Peyton Randolph Helm, Ph.D., Interim Chancellor, Dartmouth Campus, age 67*

Peyton Randolph (Randy) Helm, Ph.D., was appointed interim Chancellor of the Dartmouth Campus, effective March 15, 2016. Previously, Dr. Helm was the President at Muhlenberg College for 12 years and was named President Emeritus by the Muhlenberg trustees at commencement in May 2015. At Muhlenberg, Dr. Helm served as a professor of history and taught courses in Homeric Epic and Greek history. Prior to his Muhlenberg presidency, Dr. Helm served as Vice President for College Relations and professor of classical studies at Colby College in Waterville, Maine, and held leadership positions in student affairs and development at the University of Pennsylvania. Dr. Helm earned a B.A. degree in Archaeology from Yale University and a Ph.D. in Ancient History from the University of Pennsylvania.

*Jacqueline Moloney, Ed. D., Chancellor, Lowell Campus, age 62*

Jacqueline Moloney, Ed.D, was appointed Chancellor of the Lowell Campus in August 2015. Previously, Dr. Moloney served as Executive Vice Chancellor of the Lowell campus since 2007. Prior to becoming Executive Vice Chancellor, Dr. Moloney served as Dean of the Division of Online and

## EXHIBIT B

Continuing Education at UMass Lowell since 1994 and Executive in Residence for UMassOnline since 2000. Dr. Moloney also served as Dean of University College and Director of the Centers for Learning at UMass Lowell from 1990 to 1994. Dr. Moloney received a B.S. degree in Sociology from UMass Lowell, an M.A. degree in Social Psychology from Goddard College, and an Ed.D. degree from UMass Lowell.

*Michael F. Collins, M.D., Chancellor, Worcester Campus and Senior Vice President for Health Sciences, age 59*

Michael F. Collins, M.D., was appointed Chancellor of the University of Massachusetts Medical School, where he also serves as professor of quantitative health sciences and medicine, on September 26, 2008. Dr. Collins served as interim Chancellor of the University of Massachusetts Medical School from June 2007 to September 2008. In June 2007, Dr. Collins was appointed Senior Vice President for Health Sciences at the University of Massachusetts. Dr. Collins served as Chancellor of the UMass Boston Campus from 2005 through 2007. Prior to joining the University of Massachusetts, Dr. Collins served as President and Chief Executive Officer of Caritas Christi Health Care from 1994 to 2004 and from 1994 to 2001 he served as President of St. Elizabeth's Medical Center in Brighton, a university academic medical center affiliated with Tufts University School of Medicine. A board certified physician in internal medicine and a Fellow of the American College of Physicians, Dr. Collins has held a number of faculty and academic leadership positions over the course of his career. At Texas Tech University Health Sciences Center, his posts included Assistant Professor of Internal Medicine and Assistant Dean for Patient Care Resources. At Tufts University, he served as Clinical Professor of Internal Medicine and Associate Dean of Government and Medical Affairs in the School of Medicine and as a senior fellow at the Jonathan M. Tisch College of Citizenship and Public Service. Dr. Collins received a B.A. degree from the College of the Holy Cross and earned an M.D. degree from Tufts University School of Medicine.

### **Faculty and Staff**

The University had 5,772 faculty members for Fall 2015, including 3,977 full-time faculty. Of the full-time faculty (excluding Worcester faculty), 53.5% were tenured, 22.6% were on track for tenure and the remaining 23.9% were not on tenure track. In addition, the University had 11,621 staff members for Fall 2015, of which 93.4% were full-time. The University faculty has received some of the world's most prestigious awards and honors, including the MacArthur Fellowship, the Pulitzer Prize, the National Book Award and the Nobel Prize. The University faculty also includes National Science Foundation grant winners and Fulbright Scholars. The University student FTE to faculty FTE ratios, excluding continuing education, are 17.5:1, 16:1, 18:1 and 18:1 for the Amherst, Boston, Dartmouth and Lowell campuses, respectively. The Worcester Campus ratio is not presented because the delivery of graduate medical education is not comparable to that of campuses offering a traditional range of undergraduate and graduate programs.

## **STRATEGIC INITIATIVES**

Under the leadership of President Meehan and the University Trustees, the University is engaged in a series of strategic initiatives identified as a result of an interactive, collaborative process between the President's Office and campus leadership. The strategic initiatives acknowledge the unique strengths of each of the campuses and recognize the important role of the University in supporting the Commonwealth's economic success. The initiatives are as follows:

- *Accountability* – benchmarks and peer comparisons have been set for each of the five UMass campuses and specific goals have been set for each Chancellor of the University.
- *Growing the University* – To further economic and academic growth, the University has established satellite centers in Springfield and Haverhill, and anticipates opening a satellite center in the President's new office site in downtown Boston in 2016.

## EXHIBIT B

- *Expanding Research and Development* – The University participates as a member of the Mass Green High Performance Computing Center providing increased capacity for research and created the UMass Innovation Institute to expand the University’s capacity for applied research.
- *Fundraising* – The University is developing and focusing its fundraising efforts across all five campuses.
- *Stewards of Resources* – The University continues to increase cost efficiency in providing educational services to students.
- *Efficient and Effective* – The University has been charged by the University Trustees to find ways to achieve the same or better results through more efficient and effective means.

### **ACADEMIC PROGRAMS AND ACCREDITATION**

The University offers a broad spectrum of academic programs, granting Bachelor of Arts degrees in over 60 fields, Bachelor of Science degrees in over 50 fields and bachelor’s degrees in a number of other areas, including Fine Arts and Business Administration. Master of Arts degrees are granted in more than 25 fields, Master of Science degrees in over 45 academic fields and a variety of other master’s degrees are granted in specialized areas including Education, Teaching, Business Administration and Public Health. In addition to the foregoing, the University grants Doctor of Philosophy degrees in over 50 fields, as well as Doctor of Education, Doctor of Science, Doctor of Engineering, Juris Doctor, and Doctor of Medicine degrees. The academic resources of the University are also accessible to part-time students, to local, national and international businesses and to the general community through the continuing education programs.

Each campus of the University is accredited by NEASC, the major accrediting body for institutions of higher education in New England. The Amherst, Boston, Dartmouth, Lowell and Worcester Campuses are accredited through 2018, 2025, 2020, 2023 and 2020, respectively. The Medical School at the Worcester Campus is a member of the Association of American Medical Colleges and was given full accreditation through the 2019-2020 academic year by the LCME, the major accrediting body for programs leading to the M.D. degree. The Law School at the Dartmouth Campus is anticipating accreditation by the ABA in 2016 or 2017. In addition to the foregoing, individual schools and academic programs are accredited by the appropriate agencies in their particular fields.

The University is also an institutional member of numerous organizations of higher learning and professional societies, including, among others, the Association of American Colleges, the Association of Public and Land-Grant Universities, the American Council on Education, the American Association of Colleges for Teacher Education, the American Association of Colleges of Nursing, the Council of Colleges of Arts and Sciences and the New England Board of Higher Education.

### **ENROLLMENT**

Admission to the University is open to residents and non-residents of the Commonwealth on a competitive basis. Massachusetts residents accounted for 81.8% and 53.0% of the University’s total undergraduate and graduate fall enrollment, respectively, during Fall 2015.

For Fall 2015, total full-time equivalent enrollment at the University (including continuing education) was 63,350, representing an increase of 6.5% over the five-year period.

EXHIBIT B

**Total Full-Time Equivalent Enrollment, Fall 2011-2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Undergraduate	47,432	48,135	48,893	49,732	50,833
Graduate	<u>12,048</u>	<u>12,202</u>	<u>12,443</u>	<u>12,576</u>	<u>12,517</u>
Total	59,480	60,337	61,336	62,308	63,350

The following tables show opening head count enrollment as of the University's Fall semester for each of the five campuses since 2011.

***Amherst Campus***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
In-state undergraduate	17,047	16,952	16,900	16,949	17,277
Out-of-state undergraduate	4,765	4,976	5,234	5,303	5,471
In-state graduate	2,331	2,270	2,232	2,260	2,282
Out-of-state graduate	<u>3,941</u>	<u>4,038</u>	<u>4,152</u>	<u>4,123</u>	<u>4,239</u>
Total	28,084	28,236	28,518	28,635	29,269

***Boston Campus***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
In-state undergraduate	10,556	10,610	10,639	10,734	10,866
Out-of-state undergraduate	1,310	1,514	1,727	1,966	2,083
In-state graduate	2,331	2,623	2,667	2,698	2,638
Out-of-state graduate	<u>1,157</u>	<u>1,127</u>	<u>1,244</u>	<u>1,358</u>	<u>1,443</u>
Total	15,741	15,874	16,277	16,756	17,030

***Dartmouth Campus***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
In-state undergraduate	7,214	7,123	6,969	6,939	6,762
Out-of-state undergraduate	366	439	468	515	533
In-state graduate	1,152	1,128	1,019	979	939
Out-of-state graduate	<u>493</u>	<u>520</u>	<u>597</u>	<u>678</u>	<u>682</u>
Total	9,225	9,210	9,053	9,111	8,916

***Lowell Campus***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
In-state undergraduate	9,939	10,229	10,556	10,693	10,921
Out-of-state undergraduate	1,790	2,058	2,178	2,300	2,362
In-state graduate	2,410	2,508	2,551	2,451	2,508
Out-of-state graduate	<u>1,292</u>	<u>1,499</u>	<u>1,647</u>	<u>1,747</u>	<u>1,676</u>
Total	15,431	16,294	16,932	17,191	17,467

***Worcester Campus***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Medical School	514	519	518	508	515
Other	<u>675</u>	<u>641</u>	<u>643</u>	<u>595</u>	<u>564</u>
Total <sup>++</sup>	1,189	1,160	1,161	1,103	1,079

<sup>++</sup>Does not include the head count of registrants in the various continuing medical education programs offered at the Worcester Campus.

EXHIBIT B

**Total Headcount Enrollment**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
In-state undergraduate	44,756	44,914	45,064	45,315	45,826
Out-of-state undergraduate	8,231	8,987	9,607	10,084	10,449
In-state graduate	9,489	9,393	9,322	9,220	9,172
Out-of-state graduate	<u>7,194</u>	<u>7,480</u>	<u>7,948</u>	<u>8,177</u>	<u>8,314</u>
Total	69,670	70,774	71,941	72,796	73,761

From Fall 2014 to Fall 2015, total new freshmen enrollees increased by approximately 0.5% for the system as a whole, while total new transfer enrollees decreased by 0.4% for the system as a whole, based on headcount. The number of total new freshmen enrollees reflected a 0.4% increase in the size of the entering class at the Amherst Campus, an 8.9% increase in new freshmen at the Boston Campus, a 5.2% decrease at the Dartmouth Campus, and a 2.1% decrease at the Lowell Campus. The number of total new transfer enrollees reflected a 4.9% decrease at the Amherst Campus, a 1.6% increase at the Boston Campus, a 2.5% increase at the Dartmouth Campus, and a 1.0% increase at the Lowell Campus.

The University saw an increase in freshmen applications in Fall 2015 compared to Fall 2014. The increase in total freshmen applications included a 7.6% increase at the Amherst Campus, a 10.8% increase at the Boston Campus, a 1.6% increase at the Dartmouth Campus and a 13.3% increase at the Lowell Campus. Transfer applications included a 0.8% decrease at the Amherst Campus, a 1.0% increase at the Boston Campus, a 5.4% decrease at the Dartmouth Campus and a 1.3% decrease at the Lowell Campus.

The following tables provide aggregate data for the campuses (except the Worcester Campus) on University applications, acceptances and matriculations for first year undergraduates and for transfer students.

**First Year Applicants, Acceptances and Matriculants, Fall 2011-2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Applications Received	55,528	58,313	61,253	62,497	67,602
Number of Acceptances	36,517	37,417	40,294	40,347	41,582
Percent of Applicants Accepted	66%	64%	66%	65%	62%
Number of Matriculants	8,845	8,797	9,105	9,332	9,377
Percent Matriculated of Those Accepted	24%	24%	23%	23%	23%

**Transfer Student Applicants, Acceptances and Matriculants, Fall 2011-2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Applications Received	10,181	10,981	10,033	10,048	9,961
Number of Acceptances	7,285	7,985	7,909	7,988	7,727
Percent of Applicants Accepted	72%	73%	79%	79%	78%
Number of Matriculants	4,667	4,824	4,835	4,893	4,873
Percent Matriculated of Those Accepted	64%	60%	61%	61%	63%

The following tables show the most currently available retention and graduation rates for undergraduate freshmen entering the University. The level and changes in retention and graduation rates reflect the diversity of the entering students.

**One-Year Retention Rates - Fall Term (%)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Range of Campus Averages	74-89	74-88	76-89	79-90	75-91

EXHIBIT B

**Six-Year Graduation Rates (%)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Year of Entry	2005	2006	2007	2008	2009
Graduation After 6 Years - Range of Campus Averages <sup>†</sup>	40-68	38-70	44-77	42-76	42-78

<sup>†</sup>The low-end averages of the University data result from the Boston Campus, which focuses on the needs of non-traditional students.

The following table shows the average Scholastic Aptitude Test (“SAT”) scores for entering University undergraduate freshmen.

**SAT Scores for Incoming Freshmen**

Academic Year	<u>2010-2011</u> <sup>*</sup>	<u>2011-2012</u> <sup>*</sup>	<u>2012-2013</u> <sup>*</sup>	<u>2013-2014</u> <sup>*</sup>	<u>2014-2015</u> <sup>*</sup>
Range of Campus Averages	1043-1189	1056-1197	1052-1208	1029-1218	1029-1218

<sup>\*</sup> Combined Mathematics and Critical Reasoning scores.

**Degrees Awarded**

The University awards four levels of degrees: associate’s, bachelor’s, master’s and doctoral/professional degrees. Trends in University degrees and certificates awarded for the past five years are shown in the following table.

**Trends in Degrees Awarded**

Academic Year	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Associate’s/Certificate	248	445	547	472	538
Bachelor’s	9,958	10,399	10,910	11,544	11,875
Master’s/CAGS <sup>+</sup>	3,889	4,166	4,225	4,385	4,679
Doctorate/Professional	616	678	765	773	759

<sup>+</sup>CAGS means Certificate of Advanced Graduate Studies.

**TUITION AND FEES**

The following tables show tuition and mandatory fees for full-time graduate and undergraduate students in effect at the Amherst, Boston, Dartmouth, Lowell and Worcester Campuses for fiscal years 2012 through 2016.

EXHIBIT B

**AMHERST CAMPUS**  
*Tuition & Mandatory Fees: FY 2012-2016*

	<u>Actual</u> <u>2012</u> <sup>1</sup>	<u>Actual</u> <u>2013</u> <sup>2</sup>	<u>Actual</u> <u>2014</u> <sup>3</sup>	<u>Actual</u> <u>2015</u> <sup>4</sup>	<u>Actual</u> <u>2016</u> <sup>5</sup>
<b>TUITION</b>					
Undergraduate (MA resident)	\$1,714	\$1,714	\$1,714	\$1,714	\$1,714
Undergraduate (non-resident)	9,937	9,937	9,937	9,937	9,937
Graduate (MA resident)	2,640	2,640	2,640	2,640	2,640
Graduate (non-resident)	9,937	9,937	9,937	9,937	9,937
<b>CURRICULUM &amp; OTHER MANDATORY FEES</b>					
Undergraduate (MA resident)	\$10,898	\$11,516	\$11,544	\$11,544	\$12,457
Undergraduate (non-resident)	15,463	16,708	18,037	18,876	20,567
Graduate (MA resident)	9,957	10,338	11,002	11,411	12,144
Graduate (non-resident)	14,449	16,200	17,778	18,609	20,037
<b>TOTAL MANDATORY FEES &amp; TUITION</b>					
Undergraduate (MA resident)	\$12,612	\$13,230	\$13,258	\$13,258	\$14,171
Undergraduate (non-resident)	25,400	26,645	27,974	28,813	30,504
Graduate (MA resident)	12,597	12,978	13,642	14,051	14,754
Graduate (non-resident)	24,386	26,137	27,715	28,546	29,974
<b>DORMITORY RESIDENTS ONLY</b>					
Average Room & Board	\$9,512	\$9,937	\$10,439	\$10,957	\$11,503
<b>MANDATORY FEES, TUITION, ROOM &amp; BOARD</b>					
Undergraduate (MA resident)	\$22,124	\$23,167	\$23,697	\$24,215	\$25,674
Undergraduate (non-resident)	34,912	36,582	38,413	39,770	42,007
Graduate (MA resident)	22,109	22,915	24,081	25,008	26,257
Graduate (non-resident)	33,898	36,074	38,154	39,503	41,477

<sup>1</sup> Includes an increase in fees approved by the University Trustees on June 8, 2011.

<sup>2</sup> Includes an increase in fees approved by the University Trustees on June 5, 2012.

<sup>3</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the first year of the 50/50 Initiative.

<sup>4</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the second year of the 50/50 Initiative.

<sup>5</sup> Includes an increase in fees approved by the University Trustees on June 17, 2015.

EXHIBIT B

**BOSTON CAMPUS**  
*Tuition & Mandatory Fees: FY 2012- 2016*

	<u>Actual</u> <u>2012<sup>1</sup></u>	<u>Actual</u> <u>2013<sup>2</sup></u>	<u>Actual</u> <u>2014<sup>3</sup></u>	<u>Actual</u> <u>2015<sup>4</sup></u>	<u>Actual</u> <u>2016<sup>5</sup></u>
<b>TUITION</b>					
Undergraduate (MA resident)	\$1,714	\$1,714	\$1,714	\$1,714	\$1,714
Undergraduate (non-resident)	9,758	9,758	9,758	9,758	9,758
Graduate (MA resident)	2,590	2,590	2,590	2,590	2,590
Graduate (non-resident)	9,758	9,758	9,758	9,758	9,758
<b>CURRICULUM &amp; OTHER MANDATORY FEES</b>					
Undergraduate (MA resident)	\$9,693	\$10,252	\$10,252	\$10,252	\$10,968
Undergraduate (non-resident)	15,169	16,390	17,672	18,632	20,162
Graduate (MA resident)	10,285	10,916	11,578	12,428	13,525
Graduate (non-resident)	15,183	16,405	17,687	19,334	21,357
<b>TOTAL MANDATORY FEES &amp; TUITION</b>					
Undergraduate (MA resident)	\$11,407	\$11,966	\$11,966	\$11,966	\$12,682
Undergraduate (non-resident)	24,927	26,148	27,430	28,390	29,920
Graduate (MA resident)	12,875	13,506	14,168	15,018	16,115
Graduate (non-resident)	24,921	26,163	27,445	29,092	31,115

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<sup>1</sup> Includes an increase in fees approved by the University Trustees on June 8, 2011.

<sup>2</sup> Includes an increase in fees approved by the University Trustees on June 5, 2012.

<sup>3</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the first year of the 50/50 Initiative.

<sup>4</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the second year of the 50/50 Initiative.

<sup>5</sup> Includes an increase in fees approved by the University Trustees on June 17, 2015.

## EXHIBIT B

**DARTMOUTH CAMPUS**  
*Tuition & Mandatory Fees: FY 2012-2016*

	<u>Actual</u> <u>2012</u> <sup>1</sup>	<u>Actual</u> <u>2013</u> <sup>2</sup>	<u>Actual</u> <u>2014</u> <sup>3</sup>	<u>Actual</u> <u>2015</u> <sup>4</sup>	<u>Actual</u> <u>2016</u> <sup>5</sup>
<b>TUITION</b>					
Undergraduate (MA resident)	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417
Undergraduate (non-resident)	8,099	8,099	8,099	8,099	8,099
Graduate (MA resident)	2,071	2,071	2,071	2,071	2,071
Graduate (non-resident)	8,099	8,099	8,099	8,099	8,099
Graduate Law School (MA resident)	-	2,071	2,071	2,071	2,071
Graduate Law School (non-resident)	-	8,099	8,099	8,099	8,099
<b>CURRICULUM &amp; OTHER MANDATORY FEES</b>					
Undergraduate (MA resident)	\$9,718	\$10,264	\$10,264	\$10,264	\$11,171
Undergraduate (non-resident)	13,955	14,929	16,057	16,520	18,074
Graduate (MA resident)	10,367	10,917	11,553	11,881	12,092
Graduate (non-resident)	13,955	14,929	16,057	16,520	26,173
Graduate Law School (MA resident)	-	21,631	21,631	21,631	24,541
Graduate Law School (non-resident)	-	23,295	23,295	23,295	32,293
<b>TOTAL MANDATORY FEES &amp; TUITION</b>					
Undergraduate (MA resident)	\$11,135	\$11,681	\$11,681	\$11,681	\$12,588
Undergraduate (non-resident)	21,952	23,028	24,156	24,619	26,173
Graduate (MA resident)	12,381	12,988	13,624	13,952	14,973
Graduate (non-resident)	21,952	23,028	24,156	24,619	26,173
Graduate Law School (MA resident)	-	23,702	23,702	23,702	24,541
Graduate Law School (non-resident)	-	31,394	31,394	31,394	32,293
<b>DORMITORY RESIDENTS ONLY</b>					
Average Room & Board	\$10,179	\$10,574	\$10,908	\$11,435	\$11,622
<b>MANDATORY FEES, TUITION, ROOM &amp; BOARD</b>					
Undergraduate (MA resident)	\$21,314	\$22,255	\$22,589	\$23,116	\$24,210
Undergraduate (non-resident)	32,131	33,602	35,064	36,054	37,795
Graduate (MA resident)	22,560	23,562	24,532	25,387	26,595
Graduate (non-resident)	32,131	33,602	35,064	36,054	37,795
Graduate Law School (MA resident)	-	34,276	34,610	35,137	36,163
Graduate Law School (non-resident)	-	41,968	42,302	42,829	43,915

<sup>1</sup> Includes an increase in fees approved by the University Trustees on June 8, 2011.

<sup>2</sup> Includes an increase in fees approved by the University Trustees on June 5, 2012.

<sup>3</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the first year of the 50/50 Initiative.

<sup>4</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the second year of the 50/50 Initiative.

<sup>5</sup> Includes an increase in fees approved by the University Trustees on June 17, 2015.

## EXHIBIT B

**LOWELL CAMPUS**  
*Tuition & Mandatory Fees: FY 2012-2016*

	<u>Actual</u> <u>2012</u> <sup>1</sup>	<u>Actual</u> <u>2013</u> <sup>2</sup>	<u>Actual</u> <u>2014</u> <sup>3</sup>	<u>Actual</u> <u>2015</u> <sup>4</sup>	<u>Actual</u> <u>2016</u> <sup>5</sup>
<b>TUITION</b>					
Undergraduate (MA resident)	\$1,454	\$1,454	\$1,454	\$1,454	\$1,454
Undergraduate (non-resident)	8,567	8,567	8,567	8,567	8,567
Graduate (MA resident) <sup>+</sup>	1,637	1,637	1,637	1,637	1,637
Graduate (non-resident) <sup>+</sup>	6,425	6,425	6,425	6,425	6,425
<b>CURRICULUM &amp; OTHER MANDATORY FEES</b>					
Undergraduate (MA resident)	\$9,843	\$10,393	\$10,643	\$10,993	\$11,973
Undergraduate (non-resident)	15,169	16,329	17,579	18,833	20,558
Graduate (MA resident) <sup>++</sup>	9,067	9,592	10,402	11,162	12,162
Graduate (non-resident) <sup>++</sup>	13,379	14,349	15,449	16,553	18,053
<b>TOTAL MANDATORY FEES &amp; TUITION</b>					
Undergraduate (MA resident)	\$11,297	\$11,847	\$12,097	\$12,447	\$13,427
Undergraduate (non-resident)	23,736	24,896	26,146	27,400	29,125
Graduate (MA resident)	10,704	11,229	12,039	12,799	13,799
Graduate (non-resident)	19,804	20,774	21,874	22,978	24,478
<b>DORMITORY RESIDENTS ONLY</b>					
Average Room & Board	\$9,520	\$10,282	\$10,793	\$11,278	\$11,670
<b>MANDATORY FEES, TUITION, ROOM &amp; BOARD</b>					
Undergraduate (MA resident)	\$20,817	\$22,129	\$22,890	\$23,725	\$25,097
Undergraduate (non-resident)	33,256	35,178	36,939	38,678	40,795
Graduate (MA resident)	20,224	21,511	22,832	24,077	25,469
Graduate (non-resident)	29,324	31,056	32,667	34,256	36,148

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<sup>1</sup> Includes an increase in fees approved by the University Trustees on June 8, 2011.

<sup>2</sup> Includes an increase in fees approved by the University Trustees on June 5, 2012

<sup>3</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the first year of the 50/50 Initiative.

<sup>4</sup> Reflects the tuition and mandatory curriculum fee freeze for resident undergraduates as supported by the second year of the 50/50 Initiative.

<sup>5</sup> Includes an increase in fees approved by the University Trustees on June 17, 2015.

<sup>+</sup> Graduate tuition charges at UMass Lowell are on a 9-credit load basis.

<sup>++</sup> Graduate fee charges at UMass Lowell are on a 9-credit load basis.

EXHIBIT B

**WORCESTER CAMPUS**  
*Tuition & Mandatory Fees: FY 2012-2016*

	<u>Actual</u> <u>2012<sup>1</sup></u>	<u>Actual</u> <u>2013<sup>2</sup></u>	<u>Actual</u> <u>2014<sup>3</sup></u>	<u>Actual</u> <u>2015<sup>4</sup></u>	<u>Actual</u> <u>2016<sup>5</sup></u>
<b>TUITION</b>					
Medical School	\$8,352	\$8,352	\$8,352	\$8,352	\$8,352
Graduate (MA resident)	2,640	2,640	2,640	2,640	2,640
Graduate (non-resident)	9,856	9,856	9,856	9,856	9,856
<b>CURRICULUM &amp; OTHER MANDATORY FEES</b>					
Medical School (resident)	\$10,241	\$12,310	\$14,535	\$14,998	\$17,158
Medical School (Class of '19 and beyond)	-	-	-	-	25,665
Medical School (non-resident)	-	-	-	-	58,517
Graduate School of Nursing	7,368	8,107	8,307	8,330	8,354
Graduate School of Biomedical Sciences	4,010	4,079	4,279	4,302	4,326
Ph.D./M.D. (MA resident)	22,041	22,110	22,310	22,333	27,180
Ph.D./M.D. Years 1-2 (non-resident)	37,041	37,110	37,310	37,333	47,213
Ph.D./M.D. Years 3 plus (non-resident)	27,185	27,254	27,454	27,477	37,357
<b>TOTAL MANDATORY FEES &amp; TUITION</b>					
Medical School (resident)	\$18,593	\$20,662	\$22,887	\$23,350	\$25,510
Medical School (Class of '19 and beyond)	-	-	-	-	\$34,017
Medical School (non-resident)	-	-	-	-	\$58,517
Graduate School of Nursing (MA resident)	10,008	10,747	10,947	10,970	\$10,994
Graduate School of Biomedical Sciences (MA resident)	6,650	6,719	6,919	6,942	\$6,966
Graduate School of Nursing (non-resident)	17,224	17,963	18,163	18,186	\$18,210
Graduate School of Biomedical Sciences (non-resident)	13,886	13,935	14,135	14,158	\$14,182
Ph.D./M.D. (MA resident)	24,681	24,750	24,950	24,973	\$27,180
Ph.D./M.D. Years 1-2 (non-resident)	46,897	46,966	47,166	47,189	\$47,213
Ph.D./M.D. Years 3 plus (non-resident)	37,041	37,110	37,310	37,333	\$37,357

<sup>1</sup> Includes an increase in fees approved by the University Trustees on June 8, 2011.

<sup>2</sup> Includes an increase in fees approved by the University Trustees on June 5, 2012.

<sup>3</sup> Includes an increase in fees approved by the University Trustees on June 19, 2013

<sup>4</sup> Includes an increase in fees approved by the University Trustees on June 18, 2014

<sup>5</sup> Includes an increase in fees approved by the University Trustees on June 17, 2015.

**Student Financial Aid**

Eligible University students receive financial aid packages primarily awarded from the federal government, with varying combinations of grants and scholarships, loans and part-time employment. Grants and scholarships represent financial aid that does not require repayment by the student. The primary federal grants and scholarships awarded to eligible University students were Federal Pell Grants of approximately \$73.5 million and Federal Supplemental Education Opportunity Grants of approximately \$3.1 million for the fiscal year 2015. New loans processed by the University for eligible students under federal student loan programs and federally guaranteed loan programs totaled approximately \$343.3 million for the fiscal year 2015. Eligible University students also received approximately \$4.8 million through the Federal Work-Study Program for fiscal year 2015.

## UNIVERSITY REVENUES AND BUDGETING

In general, the University receives revenues from multiple sources: Commonwealth appropriations, student fees and self-supporting activities for which fees are charged to cover the cost of providing the service and federal and state contracts. In fiscal year 2015, Commonwealth appropriations (net of tuition required to be remitted to the Commonwealth) provided approximately 22% of all operating and non-operating revenues of the University (not including University Related Organizations), retained tuition and fees accounted for approximately 28% of all operating and non-operating revenues and other non-appropriated funds (including grants and contracts, auxiliary enterprises and other operating revenues) provided the remaining 50%.

The University's internal accounting is maintained on a budgetary basis. Additionally, the University prepares annual financial statements in accordance with generally accepted accounting principles on an accrual basis. The financial statements of the University as of June 30, 2014 and June 30, 2015 have been audited by Grant Thornton LLP, independent certified public accountants as stated in their report. The consolidated audited financial statements of the University should be read in their entirety, including the footnotes and the Management Discussion and Analysis attached thereto.

### **Budget Process**

The University's fiscal year, like that of the Commonwealth, is from July 1 through June 30. A key source of University revenues is the annual state appropriation determined in the Commonwealth's annual budget process. This process begins approximately one year in advance of the commencement of each fiscal year. The University prepares its consolidated state budget request and forwards it to the Governor and the House and Senate Committees on Ways and Means. A copy of the University's request is also forwarded to the DHE, which incorporates the University's request in whole or in part into its state budget request for the entire public higher education system. The Governor makes funding recommendations to the state legislature (the "Legislature"). The Legislature in turn appropriates funds through its annual budget and other appropriating acts to the University Trustees, who distribute the funds to the five campuses.

The Commonwealth budget process, however, is only one of several ongoing budgetary and review processes that culminate in the presentation to the University Trustees of the overall annual University operating budget. For purposes of the operating budget, the University's revenues are divided into three separate components: General Operations, Sales and Services and Restricted Funds. Annual budgeted revenues and expenditures not related to Commonwealth appropriations are reviewed and approved by the University Trustees prior to the beginning of each fiscal year.

#### General Operations

Revenues from general operations are derived from a variety of sources and may be expended on activities furthering the general education, research and public service mission of the University, including teaching and related student support services, research, public service, institutional support and general maintenance activities. Funding sources for this category include state appropriations, general student fees, interest income, unrestricted giving and administrative overhead.

#### Sales and Services (Designated Funds)

Revenues generated from certain sales and/or services are presented in the budget separately from general operations and by law may be used to support only the operations of those services. An example of a designated fund is a trust fund established to receive revenues from a parking garage. By law, these revenues may be used only for expenses relating to parking and transportation. Other examples in this category are: auxiliary enterprises such as dining halls, dormitories and bookstores; student fee-based activities (other than the general student fee), such as continuing education and international programs; and educational activities such as counseling services.

## EXHIBIT B

### Restricted Funds

In addition to the two foregoing categories of revenue, the University receives revenue from non-campus sources, which, like the designated funds, are limited in their uses. These funds include: state and federal student financial aid funds; state, federal and private grants and contracts; restricted endowment and scholarship funds; and land grant funds for the Amherst Campus.

### **Appropriated Funds**

#### Tuition Retention

Massachusetts has historically been an anomaly in Higher Education because of the way it charges students to attend the University. In Massachusetts, mandatory curriculum fees make up the bulk of the cost of attending the University, rather than tuition. Tuition, which has not increased in over two decades, is set by the Massachusetts Board of Higher Education and is generally remitted to the State's General Fund as a user fee. In fiscal year 2015, the University remitted approximately \$31 million in tuition collected from in-state students. Fees, which account for the majority of student charges, are set by the University Trustees and are retained by the University to fund its operations. The fees have fluctuated over the years as the level of State support provided in the State budget has changed. Over time, this has led to a high fee, low tuition billing model that is antiquated and confusing.

In July of 2015, the Legislature passed and the Governor signed into law provisions in the fiscal year 2016 State budget that would give the University the tools to adopt a new system of billing that conforms to best practices in Higher Education and is consistent with the rest of the nation. The ability for the University to retain tuition, also referred to as Tuition Retention, is the main provision of the law that will allow the University to rationalize and restructure its tuition and fees in a way that is transparent and consistent with its peer institutions.

The Tuition Retention legislation comprised the following key provisions: the University Trustees have been given authority to set tuition rates; the University is required to maintain the value of tuition waivers as tuition discounts; the University would continue to receive fringe support from the State for any employee funded with retained tuition; and the University is required to create a simpler student bill with the majority of charges coming in the form of tuition.

With tuition retention becoming effective on July 1, 2016, the University assembled a steering committee composed of members from each campus and the President's Office in order to begin work on an implementation plan for system changes and communication to students and families. In addition and in accordance with section 195 of the fiscal year 2016 General Appropriation Act, the University established an Advisory Task Force chaired by the President of the University and including members from the University Trustees, the Amherst Chancellor, members of the Baker Administration, and the Office of the Senate President and the Office of the Speaker of the House. The Advisory Task Force is conducting its review and will report its findings regarding the calculation relative to the value of all tuition discounts, specific budgetary information to be reported to the state, the effect on fringe benefits, the reduction to the University's fiscal year base appropriation, and the process for rationalizing future tuition and fee increases.

Tuition Retention is a major efficiency and an important step toward making the University more accountable and transparent to students, their families, Legislators and other stakeholders by showing student charges in a way that alleviates the confusion that had previously existed between tuition and mandatory fees.

Beginning in fiscal year 2004, the Amherst Campus was authorized to retain tuition for non-resident students. Beginning in fiscal year 2012, all of the University campuses were authorized to retain tuition from non-resident students. In fiscal years 2011, 2012, 2013, 2014, and 2015 the University

EXHIBIT B

retained approximately \$34.6 million, \$50.8 million, \$74.5 million, \$75.8, and \$82.0 million of tuition revenue, respectively.

Annual Appropriations

The following tables detail the University’s appropriations received from the Commonwealth and the calculation of total Commonwealth support reported in the financial statements for fiscal years 2011-2015. Table A details the University’s base maintenance appropriation as provided for in the annual budget of the Commonwealth for fiscal years 2012 through 2016. An explanation of the legislative appropriation process by fiscal year is described in detail below. Table B details the total Commonwealth support received by the University from all sources for fiscal years 2011 through 2015, and is the basis for the University’s financial statements.

**TABLE A\***  
**Commonwealth Appropriations by Fiscal Year**

Years Ended June 30  
(\$ millions)

<b>Commonwealth Appropriations</b>	<b>2012 Budget</b>	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>2015 Budget</b>	<b>2016 Budget</b>
UMass Base Appropriation	\$418.0	\$418.1	\$463.5	\$519.0	\$531.8
Collective Bargaining Costs	-	25.7	15.3	2.2	-
9C Budget Reductions	-	(4.2)	-	(7.8)	-
<b>Total UMass Base State Appropriation</b>	<b>\$418.0</b>	<b>\$439.6</b>	<b>\$478.9</b>	<b>\$513.4</b>	<b>\$531.8</b>

\*Totals may not add due to rounding.

The Commonwealth pays the fringe benefit cost for those University employees who are paid from Commonwealth appropriations, which includes 38.2% of all University employees. Therefore, such fringe benefit support is added to the “State Appropriations” financial statement line item as presented in the table below. The University pays the Commonwealth for the fringe benefit cost of the employees paid from funding sources other than Commonwealth appropriations which includes 61.8% of University employees. The University includes tuition collected in the line item in its financial statements captioned “Tuition and Fees” under “Combined Statements of Revenue, Expenses and Changes in Net Assets” and removes the equal amount from the “State Appropriations” line item through the netting process presented in the following table.

**TABLE B**

Years Ended June 30  
(\$ thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gross Commonwealth Appropriations	\$408,019	\$399,469	\$447,837	\$486,656	\$516,794
Plus: Fringe Benefits	147,511	154,953	130,005	141,881	159,403
Less: Tuition Remitted	<u>(49,731)</u>	<u>(37,029)</u>	<u>(35,103)</u>	<u>(34,325)</u>	<u>(31,055)</u>
<b>Net Commonwealth Appropriations</b>	<b><u>\$505,799</u></b>	<b><u>\$517,392</u></b>	<b><u>\$519,311</u></b>	<b><u>\$570,618</u></b>	<b><u>\$621,200</u></b>

The fiscal year 2012 budget approved by the Legislature and signed by the Governor reduced the University’s base state appropriation to \$418.0 million. This reduction was partially offset by legislative approval of the Governor’s bill to allow the University’s Boston, Dartmouth, Lowell and Worcester

## EXHIBIT B

Campuses to retain tuition collected from non-resident students beginning in fiscal year 2012. The amount of non-resident tuition collected by these four campuses totaled \$11.6 million in the initial year. Prior to the legislation, the approximately \$11.6 million of non-resident tuition would have been returned to the Commonwealth. The fiscal year 2012 budget also included \$5.5 million of collective bargaining support and \$6.4 million of line item funding specific to the University. However, the University did not receive any additional ARRA stimulus funds in fiscal year 2012.

The Commonwealth's fiscal year 2013 budget included a base state appropriation amount for the University equal to the base state appropriation received in fiscal year 2012. In addition to the base state appropriation, the budget also provided \$25.7 million to cover the fiscal year 2013 cost of the collective bargaining increases for the University's union employees and \$6.6 million of line item funding specific to the University. With state support consistent with the fiscal year 2012 level despite the fact that enrollments had increased at the University by 15% over the prior five years, the University's Board of Trustees approved a 4.9% tuition and fee increase for undergraduate students for the 2012-2013 academic year. In January of 2013, the Governor imposed mid-year budget reductions pursuant to his 9C Authority to bring the Commonwealth budget into balance. As part of the reductions, the University received a 1% reduction equaling \$4.2 million. By working with the Legislature, the University was able to utilize revenues to meet the reduction with no impact on the fringe support provided by the Commonwealth. Each campus and the central office absorbed the reduction into operations for fiscal year 2013.

The fiscal year 2014 budget approved in July 2013 included a new funding model pursuant to which the Commonwealth's appropriations are set at an amount expected to cover approximately 50% of the cost to educate Massachusetts undergraduate students at the University (the "50/50 Initiative"). The 50/50 Initiative required an increase in the Commonwealth's base state appropriation of \$39.1 million in each of fiscal year 2014 and 2015. This investment, along with additional fringe support of \$10.8 million provided the University with \$100 million in additional appropriations over fiscal years 2014 and 2015. The Governor and the Legislature embraced the 50/50 Initiative for the fiscal year 2014 budget, and provided the increased funding which allowed the University to freeze undergraduate tuition and mandatory fees for Massachusetts residents for the 2013-2014 academic year. The 50/50 Initiative had an immediate and meaningful impact on thousands of Massachusetts residents as their undergraduate tuition and mandatory curriculum fees did not increase in the 2013-2014 academic year. It is expected to provide such undergraduate students with long-term relief by allowing them to graduate and enter the workforce with less student debt. The total base state appropriation for fiscal year 2014 was \$478.9 million.

The fiscal year 2015 budget approved in July 2014 supported the second year of the 50/50 Initiative by increasing the University's base appropriation to \$519.0 million. With the approval of the Commonwealth's fiscal year 2015 budget and the corresponding increase in appropriations for the University, the University continued the implementation of the 50/50 Initiative. At its June 18, 2014 Board Meeting, the University's Trustees approved the freezing of tuition and mandatory curriculum fees for in-state undergraduate students for the 2014-2015 academic year.

On February 3, 2015, Governor Baker exercised his 9C Authority to address a projected \$765 million shortfall in the Commonwealth's fiscal year 2015 budget, by proposing legislation to make certain budgetary reductions. The final bill, which was signed by the Governor on February 13, 2015, reduced the University's fiscal year 2015 base appropriation of \$519.0 million by approximately \$7.8 million to \$511.2 million. The University absorbed these reductions into its operations for fiscal year 2015. The University requested funding to account for the first year of collective bargaining increases with parameters set by the Administration with a total first year cost of \$13.1 million. Supplemental funding was supported in Chapter 10 of the Acts of 2015 for \$2.2 million of the total need.

The fiscal year 2016 budget approved in July 2015 included a base state appropriation of \$531.8 million, representing an increase of 2.5% over the original fiscal year 2015 amount. The 2016 base appropriation did not include funding for the fiscal year 2015 or fiscal year 2016 collective bargaining increases and fell short of the University's request of \$578 million. Given the level of state funding, the University did not continue to freeze tuition and fees for fiscal year 2016. On June 17, 2015, the University Board of Trustees approved a 5% tuition and mandatory fee increase for in-state undergraduate students.

## EXHIBIT B

The fiscal year 2017 State budget process is currently underway. On January 27, 2016, the Governor released his budget recommendations which include \$508.3 million for the University. This is the result of a 1% increase over fiscal year 2016 funding accounting for a reduction related to the Tuition Retention Legislation passed as part of the fiscal year 2016 budget. With the University now being able to retain approximately \$31 million in tuition, the State appropriation is reduced by a corresponding amount in order to ensure that Tuition Retention is cost neutral to both the University and the State. The House and Senate continue to develop their recommendations which are expected in April and May, respectively.

### **Management of Non-Appropriated Funds**

All non-appropriated funds are managed and grouped for budgetary purposes into several trust funds. Non-appropriated funds are funds derived by the University from revenue sources other than Commonwealth appropriations and include, for example, student fees, gifts, grants, contracts and sponsored programs. The University Trustees establish and collect certain student fees and charges, including charges for room and board. Non-appropriated funds are retained by the University. Approximately 78% of the University's operating and non-operating revenues for fiscal year 2015 were non-appropriated.

University trust funds are financial accounts that are established by the University Trustees under authority granted by the Legislature in connection with self-supporting operations, such as student services, parking and certain research and public service activities. Revenues received from these self-supporting activities are expended by law for the respective purposes for which each trust fund was established. The University Trustees exercise oversight and control over these funds through official policy guidelines, annual budget review and approval and periodic internal audits of certain accounts. Beginning with fiscal year 1992, the University Trustees have required that external audits of the accounts and fund groups be performed by certified public accountants on a combined basis.

The University's financial operations consist of two major expense categories: Educational and General and Auxiliary Enterprises. The Educational and General expense budget includes research, academic programs, public service programs, student services programs, academic and institutional support programs, physical plant operations and financial aid. These activities are funded from student tuition and fees (except for in-state resident tuition), Commonwealth and Federal appropriations, and grants and contracts. Auxiliary Enterprises are a set of self-sufficient services ancillary to the general educational mission of the University. These include such items as dining and residence halls, student health services and parking facilities. The Auxiliary Enterprises budget is a revenue-based trust fund. No assurance can be given that future trust fund revenues will continue to be sufficient to support self-amortizing projects or other Auxiliary Enterprises. The University reviews fees annually with the goal of having the Auxiliary Enterprises budget be self-sufficient.

### **Responding to Challenging Fiscal Environment**

The University continues to benefit from the increased demand for its educational services. The University's growing reputation, combined with difficult economic conditions in the Commonwealth, have resulted in continued growth in student enrollment and the associated revenue growth from student charges, at all of the University's campuses. In addition, the University benefits from having diverse revenue streams. Grant and contract revenues have grown consistently over the years and the University anticipates continued growth in this area. Modest increases in room and board rates also are expected to generate revenues for auxiliary operations. Additionally, the University's online presence continues to expand. For fiscal year 2015, UMassOnline achieved an approximate 5% increase in revenue and an approximate 5% increase in enrollment. Compared with the previous year, revenues increased from approximately \$85.1 million to approximately \$89.6 million. All of these revenue sources contribute to the University's fiscal position.

Understanding that the current fiscal environment poses significant challenges for the University and its students, the responsibility to be a good steward of limited resources is taken seriously. The University, through its Board of Trustees, created a permanent Task Force on Efficiencies and Effectiveness charged with helping to ensure that improving quality through more efficient and effective

## EXHIBIT B

operations continues to be a priority for the University. The Task Force, along with the President's Office and the campuses, is working to promote a more standardized approach for cross campus collaboration and oversight of the entire effort, track and report progress, and quantify the benefits to the University and its campuses. Over the last few years the University has achieved measureable savings and efficiencies and expects current efforts to yield additional savings going forward.

The University continues to focus on improving its competitive position. To meet increased student demand, boost academic credentials and improve campus infrastructure, the University acquired several strategic properties in fiscal year 2010 and 2011. On February 2, 2010, the Commonwealth's first and only public law school was established at UMass Dartmouth. This was made possible by a donation of approximately \$23 million in assets from the SNESL. In February 2010, the Legislature approved making the Tsongas Arena part of UMass Lowell. The acquisition of the facility provides the Lowell Campus with a venue for entertainment, sports and other events. On May 19, 2010, UMass Boston finalized the purchase of the Bayside Site, the former site of the Bayside Exposition Center, which is located less than one mile from the main campus. This acquisition adds 20 acres of waterfront property to the campus and includes 1,500 parking spaces. Additionally, UMass Lowell purchased the former Saint Joseph's Hospital in Lowell on January 25, 2011. The property consists of six buildings totaling 300,000 square feet located within walking distance of University's North, South and East campuses in Lowell. The Lowell Campus has converted the property through a combination of new construction and renovation into an important campus connection point focused on student and administrative services known as University Crossing. The University expects to open the first-ever student dormitories at UMass Boston in September 2018, achieving a long-held goal of providing UMass Boston students with an on-campus residential option. The student housing complex will accommodate UMass Boston freshmen and transfer students and will be built via an innovative public-private partnership. See "CURRENT AND FUTURE CAPITAL PLANS" below.

### **Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") using the economic resources measurement focus and the accrual basis of accounting. These statements are reported on a combined basis and all intra-University transactions are eliminated. In accordance with GASB Statement No. 20, the University follows all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities (including royalties from licensing agreements) and Auxiliary Enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, subcontracts on grants and contracts, supplies and services and depreciation and amortization. All other revenues and expenses of the University are reported as non-operating revenues and expenses including state general appropriations, non-capital gifts, short term investment income, endowment income used in operations, interest expenses and capital additions and deductions. Capital items represent all other changes in long term plant and endowment net assets. Revenues are recognized when earned and expenses are recognized when incurred with the exception of revenue earned on certain public service activities. Restricted grant revenue is recognized only when all eligibility requirements have been met, that is to the extent grant revenues are expended or in the case of fixed price contracts, when the contract terms are met or completed. Contributions, including unconditional promises to give (pledges) for non-endowment or non-capital purposes, are recognized as revenues in the period received. Promises of additions to non-expendable endowments are not recognized until cash or other assets are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. When an expense or outlay is incurred for which both restricted and unrestricted net assets are available, the University applies restricted net assets first.

## EXHIBIT B

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, as well as disclosures of contingencies at the date of the financial statements and the revenues and expenditures recognized during the reporting period. Significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, the allowance for doubtful accounts, valuation of certain investments and depreciation expense. Actual results could differ from those estimates.

The University reports its financial statements as a business-type activity ("BTA") under GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* ("GASB 35"). BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services.

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the University are maintained internally in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are maintained in separate funds in accordance with the activities or objectives specified. GASB 35 requires that external financial statements to be reported on a consolidated basis and establishes standards for external financial reporting by public colleges and universities that resources be classified into the following net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, at historical cost, or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Nonexpendable:** Net assets subject to externally imposed stipulations that they be maintained permanently by the University.
- **Restricted Expendable:** Net assets whose use by the University is subject to externally imposed stipulations. Such assets include restricted grants and contracts, the accumulated net gains/losses on true endowment funds, as well as restricted funds loaned to students, restricted gifts and endowment income and other similar restricted funds.
- **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Substantially all unrestricted net assets are designated to support academic, research, Auxiliary Enterprises or unrestricted funds functioning as endowments or are committed to capital construction projects.

Revenues are reported net of discounts and allowances. As a result, student financial aid expenditures are reported as an allowance against tuition and fees revenue while stipends and other payments made directly to students are recorded as scholarship and fellowship expenditures on the statement of revenues, expenses and other changes to net assets and are included in supplies and services on the statement of cash flows. Discounts and allowances for tuition and fees and Auxiliary Enterprises are calculated using the Alternate Method.

For the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Retirement Benefits – an amendment of GASB Statement No. 27. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have certain characteristics and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. The implementation of GASB 68 resulted in a cumulative effect adjustment of (\$ 238,906) to the beginning net position of the 2015 Statement of Revenues, Expenses and Changes in Net Position as of July 1, 2014 for the recording of pensions. The application of GASB 68 was recorded effective in the beginning of fiscal year 2015 because this was the earliest date for which was practical based on available information.

EXHIBIT B

Summary of Operations\*

Combined and Condensed Statement of Net Position  
As of June 30 (in thousands of dollars)

	2011	2012	2013	2014	2015
	University	University	University	University	University
<b>ASSETS</b>					
Current Assets	\$ 581,207	\$ 617,093	\$ 579,824	\$ 592,750	\$692,679
Noncurrent Assets					
Investment in Plant Net of Accumulated Depreciation	2,582,651	3,098,186	3,705,517	4,064,786	4,333,761
All Other Noncurrent Assets	1,862,508	1,594,140	1,403,449	1,543,391	1,501,421
<b>Total Assets</b>	<b>\$5,026,366</b>	<b>\$5,309,419</b>	<b>\$5,688,790</b>	<b>\$6,200,927</b>	<b>\$6,527,861</b>
<b>LIABILITIES</b>					
Current Liabilities	\$ 609,291	\$ 880,104	\$ 772,922	\$ 674,330	\$856,460
Noncurrent Liabilities	2,275,685	2,039,939	2,415,798	2,831,869	3,133,710
<b>Total Liabilities</b>	<b>\$2,884,976</b>	<b>\$2,920,043</b>	<b>\$3,188,720</b>	<b>\$3,506,199</b>	<b>\$3,990,170</b>
<b>NET POSITION</b>					
Invested in Capital Assets Net of Related Debt	\$1,283,888	\$1,502,171	\$1,682,173	\$1,800,767	\$1,887,941
Restricted					
Nonexpendable	17,112	17,773	18,058	17,387	18,378
Expendable	184,909	162,341	156,469	174,530	169,591
Unrestricted	655,481	707,091	757,656	825,611	591,438
<b>Total Net Position</b>	<b>\$2,141,390</b>	<b>\$2,389,376</b>	<b>\$2,614,356</b>	<b>\$2,818,295</b>	<b>\$2,667,348</b>

\* Derived from the Annual Audited Financial Report for Fiscal Years 2011-2015. The University's financial statements include prior year comparative information. Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications have no effect on total net assets.

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## EXHIBIT B

**Combined Statement of Revenues, Expenses and Changes in Net Assets  
For The Years Ended June 30 (in thousands of dollars)**

<b>REVENUES</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<i>Operating Revenues</i>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>
Tuition and Fees*	\$ 597,200	\$ 659,180	\$ 707,495	\$ 740,116	\$765,218
Federal Grants and Contracts	371,426	355,792	334,697	322,047	313,754
State Grants and Contracts	62,597	67,927	68,794	74,996	70,871
Local Grants and Contracts	1,937	3,077	2,253	2,223	1,717
Private Grants and Contracts	107,767	109,235	106,714	112,428	124,399
Sales & Service, Educational Auxiliary Enterprises	18,011 272,020	19,311 297,956	19,237 319,544	21,792 349,485	25,601 362,193
Other Operating Revenues					
Sales & Service, Independent Operations	52,619	61,087	46,062	44,296	48,368
Sales & Service, Public Service Activities	670,557	383,855	447,119	448,478	295,429
Other	74,979	98,107	100,839	93,418	105,234
<b><i>Total Operating Revenues</i></b>	<b>\$2,229,113</b>	<b>\$2,055,527</b>	<b>\$2,152,754</b>	<b>\$2,209,279</b>	<b>\$2,112,784</b>
<b>EXPENSES</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<i>Operating Expenses</i>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>
Educational and General					
Instruction	\$ 596,341	\$ 633,481	\$ 657,841	\$ 690,635	\$712,430
Research	414,268	417,124	405,223	407,425	431,586
Public Service	66,548	75,665	74,510	77,985	72,910
Academic Support	133,253	147,767	145,551	151,000	165,533
Student Services	98,361	107,246	108,746	119,295	127,988
Institutional Support	190,227	198,941	209,975	219,920	240,305
Operation and Maintenance of Plant	202,950	215,292	203,115	214,972	218,869
Depreciation and Amortization	159,854	163,166	185,261	204,233	221,043
Scholarships and Fellowships	41,238	47,626	49,731	49,242	49,300
Auxiliary Enterprises	216,852	235,633	248,765	265,080	273,680
Other Expenditures					
Independent Operations	41,911	53,734	47,826	44,861	40,961
Public Service Activities	626,981	293,951	327,293	365,252	227,692
<b><i>Total Operating Expenses</i></b>	<b>\$2,788,784</b>	<b>\$2,589,626</b>	<b>\$2,663,837</b>	<b>\$2,809,900</b>	<b>\$2,782,297</b>
<b><i>Operating Loss</i></b>	<b>(\$559,671)</b>	<b>(\$534,099)</b>	<b>(\$511,083)</b>	<b>(\$600,621)</b>	<b>(\$669,513)</b>

\* Net of scholarship allowances of \$212,469 at June 30, 2015, \$201,186 at June 30, 2014, \$189,753 at June 30, 2013, \$177,420 at June 30, 2012, and \$178,676 at June 30, 2011.

## EXHIBIT B

(continued)

**Combined Statement of Revenues, Expenses and Changes in Net Assets  
For The Years Ended June 30 (in thousands of dollars)**

**NONOPERATING REVENUES/(EXPENSES)**

Federal Appropriations	\$ 5,826	\$ 6,845	\$ 6,774	\$7,020	\$6,619
State Appropriations	505,799	517,392	519,311	570,618	621,200
State Appropriations – Federal Stimulus Funds	37,897	10			
Gifts	26,504	22,143	30,044	29,013	30,351
Investment Income	77,773	27,192	56,037	86,685	11,670
Endowment Income	10,207	15,623	13,614	16,642	16,858
Interest on Indebtedness	(65,358)	(64,434)	(91,364)	(89,496)	(100,332)
Non-operating Federal Grants	70,643	73,908	70,586	74,279	76,539
Other Non-operating Income	5,225	780	1,002	1,046	2,927
<i>Net Non-operating Revenues</i>	<b>\$674,516</b>	<b>\$599,459</b>	<b>\$606,004</b>	<b>\$695,807</b>	<b>\$665,832</b>
<i>Income/(Loss) Before Other Revenues, Expenses, Gains and Losses</i>	<b>\$114,845</b>	<b>\$65,360</b>	<b>\$94,921</b>	<b>\$95,186</b>	<b>(\$3,681)</b>
Capital Appropriations	\$28,109	\$150,367	\$112,581	\$112,132	\$62,582
Capital Grants and Contracts	30,354	43,891	39,347	21,987	55,823
Additions to Permanent Endowments					920
University Related Organization Transactions					
Capital Contribution	4,361	(345)	1,514	250	0
Disposal of Plant Facilities	(10,682)	(13,606)	(8,802)	(6,198)	(12,120)
Gain from Sale of Discontinued Operations	9,655				
Other Additions/Deductions	(4,405)	2,317	2,939	(19,418)	(15,565)
<i>Total Other Revenues, Expenses, Gains and Losses</i>	<b>\$57,392</b>	<b>\$182,624</b>	<b>\$150,579</b>	<b>\$108,753</b>	<b>\$91,640</b>
<i>Total Increase in Net Assets</i>	<b>\$172,237</b>	<b>\$247,984</b>	<b>\$245,500</b>	<b>\$203,939</b>	<b>\$87,959</b>
<b>NET POSITION</b>					
Net Position at Beginning of Year	\$1,969,153	\$2,141,392	\$2,368,856	\$2,614,356	\$2,818,295
Cumulative effect of adoption of GASB 68					(238,906)
Net Position at Beginning of Year, Adjusted	\$1,969,153	\$2,141,392	\$2,368,856	\$2,614,356	\$2,579,389
<i>Net Position at End of Year</i>	<b>\$2,141,390</b>	<b>\$2,389,376</b>	<b>\$2,614,356</b>	<b>\$2,818,295</b>	<b>\$2,667,348</b>

**SUMMARY OF FINANCIAL RESULTS, FISCAL YEARS 2013 THROUGH 2015**

The following is a summary of the University's financial results for fiscal years 2013 through 2015.

**Fiscal Year 2015**Financial Highlights

The University's net assets (not including University related organizations) decreased approximately \$150.9 million from \$2.82 billion in fiscal year 2014 to \$2.67 billion in fiscal year 2015. The most significant changes were the increase in pension liability due to the implementation of GASB 68, Accounting and Reporting for pensions of \$237.1 million and the increase in Bonds Payable of \$258.8 million.

The University expended approximately \$218.9 million on plant operations and maintenance activities during fiscal year 2015.

## EXHIBIT B

### Summary of Assets and Liabilities

At June 30, 2015, the University's total assets (not including University Related Organizations) were approximately \$6.53 billion, an increase of approximately \$326.9 million over the approximately \$6.20 billion in assets recorded in fiscal year 2014. The University's largest asset continues to be its net investment in its physical plant of \$4.33 billion at June 30, 2015 (\$4.06 billion in fiscal year 2014). Other significant assets include current and noncurrent investments and cash and securities held by the University Trustees.

University liabilities (not including University Related Organizations) totaled approximately \$3.99 billion at June 30, 2015, an increase of approximately \$484.0 million compared to the approximately \$3.51 billion in liabilities in fiscal year 2014.

The University's current assets of approximately \$692.68 million in fiscal year 2015 were below the current liabilities of approximately \$856.46 million, as the current ratio was .81 dollars in assets to every one-dollar in liabilities. In fiscal year 2014, the current ratio was 0.88 (approximately \$592.8 million in current assets and \$674.3 million in current liabilities).

The University's unrestricted and restricted expendable net assets totaled approximately \$761.0 million, which represents approximately 27.4% of total operating expenditures of approximately \$2.78 billion during fiscal year 2015.

In fiscal year 2015, the University's unrestricted net assets (referred to as Expendable Fund Balance under the Former Financial Reporting Model) totaled approximately \$591.4 million. Substantially all unrestricted net assets are designated to support academic, research, Auxiliary Enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

### Summary of Operating Revenues and Operating Expenditures

The University's total operating revenues for fiscal year 2015 were approximately \$2.11 billion. This represents a decrease of approximately \$96.5 million over the approximately \$2.21 billion in operating revenues in fiscal year 2014. The most significant sources of revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester Medical School campus. Tuition and fees, grants and contracts, auxiliary services and all other operating revenue (which includes the above referenced public service activities) represent 36%, 24%, 17% and 22%, respectively, of total operating revenues.

In fiscal year 2015, University operating expenditures, including depreciation and amortization of approximately \$221.0 million, totaled approximately \$2.78 billion. Of this total, approximately \$1.38 billion or 50% was used to support the academic core activities of the University, including approximately \$431.6 million in research.

### State Appropriations

In fiscal year 2015, state appropriations represented approximately 22% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly all of the state appropriation supports payroll and benefits for University employees.

In fiscal year 2015, the net state appropriation increased approximately \$50.6 million over fiscal year 2014 amounts, with the increase attributable to a higher level of State Appropriation and related fringe benefit support through the State's investment in the University's 50/50 initiative.

## EXHIBIT B

### **Fiscal Year 2014**

#### Financial Highlights

The University's net assets (not including University related organizations) increased approximately \$203.9 million from \$2.61 billion in fiscal year 2013 to \$2.82 billion in fiscal year 2014. The major components of the increase are due to physical plan improvements and positive operating results due primarily to greater student fee revenues associated with increased enrollment, cost reductions and strong market performance for the University's investments.

The University expended approximately \$215 million on plant operations and maintenance activities during fiscal year 2014.

#### Summary of Assets and Liabilities

At June 30, 2014, the University's total assets (not including University Related Organizations) were approximately \$6.20 billion, an increase of approximately \$512.1 million over the approximately \$5.69 billion in assets recorded in fiscal year 2013. The University's largest asset continues to be its net investment in its physical plant of \$4.06 billion at June 30, 2014 (\$3.71 billion in fiscal year 2013). Other significant assets include current and noncurrent investments and cash and securities held by the University Trustees.

University liabilities (not including University Related Organizations) totaled approximately \$3.50 billion at June 30, 2014, an increase of approximately \$306.8 million compared to the approximately \$3.19 billion in liabilities in fiscal year 2013.

The University's current assets of approximately \$592.8 million in fiscal year 2014 were below the current liabilities of approximately \$674.3 million, as the current ratio was 0.88 dollars in assets to every one-dollar in liabilities. In fiscal year 2013, the current ratio was 0.75 (approximately \$579.8 million in current assets and \$772.9 million in current liabilities).

The University's unrestricted and restricted expendable net assets totaled approximately \$1.0 billion, which represents approximately 36% of total operating expenditures of approximately \$2.81 billion during fiscal year 2014.

In fiscal year 2014, the University's unrestricted net assets (referred to as Expendable Fund Balance under the Former Financial Reporting Model) totaled approximately \$825.6 million. Substantially all unrestricted net assets are designated to support academic, research, Auxiliary Enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

#### Summary of Operating Revenues and Operating Expenditures

The University's total operating revenues for fiscal year 2014 were approximately \$2.21 billion. This represents an increase of approximately \$56.5 million over the approximately \$2.15 billion in operating revenues in fiscal year 2013. The most significant sources of revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester Medical School campus. Tuition and fees, grants and contracts, auxiliary services and all other operating revenue (which includes the above referenced public service activities) represent 33%, 23%, 16% and 28%, respectively, of total operating revenues.

In fiscal year 2014, University operating expenditures, including depreciation and amortization of approximately \$204.2 million, totaled approximately \$2.81 billion. Of this total, approximately \$1.37 billion or 49% was used to support the academic core activities of the University, including approximately \$407.4 million in research.

## EXHIBIT B

### State Appropriations

In fiscal year 2014, state appropriations represented approximately 20% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly all of the state appropriation supports payroll and benefits for University employees.

In fiscal year 2014, the net state appropriation increased approximately \$51.31 million over fiscal year 2013 amounts, with the increase attributable to the adoption of the first year of the 50/50 initiative.

### **Fiscal Year 2013**

#### Financial Highlights

The University's net assets (not including University related organizations) increased approximately \$242.5 million from \$2.39 billion in fiscal year 2012 to \$2.61 billion in fiscal year 2013. The major components of the increase in fiscal year 2013 relate to investments in infrastructure and positive operating margins due primarily to greater student fee revenues and cost reductions.

The University expended approximately \$203 million on plant operations and maintenance activities during fiscal year 2013.

#### Summary of Assets and Liabilities

At June 30, 2013, the University's total assets (not including University Related Organizations) were approximately \$5.69 billion, an increase of approximately \$455.0 million over the approximately \$5.31 billion in assets recorded in fiscal year 2012. The University's largest asset continues to be its net investment in its physical plant of \$3.71 billion at June 30, 2013 (\$3.10 billion in fiscal year 2012). Other significant assets include current and noncurrent investments and cash and securities held by the University Trustees.

University liabilities (not including University Related Organizations) totaled approximately \$3.19 billion at June 30, 2013, an increase of approximately \$268.7 million compared to the approximately \$2.92 billion in liabilities in fiscal year 2012.

The University's current assets of approximately \$579.8 million were below the current liabilities of approximately \$772.9 million, as the current ratio was 0.75 dollars in assets to every one-dollar in liabilities. In fiscal year 2012, the current ratio was 0.70 (approximately \$617.1 million in current assets and \$880.1 million in current liabilities).

The University's unrestricted and restricted expendable net assets totaled approximately \$914.1 million, which represents approximately 34% of total operating expenditures of approximately \$2.66 billion during fiscal year 2013.

In fiscal year 2013, the University's unrestricted net assets (referred to as Expendable Fund Balance under the Former Financial Reporting Model) totaled approximately \$757.7 million. Substantially all unrestricted net assets are designated to support academic, research, Auxiliary Enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

#### Summary of Operating Revenues and Operating Expenditures

The University's total operating revenues for fiscal year 2013 were approximately \$2.15 billion. This represents an increase of approximately \$97.2 million over the approximately \$2.06 billion in operating revenues in fiscal year 2012. The most significant sources of revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester

## EXHIBIT B

Medical School campus. Tuition and fees, grants and contracts, auxiliary services and all other operating revenue (which includes the above referenced public service activities) represent 33%, 24%, 15% and 28%, respectively, of total operating revenues.

In fiscal year 2013, University operating expenditures, including depreciation and amortization of approximately \$185.3 million, totaled approximately \$2.66 billion. Of this total, approximately \$1.32 billion or 50% was used to support the academic core activities of the University, including approximately \$405.3 million in research.

### State Appropriations

In fiscal year 2013, state appropriations represented approximately 19% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly all of the state appropriation supports payroll and benefits for University employees.

In fiscal year 2013, the net state appropriation increased approximately \$1.92 million over fiscal year 2012 amounts, with the increase attributable to an increase in fringe benefit support allocated to University employees paid through the state appropriation.

### **Endowment and Fundraising**

The combined University and Foundation endowment assets have decreased to approximately \$739.6 million at June 30, 2015, from approximately \$743.7 million at June 30, 2014. The University raised approximately \$129.5 million in cash, pledges, gifts-in-kind and private research grants in fiscal year 2015. The number of endowed chairs has grown from four in 1995 to approximately 86 in 2015, enhancing the University's academic reputation.

The total investment return for fiscal year 2015, including realized and unrealized activity was a net loss of approximately \$5.5 million. The endowment funds for all five of the University's campuses are commingled into a pooled investment fund and are tracked by the Foundation using unit value accounting. The Foundation employs a market value unit method of accounting, whereby participating endowment funds enter and withdraw from the pooled investment fund based on monthly unit values. Changes in market value and monthly income are allocated proportionately to each endowment fund participant. The actual spending rate for Foundation endowment funds was 4% for fiscal year 2015, which represents approximately 1% of the University's total operating and non-operating revenues.

The following details the University and Foundation endowment assets at June 30 (in thousands):

### **University and Foundation Endowment Assets\***

<u>2011</u> <sup>+</sup>	<u>2012</u> <sup>+</sup>	<u>2013</u> <sup>+</sup>	<u>2014</u> <sup>+</sup>	<u>2015</u> <sup>+</sup>
\$518,334	\$554,538	\$652,033	\$743,710	\$739,606

\*The above presentation of total University and Foundation Endowment Assets has been changed to no longer include current funds.

+The Kennedy Institute quasi-endowment has been removed from the University and Foundation Endowment Assets presented here. The Kennedy Institute invested approximately \$10 million in the Foundation's pooled Endowment in December 2009 and \$15 million in July 2014. The Kennedy Institute quasi-endowment is recorded by the Foundation on an agency basis.

### **CURRENT AND FUTURE CAPITAL PLANS**

The University Trustees have reviewed and approved a five-year approximately \$3.32 billion capital plan for fiscal years 2015-2019, including projects already in process with prior approval of the University Trustees as well as new projects recommended by the University Trustees Committee on Administration & Finance. The University generally has funded its capital plans through a combination of

EXHIBIT B

funds received from University operations, bonds issued by UMBA, bonds issued by MHEFA (which was merged into The MDFA in October, 2010), Commonwealth appropriations and private fund raising.

The following table summarizes the source of funding for the fiscal year 2015-2019 capital plan:

Source of Funds University of Massachusetts Five Year Capital Plan FY2015- FY2019*												
	Amherst		Boston		Dartmouth		Lowell		Worcester		Total	
<b>Estimated Funds To be Spent FY2015-FY2019</b>												
<b>University Local Funds</b>	\$44,750,000	3%	\$23,640,000	2%	\$16,110,681	7%	\$83,000,000	12%	\$36,840,000	21%	\$204,340,681	6%
<b>University External Funds</b>	\$31,900,000	2%	\$10,000,000	1%	\$6,514,005	3%	\$25,800,000	4%	\$0	0%	\$74,214,005	2%
<b>University Borrowing</b>	\$742,200,000	58%	\$489,885,000	51%	\$94,279,826	42%	\$371,500,000	56%	\$82,150,000	47%	\$1,780,014,826	54%
<b>State Approved Capital Support</b>	\$349,900,000	27%	\$214,425,000	22%	\$33,460,000	15%	\$81,800,000	12%	\$10,000,000	6%	\$689,585,000	21%
<b>Public-Private Partnership</b>	\$0	0%	\$103,500,000	11%	\$0	0%	\$0	0%	\$0	0%	\$103,500,000	3%
<b>Contingent on Funding</b>	\$117,550,000	9%	\$126,425,000	13%	\$74,790,000	33%	\$106,000,000	16%	\$44,350,000	26%	\$469,115,000	14%
<b>FY15-19 Programmed Spending</b>	\$1,286,300,000		\$967,875,000		\$225,154,512		\$668,100,000		\$173,340,000		\$3,320,769,512	

\* Source: University of Massachusetts Fiscal Year 2015 to 2019 Five-Year Capital Plan Update dated December 2015.

The University must follow certain procedures for state capital spending as defined by the Commonwealth’s Executive Office for Administration and Finance (“EOAF”). Such spending may be financed through the issuance of Commonwealth general or special obligation bonds or other designated revenue, including transfers from budgeted funds. The Commonwealth’s Division of Capital Asset Management and Maintenance (“DCAMM”) manages a five-year capital-spending plan, which is approved by the Commonwealth’s Secretary of Administration and Finance. The University works closely with DCAMM to ensure that the priorities of the University are included in the five-year capital plan for state funding.

The University Trustees, the administration and campus leadership, have identified capital issues as instrumental to the University’s goal of continuing to improve educational quality at all five campuses by enhancing academic achievement and student experience. Following a period of limited investment in the University’s capital assets in the 1980s and 1990s, the University has invested more than \$3.6 billion in capital projects between fiscal years 2005 and 2015. Given the average age of the University’s campus buildings, a significant need to maintain and upgrade capital assets is expected over the next decade. The University’s administration works closely with each of the campuses in developing the capital plan to reflect the needs and goals of each of the campuses. To further improve project planning and implementation across the University, the University administration and UMBA have collaborated with campus leadership to design an integrated project assessment and tracking process. Furthermore, within budgetary limitations and programmatic requirements, the University is making a concerted effort to incorporate the principles of energy efficiency and sustainability in all its capital projects.

In August 2008, the Legislature passed the Higher Education Improvement Act, which authorized \$2.2 billion for capital improvement spending over ten years for higher education facilities in the Commonwealth, including more than \$1 billion of funding for University projects exclusively. This authorization was amended by Chapter 237 of the Acts of 2014 which added an additional \$100 million to the bottom line to fund deferred maintenance needs at the University. Of the total \$1.1 billion, \$523 million has been spent through January 2016 and all of the funding has been programmed for specific projects. In 2008, the Legislature also enacted the Life Sciences Industry Investment Act, which authorized \$500 million of capital funding over ten years to fund capital investments and infrastructure improvements

## EXHIBIT B

throughout the State to support the Life Sciences Industry. Of the total, \$276.7 million has been earmarked for the University, \$148 million has been spent to date, and all of the funding has been programmed for specific projects.

The Higher Education Improvement Act and the Life Sciences Industry Investment Act are statutory authorizations necessary to allow the Commonwealth to spend state general obligation bond proceeds on University projects. EOAF and DCAMM are the state agencies that develop the state's capital plan, file bond bills, approve projects that will receive state funding and allocate funds to approved projects. DCAMM is responsible for designing and constructing public facilities and improvements. Accordingly, DCAMM has recognized the importance and scale of the authorized higher education investment program and has reorganized itself in anticipation of increased activity at the Commonwealth's public colleges and the University.

On June 19th, 2015, Governor Baker released the FY16-20 Capital Plan. The plan included a number of priority projects for the University that are currently underway and the plan confirmed that future year support will be available for the projects. These projects include the SMAST/DMF expansion at UMass Dartmouth, the Physical Sciences Building and the Integrative Learning Center at UMass Amherst, the Pulichino/Tong Business Building at UMass Lowell, and the Utility Corridor and Roadway Relocation project at UMass Boston. However, there were several other University priority projects that were not included in the Administration's plan for which much preparation has gone into. These projects include repair and renovation of the Lederle Graduate research Center, Machmer Hall, and the Morrill Science Center at UMass Amherst, repair and renovation at Perry, Olsen, and Coburn Halls at UMass Lowell, and New Academic Buildings at UMass Boston and UMass Dartmouth. The University is now trying to determine if the State will once again support these projects or if the University will need to find an alternative funding source in order to bring these projects to completion.

In addition to the release of the FY16-20 Capital Plan, the Baker Administration has also launched a multi-phased strategic planning effort with multiple work groups including Economic Development, Workforce Development, and Higher Education. The Higher Education work group, of which President Meehan is a member, will focus first on Capital Planning and develop a work plan with the help of an outside consultant. This group will help inform the Administration's capital budget process by creating a plan that will help in allocating resources wisely and align goals and initiatives across all of higher education to maximize the use of resources and establish coherence. Existing data regarding the current condition of campuses and buildings will provide the basis of information from which the group and outside consultant will work, and President Meehan has indicated that deferred maintenance should be a priority of this planning effort.

Beginning in the late 1990s, the University enhanced its program to address deferred maintenance needs at its campuses. As a result, the University has made investments to repair and renovate facilities at its campuses from a combination of University sources, including bonds issued by UMBA, MDFA and direct Commonwealth support. Addressing deferred maintenance remains a priority within the University's 2015-2019 capital plan. In 2015, the University hired Sightlines to conduct a Building Portfolio Solutions analysis in order to ensure that deferred maintenance was being consistently reported across all campuses and to develop a strategy for addressing deferred maintenance at the University. This analysis, now complete, will be the basis for recommending projects as part of the University capital planning process outlined in the University Trustee policy.

The projects within the capital plan are also organized by program type in order to demonstrate the manner in which requested projects in the capital plan support the University's mission:

**Basic Infrastructure Projects** – projects that will benefit the entire campus and are critical to all operations, including steam-lines, power plants, roadways, general public safety improvements such as fire alarm systems and hazardous waste removal systems and administrative computing.

**Research** – projects such as new research building construction, renovations and improvements to existing research facilities and large acquisitions of lab equipment.

EXHIBIT B

**Student Life** – projects such as improvements and renovations to, or the construction of, student centers, dining halls, recreation facilities, dormitories or other facilities that improve the student experience.

**Teaching & Learning** – projects such as improvements to, or the construction of, classroom facilities, auditoria, studios, library facilities and instructional equipment.

The following chart summarizes the five-year capital plan by these program types:

<b>FY2015 to 2019 Capital Plan Spending by Program Type*</b>	<b>Total Planned Spending</b>	<b>Percentage of Total Planned Spending</b>
Basic Infrastructure	\$641,349,012	19%
Research	940,155,500	28
Student Life & Residential	793,800,000	24
Teaching & Learning	945,465,000	28
<b>Total</b>	<b>\$3,320,769,512</b>	<b>100%</b>

\* Source: University of Massachusetts Fiscal Year 2015 to 2019 Five-Year Capital Plan Update dated December 2015.

Set forth below is a more detailed description of the projects comprising the capital plan, organized by campus location:

*Amherst Campus.* The Amherst Campus is the University’s flagship institution and its 2015-2019 capital plan is structured with priorities that support the strategic challenges and campus goals of improving teaching, increasing research, enhancing student life and recruiting and retaining quality students and faculty. The Amherst Campus has completed or is nearing completion of several major new projects that provide new facilities to support its teaching and research mission. Near term priorities include reduction of deferred maintenance projects, new construction projects, renovation and modernization projects, and an on-going strategy of infrastructure improvements with the goal of increasing energy performance and sustainability. Construction of the new Life Science Laboratories, the new Commonwealth Honors Residential College and the new Academic Classroom Building, which will provide new academic space for the Communications/Journalism and Linguistics programs are complete. Construction of improvements to the McGuirk Alumni Stadium and construction of a new Champions Center for men’s and women’s basketball are also complete. The aggregate amount of planned investments in capital projects for the Amherst Campus in the University’s 2015-2019 capital plan is \$1.3 billion.

*Boston Campus.* In order to meet the increased enrollment at the Boston Campus, its 2015-2019 capital plan includes construction of new academic buildings, a new residential building, and changes to the campus’s utilities and other infrastructure. The construction of the first new academic buildings since the campus opened in 1974 is complete with construction of the Integrated Sciences Complex and the new General Academic Building known as University Hall. Other ongoing projects include the design for a new utility infrastructure, roadway and surface improvements plan. Stabilization of the campus substructure and related deferred maintenance projects are also underway and are critical to addressing long-standing issues with the quality of construction of the original campus. Eventually, the relocation of the utilities will allow for the demolition of the substructure and the creation of a central quadrangle for students and faculty. The aggregate amount of planned investments in capital projects for the Boston Campus in the University’s 2015-2019 capital plan is \$967.9 million.

*Dartmouth Campus.* The Dartmouth Campus 2015-2019 capital plan includes an investment in infrastructure and addressing deferred maintenance, pursuing an ongoing commitment to become a “clean energy” campus by investing in alternative energy projects (wind and solar) and in upgrading the performance and efficiency of mechanical, electrical and plumbing systems on campus. New academic buildings are focused on research in an “innovation triangle” including renovations to existing research and teaching laboratories on the Dartmouth Campus, purchase of the Advanced Technology and Manufacturing Center in Fall River and renovation and construction of a new marine science and technology center in New Bedford. Improvements to student and residential life include a renovation and expansion of the

## EXHIBIT B

athletic center and investment in existing residence halls. The aggregate amount of planned investments in capital projects for the Dartmouth Campus in the University's 2015-2019 capital plan is \$225.2 million.

*Lowell Campus.* The Lowell Campus 2015-2019 capital plan has as its goals addressing deferred maintenance, energy performance and sustainability, the creation of additional modern academic and research space, increasing residential capacity and recreational opportunities, and increasing the ability of the campus to host academic, entertainment and civic events. On the North campus, academic building improvements include renovations of existing buildings and construction of the new Pulichino Tong School of Business building. The recently completed University Crossing includes a student bookstore, dining facility, student activities and services, admissions, registrar and financial aid offices and similar services and facilities. The South campus master plan academically reorganizes the existing buildings and provides for new buildings to address programmatic space needs, as well as addressing deferred maintenance. Parking garages are being built on both the North and South campuses. The aggregate amount of planned investments in capital projects for the Lowell Campus in the University's 2015-2019 capital plan is \$668.1 million.

*Worcester Campus.* The Worcester Campus 2015-2019 capital plan emphasizes the Medical School's evolving needs and the commitment to maintaining its operational efficiency now and into the foreseeable future. The projects with the highest priority include infrastructure additions or improvements, research related and support items, projects which support teaching and learning functions, and projects to support student life functions. These important projects directly support current campus needs and specifically address repurposing space in the Medical School and Lazare Research Buildings vacated by moves to the Sherman Center (backfill projects), deferred maintenance, infrastructure investments, and improvement priorities in the Medical School Building and campus energy grid. The aggregate amount of planned investments in capital projects for the Worcester Campus in the University's 2015-2019 capital plan is \$173.3 million.

### INDEBTEDNESS OF THE UNIVERSITY

The University is obligated, under various contractual arrangements, to make payments on indebtedness issued on its behalf, including indebtedness issued by UMBA and MDFA, as described below.

#### **Bonds Issued by UMBA**

UMBA was created as a body politic and corporate and a public instrumentality of the Commonwealth for the general purpose of aiding and contributing to the performance of the educational and other purposes of 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 certain other entities related to the University, all in accordance with UMBA's enabling legislation.

As of June 30, 2015, UMBA had outstanding bonds of approximately \$2.79 billion for which the University is contractually obligated to provide for the payment of debt service or act as UMBA's agent to collect rates, rents, fees and other charges. As of June 30, 2015, approximately \$2.76 billion principal amount of UMBA's bonds are secured by and payable from, in addition to other moneys, all available funds of the University, including trust funds and other funds administered by the University as gifts, grants or trusts, or as provided in the University enabling act. Further, the University is obligated to UMBA to cause to be available in its Unrestricted Net Assets at all times amounts sufficient to pay such costs.

#### *Interest Rate Swap Agreements*

UMBA has entered into three separate interest rate swap agreements (the "Swaps") under which UMBA pays a fixed rate and receives a floating rate. The Swaps hedge four series of outstanding variable rate bonds of UMBA, the Project Revenue Bonds, Senior Series 2008-1 (the "Series 2008-1 Bonds"), Facilities Revenue Bonds, Senior Series 2008-A (the "Series 2008-A Bonds"), Project Revenue Bonds,

## EXHIBIT B

Senior Series 2011-1 (the “Series 2011-1 Bonds”) and Project Revenue Bonds, Senior Series 2011-2 (the “Series 2011-2 Bonds”) and collectively with the Series 2011-1 Bonds, the “Series 2011 Bonds”). The Swap for the Series 2008-1 Bonds is with UBS AG, and UMBA pays an amount equal to 3.388% per annum of the notional amount and receives the floating rate based on 70% of one-month LIBOR. The Swap for the Series 2008-A Bonds is with Deutsche Bank AG and UMBA pays an amount equal to 3.378% per annum of the notional amount and receives a floating rate based on 70% of one-month LIBOR. The Swap for the Series 2011 Bonds is with Citibank, N.A. and UMBA pays an amount equal to 3.482% per annum of the notional amount and receives the floating rate based on 60% of one-month LIBOR plus 0.18%.

The Swaps are subject to periodic “mark-to-market” valuations and may have a negative impact on the financial statements of UMBA and the University. In addition, the counterparty to each Swap may be able to terminate its respective Swap upon certain events of default under such Swap, in which case UMBA could be required to make a material termination payment to the counterparty, which payment is a contractual obligation of the University to UMBA. In addition, UMBA and the University may be exposed to basis risk (imperfect correlation between the floating rates paid on the applicable bonds and received under the related swap). With respect to the Swap for the Series 2011 Bonds, UMBA and the University would be required to post collateral in certain market situations if the ratings on the Series 2011 Bonds fell to “A2” or below by Moody’s or “A” or below by S&P.

### *Letters of Credit and Liquidity Facilities*

The Series 2008-A Bonds, the Series 2008-1 Bonds and the Series 2011-1 Bonds are variable rate demand obligations subject to put by the holders thereof and are supported by standby bond purchase agreements. The facilities supporting the 2008-A and 2008-1 bonds are set to expire on April 15, 2016 and April 22, 2016. UMBA is currently in the process of extending or substituting them. The facility supporting the Series 2011-1 Bonds expires on June 9, 2017.

### *Commercial Paper*

In August 2013, UMBA established its commercial paper program, consisting of its \$125 million Commercial Paper Notes, Series 2013 A (the “Series 2013A Notes”), supported by an irrevocable letter of credit provided by State Street Bank and Trust Company, which expires on August 12, 2016, and its \$75 million Commercial Paper Notes, Series 2013 B (the “Series 2013B Notes”) secured by a standby liquidity facility provided by U.S. Bank National Association, which expires on August 12, 2016. UMBA may issue notes under either series on a taxable or tax-exempt basis to further UMBA’s and the University’s efforts to establish a “just in time” borrowing program to fund the University’s capital plan as needed during construction periods. Such notes are secured under the Trust Agreement dated as of November 1, 2000, between UMBA and U.S. Bank National Association, Boston, Massachusetts, as successor trustee, and a contract with the University and are repayable from the proceeds of rollover commercial paper notes, funds advanced under the liquidity facilities, bonds to be issued by UMBA in the future or available funds of the University. UMBA currently does not have any commercial paper outstanding.

### **Bonds Issued by MDFA**

As of June 30, 2015, the MDFA has outstanding bonds of approximately \$155.780 million, for which the University is contractually obligated to pay debt service.

### **Annual Debt Service on UMBA and MDFA Bonds**

The table on the following page sets forth the principal and interest due on bonds issued by UMBA and the MDFA on behalf of the University as of June 30, 2015, on a fiscal year basis.

## EXHIBIT B

## Annual Debt Service on UMBA and MDFA Bonds

<b>Fiscal Year Ending June 30</b>	<b>Outstanding UMBA Bonds<sup>(1)</sup></b>	<b>Outstanding MDFA Bonds</b>	<b>Total<sup>(1)(2)</sup></b>
2016	209,711,948	13,946,114	223,658,062
2017	208,780,187	14,144,658	222,924,845
2018	209,726,494	10,703,864	220,430,358
2019	211,552,926	10,716,165	222,269,091
2020	211,355,438	11,106,574	222,462,012
2021	210,951,675	11,132,719	222,084,394
2022	199,174,294	11,074,163	210,248,456
2023	199,352,148	11,056,925	210,409,073
2024	198,887,838	11,049,891	209,937,729
2025	182,180,648	11,318,403	193,499,051
2026	185,270,987	11,523,406	196,794,393
2027	180,907,863	11,180,325	192,088,188
2028	179,575,971	11,161,731	190,737,702
2029	175,871,454	11,159,194	187,030,648
2030	164,396,304	11,149,931	175,546,235
2031	147,663,252	30,793,281	178,456,533
2032	148,076,349	10,418,800	158,495,149
2033	147,331,261	1,988,600	149,319,861
2034	131,333,794	1,985,200	133,318,994
2035	146,047,408	1,983,900	148,031,308
2036	159,431,445	-	159,431,445
2037	158,494,704	-	158,494,704
2038	150,616,111	-	150,616,111
2039	142,991,750	-	142,991,750
2040	115,760,470	-	115,760,470
2041	114,285,318	-	114,285,318
2042	84,413,908	-	84,413,908
2043	84,415,423	-	84,415,423
2044	81,390,276	-	81,390,276
2045	56,247,741	-	56,247,741
2046	21,884,100	-	21,884,100

(1) Assumes the fixed rate payable under the Swaps with respect to UMBA's outstanding variable rate bonds and excludes the subsidy amount expected to be received in connection with UMBA's outstanding "Build America Bonds" issued under ARRA. See "Bonds Issued by UMBA –Interest Rate Swap Agreements" herein for a description of the Swaps.

(2) Totals may not add due to rounding.

## EXHIBIT B

### **Unrestricted Net Assets\*** **(Referred to as Expendable Fund Balance Under the Former Financial Reporting Model)**

As of June 30, 2015, the outstanding principal amount of UMBA and MDFA debt secured by the University's unrestricted net assets was approximately \$2.9 billion. The chart below details the University's unrestricted net assets (not including University Related Organizations) in fiscal years 2011-2015.

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015<sup>+</sup></b>
Unrestricted Net Assets	\$655,481,000	\$707,091,000	\$757,655,000	\$825,611,000	\$591,438,000

\* Derived from the Annual Audited Financial Report for Fiscal Years 2011-2015. The University's financial statements include prior year comparative information. Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications have no effect on total net assets.

<sup>+</sup>Adoption of GASB 68 for year ended 6/30/15

### **Additional Indebtedness**

Under the terms of the trust agreements and financing agreements securing the above-referenced indebtedness issued by UMBA, the University may, without limit, issue additional indebtedness or request UMBA or MDFA to issue additional indebtedness on behalf of the University so long as such indebtedness is payable from all funds of the University permitted by law to be applied thereto. With certain exceptions described below, the University may not pledge, or permit to exist any lien on, any of its funds or revenues. The University may request UMBA to issue additional indebtedness on behalf of the University that is not payable from all funds of the University permitted by law to be applied thereto, provided: (i) the additional indebtedness is secured by (a) pledged revenues derived from the project or projects being financed, (b) new or increased student fees whether imposed by the University or UMBA, (c) existing pledged revenues, or (d) any combination of the foregoing; and (ii) the maximum annual debt service on all revenue indebtedness then outstanding, including the proposed additional indebtedness, does not exceed 10% of the amount shown in the then most recent audited financial statements of the University as total available revenues. Indebtedness of the University may not be subject to acceleration.

### **Capitalized Leases**

At June 30, 2015, the University had no capital lease obligations.

### **INSURANCE**

The University, as an agency of the Commonwealth, is self-insured for property loss exposure, subject to appropriation from the Legislature. However, properties owned by UMBA located on a campus of the University, such as the Mullins Center, dining commons and most dormitories, are insured by UMBA. In addition, certain properties owned by other University Related Organizations and leased to the University are insured by the related organization. The University's liability for damages to third parties as a result of negligence by University employees is limited under Chapter 258 of the General Laws. The University maintains certain liability insurance policies, including Commercial General Liability, leased Automotive Liability, Directors and Officers and Comprehensive Crime policies. Employees of the University are covered for Worker's Compensation protection under Chapter 152 of the General Laws.

### **TECHNOLOGICAL INITIATIVES**

The University campuses and the President's Office have undertaken a variety of planning and organizing activities designed to establish project structures, roles and responsibilities and collaborative plans and processes for technology improvements at the University. The University has implemented system-wide human resources/payroll, financial, e-procurement and grants management systems, which it will continue to update. These systems are expected to continue to enhance business functions by further consolidating processing, streamlining operations and increasing utilization through new features and self-

## EXHIBIT B

service offerings. A major focus in fiscal years 2014-2017 will be application upgrades to leverage contemporary functionality.

In 2015, the University completed the implementation of UMassnet, the next generation wide area network spanning and connecting all UMass campuses across the state. This network is a carrier class optical network spanning over 500 fiber span miles with 10gb/100gb bandwidth. This transformational project is enabling technologies at the University such as Virtual Desktop Infrastructure (VDI), video, lecture capture, unified communications, high performance computing, and campus data center optimization.

The University is a participant in a consortium of academic institutions and government and business leaders in the construction and operation of an approximately \$95 million Massachusetts Green High Performance Computing Center in Holyoke, Massachusetts. The cutting-edge, research-oriented facility relies on hydroelectric power and is intended to encourage economic development in the region and serve as a vehicle for collaboration between key participants while establishing Massachusetts as a global leader in the application and development of next generation computing technologies. In addition to the University, academic partners include the Massachusetts Institute of Technology, Boston University, Harvard University, and Northeastern University, and key business participants include Cisco Systems and EMC Corporation. This facility was fully commissioned in February 2013.

Over the past year, UMassOnline has engaged in several technology initiatives that resulted in immediate and long-term positive implications to the University's internal and external constituents. Beginning in the summer of 2015, UMassOnline began working towards a partnership with Blackboard's Managed Hosting services to support the Blackboard Learning Management System. For all of 2015, all UMass courses were hosted locally via UITS (University Information Technology Services) in a shared environment. This meant that all changes, no matter how large or how small, had to be in agreement amongst the campuses. This often resulted in scheduling issues, and falling behind in updates and critical patches. With the move to Blackboard Managed Hosting, all campuses are now separated out into individual systems that allows for each campus to determine their own pace of development, the method for which courses are delivered, the privileges granted, and many other value additions that were not possible on our former self hosted system at UITS. This move will allow for additional growth and capacity at a fraction of the cost that had hindered the campuses from moving ahead previously.

Some of the new features and functions that were included in the move to Blackboard Managed Hosting are the new Blackboard Collaborate Ultra Experience, Blackboard Instant Messenger and Blackboard Mobile. These items were previously purchased as add-ons to the self hosted LMS, but were now included in the pricing of the Managed Hosting LMS at a significant discount. UMassOnline has continued its relationship with the Donahue Institute to provide Learning Management System services to several programs, including the RETELL program, National Collegiate Inventors and Innovators Association (NCIIA), Massachusetts Department of Developmental Services, UMDI Civic Initiative and the Springfield Urban League.

### LITIGATION

The University is a defendant in various lawsuits; however, University management is of the opinion that the ultimate outcome of any such litigation will not have any material effect on the financial position or financial results of the University.

### EMPLOYEE RELATIONS

The University employs 17,393 full and part-time faculty, professional and clerical and maintenance support staff, of which 10,348 (as of 10/1/2015) are covered by collective bargaining units (not including post-doctoral employees, graduate employees and undergraduate resident assistants). Of those covered, 3,741 are faculty, 2,804 are professional staff, 3,620 are clerical and maintenance support staff and 183 are police officers. In total, the University currently has approximately 41 collective bargaining units (including two post-doctoral employee units, three graduate employee units and one

## EXHIBIT B

undergraduate resident assistants unit). The majority of the University's collective bargaining agreements will expire on June 30, 2017. Employees covered by University collective bargaining units cannot strike under Massachusetts law.

In general, University employees are covered by a contributory Massachusetts retirement system set up by Chapter 32 of the General Laws, the State Employees' Retirement System ("SERS" or "State Retirement Plan"). The State Retirement Plan is a defined benefit plan that provides retirement benefits based upon age at retirement, years and months of service and the average of the highest three consecutive years of base salary. As an alternative to SERS, eligible employees have the option of participating in the Commonwealth's Optional Retirement Program (the "ORP"). The ORP is a defined contribution plan, administered by the DHE. Eligibility for participation in the ORP was expanded by Chapter 68, Section 44 of the Acts of 2011. Employees can also participate in various optional supplemental retirement programs, such as the University of Massachusetts 403(b) Elective Deferral Savings Plan and the Commonwealth's 457(b) Deferred Compensation Plan. Employees generally are eligible to participate in various fringe benefit plans such as the dependent care assistance program and the health, dental, life and disability insurance plans. The majority of these benefits are sponsored by the Commonwealth. However, the University does sponsor a smaller subset of benefits for employees of the Worcester Campus, including dental and vision plans as well as life and long-term disability plans.

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