Chair O’Shea convened the meeting at 8:03 a.m. The first item on the agenda was the Chair’s Report. Chair O’Shea first congratulated Chancellor Motley for the success of his recent Inauguration. He welcomed Trustee Collins to the Committee and welcomed back Trustee Karam. He then reviewed the items on the today’s agenda including several discussion items.

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

It was moved, seconded and

VOTED: To approve the minutes of the September 5, 2007 meeting of the Committee.

The next item on the agenda was the President’s Report. President Wilson first thanked Committee Chair O’Shea and Vice Chair Rego Weathers for their leadership and welcomed new Trustees Collins and Karam to the Committee.

At the last Board of Trustees meeting, the University’s Five-Year Capital Plan was approved; President Wilson thanked this Committee for its work on the plan—it is an ambitious plan, but
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one that will help the University meet the students’ needs well into the future. President Wilson expressed confidence that the Governor Patrick’s Administration’s Higher Education bond bill will move forward early next year. It will provide $1 billion in capital funding for the University over the next 5 to 10 years.

The Committee will hear about the University’s finances which are stable, due to good financial management and a stable state appropriation in recent years. The appropriation has grown from about $357 million in Fiscal Year 2004 to $469 million in the current year, Fiscal Year 2008. We are also making progress on key indicators to reach our long-term financial objectives of stability and growth.

More highlights from President Wilson’s report included:

• For the past four years, because the state has kept our partnership, the University has been able to keep the student-charge increases at or below the rate of inflation. For the 2007-2008 academic years, the increase was 3.4% compared to a 3.6% rate of inflation and that percentage is below the majority of our regional and national peers. UMass is a national leader in the effort to control the costs borne by students and their families.

• The University has also been able to increase the University’s direct student financial aid from just over $36 million dollars in Fiscal Year 2003 to more than $72 million dollars in Fiscal Year 2007, out of a total of more than $400 million dollars in financial aid received by our students for the Fiscal Year.

• The University’s endowment stood at an institutional record of $348 million as of September 30. And, the union contracts we have settled this year have been submitted to the Governor for funding and he has submitted an appropriation request. That can be a slow process, but there are no issues at the moment.

President Wilson thanked the Chancellors and Vice Chancellors as well as Vice President Lenhardt and Controller Wilda for their effective fiscal management.

The next item was the Vice President’s Report. Vice President Lenhardt reported that the Risk Management Council has been established and meet every other month. The University has had three incident management training sessions. A Task Force has been established to look at ethics in procurement as a result of the publicity about student loan activity and international travel. While there are no significant problems in this area, we will present some recommendations to tighten up our own ethical standards and procedures.

Vice President Lenhardt’s office held a very successful University Administrative Conference with managers throughout the system which was a very good teambuilding exercise and informational session including presentations from President Wilson, Chancellors Motley and Collins.
The first discussion presentation was the **Strategic and Master Plan Review, UMASS Boston**. Chancellor Motley first introduced his Chief of Staff, Christopher Hogan. He indicated that an extensive presentation of the Strategic Plan would be held at the full Board meeting scheduled for December 14 on the Boston campus. Some of the highlights included:

- Current vision for Boston includes: retaining faculty, providing resources, meeting needs of students
- Boston’s current enrollment is 13,444 and these students come from all over the U.S., not just the Boston area
- Chancellor Collins had established the planning process, which included 4 strategic goals and 16 recommendations
- Chancellor Motley has taken over this process and has cut down the recommendations to 7
- Goal 1 is to increase student access, engagement, and success
- Goal 2 is to attract and sustain faculty
- Goal 3 is to create a physical environment that supports teaching and research
- Goal 4 is to enhance campus community engagement. Arthur Bernard has been brought to the campus to work on this.

Trustee Karam inquired about Boston’s goal of enrolling 15,000 students and the need to increase space by 600,000 square feet. Chancellor Motley indicated that this does not necessarily have to be done to accomplish the goal.

The next discussion item was the **UMASS Worcester Business Plan Update**. Senior Vice President for Health Sciences and Interim Chancellor Collins provided the Committee with an update on his review of the long-range business plan for the Medical School. Some of the highlights included:

- UMMS balance sheet for FY07 shows $225M in unrestricted net assets and $33M in debt
- UMass Memorial is continuing to grow its assets
- The Medical School is a $900M business
- Major operating components: 1) Commonwealth Medicine, 2) Vaccine production company in Mattapan, 3) Academic departments, 4) Campus operations
- State appropriation to UMMS has varied over the years
- There has been a thin development base at the school
- Endowment at UMMS is very modest
- Research growth has been impressive; however, has recently plateaued due to NIH’s budget
- UMMS financial strengths:
  - Positive operating margin
  - Diverse revenue source
  - Sufficient fund balances
  - Ability for seed investments
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- Newly-recruited academics
- Ability to borrow
- New leadership in Development Office

- Challenges:
  - State appropriation has diminished
  - NIH budget is under duress
  - Massachusetts has a difficult health economy
  - School has infrastructure issues

- UMMS and UMMHC have a commitment to working as a joint enterprise with one strategic plan
- A Strategic Planning Task Force has been established and will have a preliminary report on January 1st.
- The Lazare building has created more jobs, research, etc.

Vice Chair Manning had a question about the volatile cash flows for Commonwealth medicine. Chancellor Collins indicated that they are working to get involved in new opportunities to assume a continued flow of revenue.

Mr. MacKenzie, Executive Director of the Building Authority provided the quarterly **Update on the Building Authority**. Some of the highlights included:

- UMBA is starting the next round of buildings
- Amherst:
  - Central Heating Plant – Construction completed in December and will begin operating in March 2008
  - Studio Arts Building – Project to be completed in December 2007
  - Integrated Science Building – Structure is complete
  - Skinner Hall – Will be completed in February 2008
  - Student Recreation Center – Will be complete in April 2009
  - Campus Center repairs – Included new HVAC and plumbing. Will be completed in 2009
- Boston:
  - Elevator upgrades in Healey Library – Project is complete
  - Fire alarm upgrades in Science Center and Wheatley
  - Nursing lab renovation – To be completed in January 2008
  - Venture Development Center
- Dartmouth:
  - Research Building – Will be completed by Fall 2008
  - Cedar Dell Repairs – First 400 beds were completed in August 2007; next 400 beds will be completed in Spring 2008
- Lowell:
  - Technology Center – Site has been selected
  - Replacement buildings – Include new garage and replacement housing
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Trustee Kulenovic presented the Community Development Initiative. Some of the highlights from the presentation included:

• The University’s 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;

• UMASS Boston forges linkages between research and service, and is forming partnerships with communities, the private sector, government, other colleges and universities, and other sectors of public education. These linkages bring the intellectual, technical and human resources of the University community to bear on the economic and social needs of metropolitan regions;

• UMASS Dartmouth acting as an intellectual catalyst for regional economic, social and cultural development;

• Current Trustee Priorities include enhancing the student Learning Experience, maintaining affordability and access, continue a focus on diversity and positive climate, strengthen research enterprise, develop first rate infrastructure and position the University in the Higher Education marketplace;

• The Need for Increased Community Ties and Community Development Initiatives:
  --Two effective arguments for state funding: road to economic development in Massachusetts goes through UMASS and every dollar invested in UMASS generates $8 in economic activity;
  --Legislators respond to demands from constituents, need to increase links to districts not directly touched by UMASS;
• Community Investment:
  --In addition to education and research, universities produce economic activity;
  --All three can be leveraged to accomplish social or public service goals in communities;
  --Investment targeted to bring much-needed capital to specific communities;
  --Community development financial institutions provide home or business loans in areas ignored by most banks;
  --CDFI’s are a safe investment; returns comparable to treasury bonds.

• Several Schools are now engaged in Community Initiatives (Mount Holyoke, Williams, Duke, Carleton, St. Olaf, Macalester);

• Some benefits to the University include:
  --Affordability: increased local hiring, livable wages, affordable housing;
  --Student Life: revitalized neighborhoods, more community service opportunities;
  --Political: UMASS equals economic development, positive media attention, profile raised in additional communities.
The next item was the **FY2007 University Financial Report**. Vice President Lenhardt and University Controller Wilda discussed the financial condition of the University. Some of the highlights included:

- **Revenues:**
  - Increase in public service and Commonwealth Medicine
  - Increase in state funding
  - Increase in state capital funding
  - Increase in investment returns
  - Increase in tuition and fee revenues

- **Liabilities/Assets:**
  - Increase in bonds payable
  - Increase in net investment in capital assets
  - Increase in unrestricted net assets
  - Increase in restricted expendable net assets

Controller Wilda:

- Operating Margin – Is positive. Growth in this indicator will lead to increase in reserves
- Financial Cushion – Has increased. Shows how much of operating budget is held in reserves.
- Debt Service to Operations – University has developed an internal cap of 7%. Will be affected by Building Authority’s borrowing in FY08.
- Endowment per student – Has grown.
- Return on Net Assets – Has increased due to growth in planned reserves.

The first item for Action is the **Authorization to Prepare and Submit FY2008 State Budget Request**. Vice President Lenhardt reported that under state law, the University is required to submit an annual State Budget request to the Governor and the Legislature. Board approval is requested to authorize the President to prepare and submit the University’s fiscal year 2008 State Budget request to the Governor and the Legislature in early December. The Board has authorized the President to submit the budget request since 1995.

The University’s state budget request is developed using a funding formula which is designed to determine the total cost of the core activities funded by the state and other unrestricted revenue sources, primarily fees. Its aim is to determine how much it costs to provide instruction, research, public service and other university functions well. The University is currently updating campus information to run the formula for the FY2009 state budget request. The results will show changes in the University’s funding formula need and the funding gap. The funding formula results as well as costs of collective bargaining for state funded employees and inflation will together inform the University’s budget request for FY2009.
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It was moved, seconded and

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

To authorize the President to prepare and submit the University’s Fiscal Year 2008 State Appropriation request consistent with the University’s funding formula pursuant to Section 7 of Chapter 75 and Section 15B of Chapter 15A of the General Laws. (Doc. T07-112)

The next item was the **Amendment to the Capital Plan, Student Housing Project, UMASS Lowell.** Chancellor Meehan presented a Lowell campus request to amend the capital plan to include a $42.5 million new residence hall facility of between 350-400 beds. Board approval is needed for the project to be included in the next round of Building Authority borrowing in early January.

The Lowell campus is developing a new research building, the Emerging Technologies and Innovation Center. The potential loss of Smith Hall which houses 125 students creates an immediate need for replacement beds; currently the Lowell campus has a waiting list of 300 students. The demolition is scheduled for June, 2009; design on a new facility would need to begin immediately to have beds ready for September, 2009.

It was moved, seconded and

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

To amend the University of Massachusetts Five-Year Capital Plan as contained in document T07-076 by adding the following new project for the Lowell campus:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Project Cost Est.</th>
<th>Nov-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Residence Hall Facility</td>
<td>$42,500,000</td>
<td>(Doc. T07-076, Addendum 1)</td>
</tr>
</tbody>
</table>

The next item was **Tuition and Fee Waiver Policy for Recipients of the Massachusetts Public Service Grant.** At the September Board meeting, the Board approved a motion to extend mandatory fees waivers to the children of a firefighter who had recently died in the line of duty. The Trustees requested a review of extending such fee waivers to other students in similar circumstances. Massachusetts General Laws require that tuition waivers be granted to the spouse or children of police, firefighters, corrections officers and military personnel killed in the line of duty through the Massachusetts Public Services Grant Program.
We are recommending that the University waive at a minimum all mandatory fees for students entitled to the tuition waiver under the state program.

It was moved, seconded and

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

The University shall extend mandatory fee waivers to all students eligible for and receiving the Massachusetts Public Service Grant established by Chapter 15A: Section 16. (Doc. T07-113)

The Information Item was the Higher Education Bond Bill. In October of this year, Governor Patrick filed a $2 billion higher education bond bill; $1 billion is designated for the University. President Wilson and the Chancellors testified in support of the Governor’s bill before a joint legislative hearing of the Higher Education and the Bonding, Capital Expenditures and State Assets Committee on November 1.

The meeting adjourned at 10:03 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees