Chair Karam convened the meeting at 8:05 a.m.

The first item on the agenda was the Chair’s Report. Chair Karam thanked Vice President Lenhardt and former Trustee O’Shea for their work with this Committee. He then reviewed the agenda items and announced there will be a review of the financial condition of the University; a Building Authority presentation and a request to refinance variable-rate bonds. The Committee will be asked to approve a new Identity Theft policy and to authorize President Wilson to submit the University’s FY2010 budget request; and finally the Committee will be asked to vote on a new Endowed Chair at the Medical School.

At the conclusion of the meeting the Committee also planned to go into Executive Session to discuss a proposal offered by Trustee Collins.

Chair Karam then introduced Mr. LaRock, Trustee Representative for Mr. Paul Reville, Secretary of Education.
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The next item on the agenda was the President’s Report. President Wilson first thanked the members of the Committee for their service and welcomed Trustee Karam as the new Chair of the Committee.

The President reported that the University is coming off of one of the best years in its history, but now must face challenges due to the economy. The University’s primary sources of revenue are tuition and fees, grants and contracts, and our state appropriation. State support has been reduced this year and will likely be reduced next year.

The University has a committed workforce and a diverse set of revenues and programs. We face challenges including borrowing another 200 million dollars for our capital program, managing and watching our investments and cash flow and continuing to adjust expenditures to meet reduced revenues.

President Wilson indicated that despite the challenges, he and the Chancellors are committed to protecting the excellence of our academic programs and the student experience; we will continue to support financial aid, recruit and retain excellent faculty and continue the capital program.

More highlights from President Wilson’s report included:

• current University budget is $2.4B;
• the University’s state appropriation has been cut by $25M and now totals $492M;
• the Governor’s House 1 may be cut by another 8%;
• the University is looking at a total 13% budget cut, or $85M cut;
• strategy to deal with budget cuts includes making cuts quickly instead of incrementally;
• deal with first 5% cuts by reducing expenses;
• will not have mid-year fee increases;
• accommodate second 8% cuts by cutting expenses and increasing fees; will need to eliminate some programs;
• moving a majority of the President’s Office staff to the offices in Shrewsbury; there will also be a reduction in staff.

President Wilson then called on the Chancellors for their comments.

Chancellor Meehan reported that the Lowell campus continues to work on the Emerging Technologies and Innovation Center, the strategic planning process and the master planning process; will not make cuts across the board, cuts will be strategic; some campus centers will have to become self-sufficient by July 1st; the campus will have approximately 50 layoffs; will look at the radio station and outreach programs; will be announcing specific cuts on December 1st.
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Chancellor Collins reported that the Medical School has an $800 million revenue stream as part of its budget; the state appropriation cut is about $2 million for the Medical School; there is concern with Commonwealth Medicine that some services may be cut; individual departments have been asked to delay discretionary spending.

Chancellor MacCormack reported that the Dartmouth campus will make strategic cuts and will not make cuts across the board; 27% of the campus’ revenue comes from the state; we are looking into enrollment growth; there are currently 59 positions open and will not be filled at this time; there will be no pay increases for non-unit employees; will reduce utility costs, including closing the campus from December 20th to January 4th; will reconfigure some positions to be 43 weeks instead of 52 weeks.

Chancellor Motley reported that the Boston campus has been issuing weekly updates to the campus community; are looking at 500 part-time positions to decide which to eliminate; will draw about $2.75 million from reserves through Continuing Education and Trust Fund Administration; other budget reductions will include reducing energy consumption, overtime, hiring, and non-personnel expenses.

Chancellor Holub reported that the Amherst campus has experienced an $11.37 million cut through the Governor’s 9C process; will look at one-time reductions, planning a $4.7 million deduction, mostly through the elimination of faculty positions that are currently open; other reductions will come from departments and central budgets; have implemented a hiring freeze, will put a halt to the Amherst “250” plan, a website has been set up to inform everyone of updates on the budget; have set up a Task Force to come up with recommendations.

Trustee Collins stated his concern with cuts planned on the Lowell campus, specifically in outreach programs because these are a part of the University’s core mission. Chancellor Meehan responded that these programs are outside of the students’ learning experiences and he cannot envision an increase in student fees to support these programs.

Trustee Kulenovic indicated that the Committee needs to figure out the core mission of the University and come up with a strategy for how the University will emerge from these cuts.

Trustee Tocco stated that we should look at some of these actions as opportunities and how the University can gain from the cuts. He also had a question about how the cuts will affect the housing proposals on the Lowell campus. Chancellor Meehan responded that they continue to look at the housing options as the funding comes from student funds; the campus is also looking to purchase a building for housing.

Trustee Tocco also had a question about Amherst enrollment decisions in light of the cuts. Chancellor Holub responded that the campus is still looking at growth in enrollment, looking at facilities and classroom use which is almost to capacity. They are also considering technology for distance learning.
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Chancellor Meehan reported that he is looking into the possibility of allowing campuses to keep tuition from out-of-state students.

Mr. LaRock stated that the Executive Office is concerned about continuing to provide aid for the neediest students as the campuses consider increases in fees; there is a need to maximize the students’ abilities to access federal and state funds for financial aid.

The next 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 10, 2008 meeting of the Committee.

The next item was the Vice President’s Report. Vice President Lenhardt presented a Report on the University’s Investment Situation and the University’s Budget/Economic Situation that included best case/worse case scenarios.

Best case assumptions included:

•FY09: State 9C cut only; spending cuts to operating budget; minor changes to other FY09 operating budget revenues and expenses; FY10: 8.07% cut in state funding; 3.3% fee increases; 4.5% inflation on spending; FY11: level state funding; 3.3% fee increase; 4.5% inflation on spending.

Worst case assumptions included:

•FY09: Additional 3% State 9C cut; spending cuts to operating budget; additional changes to FY09 operating budget revenues and expenses; FY10: 10% cut in state funding; No fee increase; 5.2% inflation on spending; FY11: 5% cut in state funding; No fee increase; 5.2% inflation on spending.

The first discussion presentation was the Report of the Building Authority. Mr. MacKenzie discussed the impact of the world-wide credit crunch on the Building Authority and reviewed some of the project highlights of the Authority including:

•Ambac Insured Bonds are being questioned;
•results of bond refunding;
•the effect of the Lehman Brothers Bankruptcy;
•the credit freeze and rate spike;
•the market for long term bonds;
•refunding variable rate bonds.
Project highlights:

• UMASS Amherst: Central Heating Plant is operational; the Skinner Hall Nursing building is completed; the Studio Arts Building has been dedicated; furniture and equipment is moving into the Integrated Science Building; the Student Recreation Center will be closing by the end of December; the Campus Hotel is being renovated and the Police Station is in design.

• UMASS Boston: the Venture Development Center is just about completed; development of Facilities Master Plan and the Designer RFP is on the street.

• UMASS Dartmouth: the Designer for the Library Infill project is being hired.

• UMASS Lowell: ETIC programming completed; Fox Hall renovations start in December; negotiation is underway on the purchase of housing.

• UMASS Medical School: Campus programming of Sherman Center; designer to be selected in December.

Vice President Lenhardt then reported on the FY2008 University Financial Report which included the results of the audited financial statement for FY08. There was an update on how the results compared to last year’s targets. Controller Wilda provided the Committee with five years of results for the key indicators of financial health including the status of the financial cushion.

Chair Karam stated his interest in seeing quasi-endowment versus new funds raised over time.

The first item for Action was the Refunding of the University of Massachusetts Building Authority Variable Rate Bonds.

It was moved, seconded and

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

That the issuance by the University of Massachusetts Building Authority (the “Authority”) of bonds (in one or more series) for the purpose of refunding all or a portion of the Authority’s bonds bearing interest at variable rates, including the Authority’s Project Revenue Bonds, Senior Series 2008-1, Facilities Revenue Bonds, Senior Series 2008-A, Refunding Revenue Bonds, Senior Series 2008-3 and Refunding Revenue Bonds, Senior Series 2008-4, is hereby approved, and the President of the University of Massachusetts (the “University”), and the Vice President for Management and Fiscal Affairs, Treasurer and Deputy Chief Operating Officer of the University, each acting alone, and each other officer of
the University, acting alone, are hereby authorized in the name and on behalf of the Trustees of the University (the “Trustees”) to approve in writing the issuance by the Authority of bonds (in one or more series) for such purpose.

And further,

That the President of the University, and the Vice President for Management and Fiscal Affairs, Treasurer and Deputy Chief Operating Officer of the University, each acting alone, and each other officer of the University, acting alone, are hereby authorized to do all other things and to take all other such action as the officer or officers so doing or acting shall, as conclusively evidenced by the doing of the things or the taking of the action hereby authorized, deem necessary or desirable to carry into effect the matters hereby authorized, including without limitation the execution, sealing and delivery on behalf of The Commonwealth of Massachusetts (the “Commonwealth”), the Trustees or the University, of contracts including without limitation, contracts entered into by the Commonwealth, acting by and through the Trustees, with the Authority (to which the Trustees may not need be a party) for state financial assistance in the form of a guaranty by the Commonwealth of bonds (in one or more series) of the Authority or for management and services with respect to projects financed or refinanced by bonds of the Authority, all as provided in and permitted by Chapter 773 of the Acts of 1960, as amended (the “Enabling Act”), or any other applicable provision of law, each such contract to have such provisions as are approved by the signer thereof on behalf of the Commonwealth, the Trustees or the University, the execution of any such contract is authorized by this resolution and the approval by such signer of the provisions thereof.

And further,

That in addition to the authorizations granted by this resolution to the President of the University, and the Vice President for Management and Fiscal Affairs, Treasurer and Deputy Chief Operating Officer of the University and each other officer of the University, and without limiting any such authorizations, the Trustees, pursuant to Chapter 75, Section 3A of the Massachusetts General Laws and every other authority thereunto the Trustees enabling, hereby delegate to the President of the University and the Vice President for Management for Management and Fiscal Affairs, Treasurer and Deputy Chief Operating Officer of the University, each acting alone, and each other officer of the University, acting alone, the power to do all acts and things and exercise powers each officer of the University is authorized by this resolution to do or exercise, such delegations being intended to be commensurate with the authorizations granted to each such officer by this resolution, and such delegation being in the judgment of the Trustees necessary or desirable.
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And further,

That this vote shall take effect immediately upon passage. (Doc. T08-103)

The next item was the Identity Theft Prevention Program which is in compliance with the Red Flags Rule that begins on May 2, 2009.

It was moved, seconded and

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

To comply with the provisions of the Fair and Accurate Credit Transactions Act (FACT Act) and its “Red Flag” rules, and take the following actions:

• Approve an initial Identity Theft Prevention “Red Flags” program (“Program”), set forth below.

• To delegate to the President the authority to designate a senior University official with responsibility to oversee the development, implementation, and maintenance of the Program. (Doc. T08-109)

The next item was Authorization to Prepare and Submit the FY2010 State Budget Request. Chairman Manning stated his belief that despite the financial constraints, the University is in high demand thanks to strong leadership.

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 2010 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. T08-110)

The next item was Establishment of the Silverman Chair in Natural Sciences, UMASS Worcester. Chancellor Collins reported that the Chair is intended to support investigative molecular medicine research at the Medical School.
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It was moved, seconded and

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

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed professorship to support Investigative Molecular Medicine Research at the University of Massachusetts Worcester to be known as the Silverman Chair in Natural Sciences. (Doc. T08-112)

Chair Karam then asked for a motion to enter **Executive Session to Consider Issues Related to Collective Bargaining.** Chair Karam announced that the Committee will reconvene in Open Session; the Secretary will call the Roll.

It was moved, seconded and

**VOTED:** To enter into **Executive Session** for the purpose of considering issues related to Collective Bargaining.

Chair Karam voted for the motion as did Trustees Boyle, Collins, Kurenovic, Lawton, MacAfee; Trustee Representative LaRock; Chairman Manning.

The time was 10:00 a.m.

At 10:14 a.m. the Committee returned to Open Session and voted to adjourn.

Barbara F. DeVico
Secretary to the Board of Trustees