MINUTES OF THE MEETING OF THE
COMMITTEE ON ADMINISTRATION AND FINANCE

Wednesday, November 30, 2011; 8:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts

Committee Members Present: Chair Woolridge; Vice Chair Collins; Trustees Baldassarre, Furman, Gomez, Lee, Kennedy, Mullan, Schock and Tarr; Ms. Lee, Secretary Reville’s Representative; Chairman Karam

Committee Members Absent: Trustees Campbell, Johnston, King-Shaw and Peters

University Administration: President Caret; Senior Vice Presidents Gray and Williams; Chancellors Holub, Motley, MacCormack, Meehan and Collins

Faculty Representatives: Professor May, UMass Amherst; Professor Tirrell, UMass Boston; Ms. Gibbs, UMass Dartmouth; Professor Carter, UMass Lowell

Documents Used: Annual Financial Statements (Doc. T11-091)
Efficiency Improvement Effort Status Report (Doc. T11-095)
Sustainability Update (Doc. T11-097)
FY2013 State Budget Request (Doc. T11-098)
Business Continuity Policy (Doc. T99-060, as amended)
Resolution to Accept Property from United States for use by UMass (Doc. T11-099)
Update on University Financial Projections (Doc. T11-096)
Sustainability Update (Doc. T11-097)

Chair Woolridge convened the meeting at 8:05 a.m. and asked for a motion to Consider the Minutes of the Prior Meeting of the Committee.

It was moved, seconded and

VOTED: To approve the minutes of the September 19, 2011 meeting of the Committee and to approve the Executive Session Minutes of the June 1, 2011 and September 19, 2011 meeting of the Committee.

Chair Woolridge reported that the Committee would be reviewing the University’s past and current financial performance as well as the challenges that are expected as we face the future.
Reports:

President Caret in his report highlighted some of the significant and troubling shifts in the higher education financing picture that have taken shape over the past decade or so. As states shift higher education costs away from their general funds to direct student charges, an overreliance on student debt has been one of the most alarming consequences. The President cited the greater than $1 trillion in student loan indebtedness that now burdens many generations of past and current US college students. Here in Massachusetts, the state’s share of the UMass E&G budget has shrunk from 63% ten years ago to 45% today. Students and their families have made up the difference. The President called on the state to do more while at the same time committing the University to expand its ongoing efficiency improvement efforts into the academic realm.

In his report, Senior Vice President David Gray outlined the results of the November 2nd refunding of two outstanding bond issues. A total of $40.5 million in outstanding debt was refunded with aggregate present value savings of $5.1 million, or 12.6% of the principal balance of the refunded bonds; the savings accrue to the benefit of the Boston and Worcester campuses. Mr. Gray also shared the good news of $500,000 in FEMA grants coming to our campuses to develop hazard mitigation plans; he also conveyed the good news of a successful and on-time major upgrade of our PeopleSoft Finance system.

University Controller Christine Wilda provided a comprehensive overview on the FY2011 University Financial Report and the University’s performance with respect to the five financial indicators that we routinely measure. Overall, the University exhibited another strong performance in the face of a challenging economy.

Senior Vice President Gray provided an Update on the University’s Financial Projections and described our current financial condition as we near the halfway mark of FY2012 and laid out the challenges we expect to face as we approach FY13. The impact of collective bargaining costs and the need for the Commonwealth to shoulder this requirement was the object of much discussion.

Associate Vice President Douglas described the FY13 state budget request process and outlined the major components of the funding formula which the University utilizes to develop its request for state funding. The gap between formula need and actual state funding is now approaching $600 million and there has been a complete reversal over the past 10 years of the share of the E&G budget shouldered by the state versus the students via tuition and fees; tuition and fees now represent 55% of the E&G budget.

Trustee Furman and Senior Vice President Gray provided an update on the University’s Efficiency Improvement Initiative. A new governance framework for IT services will be launched on December 8th that will help shape IT strategy, priorities, and funding decisions. Progress also continues on a decision on a new e-procurement solution.
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Associate Vice President Douglas provided a comprehensive overview of the University’s Sustainability Efforts and Future Plans. All University leaders are signed on to an ambitious goal for the University to become carbon neutral by 2050.

Action Items:

The first item for action was the **Resolution Authorizing the President to Prepare and Submit the FY2013 State Budget Request**. Chair Woolridge asked for questions or discussion and 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 2013 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. T11-098)

The next item was the **Resolution Approving Proposed Revisions to the Business Continuity Policy**. Chair Woolridge asked for questions or discussion and it was moved, seconded and

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

To amend the Business Continuity and Planning Policy, Doc. T99-060, by renaming it the University Emergency Management and Business Continuity Policy, deleting the provisions in their entirety, and replacing them with the following:

**Emergency Management and Business Continuity Policy:**

Programs to create and maintain safeguards, emergency management and business continuity are essential to ensure that the University of Massachusetts (University) mitigates risks and is able to continue to perform its mission in the event of natural or human-caused disasters or other extraordinary events that might disrupt normal operations. Emergency management and business continuity programs are vital in protecting the safety and welfare of University faculty, staff, students and associates; in minimizing damage to, and loss of University property and assets; and in restoring normal University operations as rapidly as possible.

The University will take an all-hazards approach to prevent, mitigate, prepare for, respond to, and recover from the impact against any natural or human caused disaster. The goal is to create a disaster-resilient University with effective crisis and consequence management capability.
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The University’s emergency management and business continuity programs will be guided by nationally recognized industry standards and best practices as determined and set by the President.

The University will employ a system-wide integrated multidisciplinary approach to emergency management and business continuity not only to prepare each University campus and President’s Office to disasters, but in identifying opportunities to coordinate and collaborate to achieve a common goal.

The emergency management and business continuity programs will maintain a comprehensive and effective program encompassing risk assessment, risk mitigation, emergency preparedness and response, training and exercising and business continuity to strengthen crisis and consequence management capabilities across the University system.

The President shall develop and issue guidelines for campuses to follow in the implementation of this policy. (Doc. T99-060, as amended)

The next item was the Resolution to Accept Property from the United States for Use by the University of Massachusetts Dartmouth. Chair Woolridge asked for questions or discussion and it was moved, seconded and

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

WHEREAS, certain real property owned by the United States of America, located in the County of Bristol, Commonwealth of Massachusetts, has been declared surplus to the needs of the Federal government and is subject to assignment for disposal for educational purposes by the Secretary of Education, under the provisions of Section 203(k)(1)(a) of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377) (Act), as amended, and rules and regulations promulgated pursuant thereto, more particularly described as follows:

The real estate and existing structures thereon, known as the “Naval Reserve Center” in the City of New Bedford, consisting of approximately 2.96 acres of land located at 838 South Rodney French Boulevard.

WHEREAS the University of Massachusetts, a public institution of higher education of the Commonwealth of Massachusetts, needs and can utilize said property for educational purposes in accordance with the requirements of said Act and the rules and regulations promulgated thereunder of which this Board is fully informed, including commitments regarding use and time within such use shall commence.
NOW, THEREFORE, BE IT RESOLVED, the University of Massachusetts shall make application to the Secretary of Education for, and secure the transfer to it of, the above-mentioned property for said use upon and subject to such exceptions, reservations, terms, covenants, agreements, conditions and restrictions as the Secretary of Education, or his authorized representative may require in connection with the disposal of said property under said Act and rules and regulations issued thereto; and

BE IT FURTHER RESOLVED, that the University of Massachusetts has legal authority and is willing and is in a position financially and otherwise to assume immediate care and maintenance of the property, and that Jean MacCormack, Chancellor of the University of Massachusetts Dartmouth, is hereby authorized, for and on behalf of the University of Massachusetts to do and perform any and all acts and things which may be necessary to carry out the foregoing resolution including the preparing, making and filing of plans, applications, reports and other documents; the execution, acceptance, delivery and recordation of agreements, deeds and other instruments pertaining to the transfer of said property; and the payment of any and all sums necessary on account of the purchase price thereof including fees or costs incurred in connection with the transfer of said property for surveys, title searches, real estate appraisals, recordation of instruments or costs associated with escrow arrangements; together with any payments necessary by virtue of nonuse or deferral of use of the property. If the applicant is unable to place the property into use (or determines that a deferral of use should occur), IT IS UNDERSTOOD AND AGREED that the University of Massachusetts will pay to the United States Department of Education for each month of nonuse beginning twelve (12) months after the date of the deed, or thirty-six (36) months where construction or major renovation is contemplated, the sum of 1/360th of the then current fair market value of the property for each month of nonuse.

If submission of the Application for Public Benefit Allowance Acquisition of Surplus Federal Real Property for Educational Purposes is approved, a copy of the application and standard deed conditions will be filed with the permanent minutes of the Board.

University of Massachusetts
225 Franklin St., 33rd floor
Boston, MA 02110

I, Barbara DeVico, hereby certify that I am the Secretary to the Board of Trustees of the University of Massachusetts, and that the foregoing resolution is a true and correct copy of the resolution adopted by the vote of a majority of the members of said the Board of Trustees of the University of Massachusetts present at a meeting.
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of said Board of the 14th day of December, 2011, at which a quorum was present.
(Doc. T11-099)

There being no other business the meeting adjourned at 10:01 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees