

UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

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

Wednesday, May 18, 2005; 8:00 a.m.

Knapp Room

225 Franklin Street – 12th Floor

Boston, Massachusetts

Committee Members Present: Chair Dubilo; Trustees Labrecque, Mahoney and O’Shea; Chair Karam

Committee Members Absent: Vice Chair Rainey; Trustees Fey, King, Moseley, Murphy and Pham

University Administration: President Wilson; General Counsel O’Malley; Vice Presidents Chmura and Lenhardt; Chancellors Lombardi, Motley, Hogan and Lazare; Mr. O’Riordan, Budget Director; Ms. Wilda, University Controller; Vice Chancellors for Administration and Finance Hatch, O’Connor, Zekan and Griffin; Deputy Chancellor Stanton; Mr. Marquis, Associate Treasurer; Mr. Harrison, Director of Auditing; Mr. MacKenzie, Executive Director, Building Authority; Ms. Keyes, Director of Financial Aid, UMASS Boston; Mr. Briggs, Director of Admissions, UMASS Dartmouth

Faculty Representatives: Professors O’Connor and May, UMASS Amherst; Professor Tirrell, UMASS Boston; Professor Carter, UMASS Lowell

Chair Dubilo convened the meeting at 8:04 a.m. 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 February 9, 2005 meeting of the Committee.

The next item on the agenda was the **Chair’s Report.** Chair Dubilo reviewed the issues that would be discussed today. The University continues to look for ways to improve its financial opportunities.

The next item was the **President’s Report.** President Wilson reported on the success of his Inauguration held on May 12 that included the UMASS Honors Program and a concert by the Boston Pops. At this event President Wilson announced a total of \$11 million in new funds for UMASS including the financing of two new chairs at UMASS Amherst. There is a \$2.5 million gift from Andrew and Jimmy Rudd that was combined

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with another \$2.5 million in challenge funds and \$1.25 million in state matching funds to create a \$6.25 million chair dedicated to the study of complex issues surrounding adoption.

Some of the other highlights from President Wilson's report:

- an additional \$1 million gift from Eugene and Ronnie Isenberg, matched with other funds to create a \$2.5 million chair at the School of Management;
- two gifts for the Dartmouth campus totaled \$1.5 million;
- the Senate is proposing as much as \$18 million in additional funding for the University, about \$10 million more than the allocations proposed by the House and the Governor;
- Governor Romney has pledged \$40 million to address the reconstruction needs to fix the garage at UMASS Boston.

President Wilson reported on the topics being discussed and voted on today: Financial Aid: in FY04 we provided \$302.5 million in financial aid; our aid percentage of need-based support has declined slightly; federal and state aid policies are very important factors.

The discussion of financial performance and peer comparisons will help dictate our goals for the future and remain competitive and effective. President Wilson thanked the Legislature for increasing the support in the budget.

President Wilson concluded his report by reporting on the recent move of the President's Office from One Beacon Street to 225 Franklin Street. The move was highly successful thanks to staff members Kim Medeiros, Julie Kenny and Patricia Dognazzi. He also commended the Building Authority for their work with the project.

The next item was the **Vice President's Report**. Vice President Lenhardt reported on today's agenda items, and explained the process involved re financing existing University debt. He also mentioned the funds needed to address the serious reconstruction needed to fix the garage at UMASS Boston.

The next item was **Revisions to the Investment Policy**. Vice President Lenhardt reported on the revisions to the policy that includes: delineating the responsibilities of the Trustees and the Investment Committee defines the role of the Treasurer's Office, the expectations for investment consultants, and providing updated asset allocation guidelines.

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It was moved, seconded and

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

To approve the University of Massachusetts Operating Cash Portfolio Investment Policy and Guidelines Statement as contained in Doc. T92-031, Appendix F, as amended.

The next item was **Revision to the Capitalization and Inventory Control Policy.** Ms. Wilda explained the change to the policy will allow less rigid timelines with regard to the campuses performing physical inventories.

It was moved, seconded and

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

To approve the University of Massachusetts Capitalization and Inventory Control Policy as contained in Doc. T96-073, as amended.

The next item was **Approval of Parking Violation Fines, UMASS Boston.** Chancellor Motley reported that the parking fines at the Boston campus have not been increased in thirteen years. All revenue collected from the parking fines will be transferred to a scholarship fund.

It was moved, seconded and

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

In accordance with Section 1A (b) of Chapter 75 of the General Laws, to establish and approve the schedule of parking violation fines for the Boston campus as described below:

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Schedule of Parking Violation Fines

Violation	Boston Campus
<i>Group A</i>	
Parking Within an HP or DV Space	\$50.00
Blocking Handicapped Ramp	\$50.00
<i>Group B</i>	
Posted Tow Zone	\$25.00
Posted Fire Lane	\$25.00
On a Sidewalk	\$25.00
In A Crosswalk	\$25.00
10' of Fire Hydrant	\$25.00
Within 20 Ft of Intersection	\$25.00
Posted Emergency Vehicle Area	\$25.00
Obstructing Building Entrance/Exit	\$25.00
Controlled Parking Area w/o Authorization	\$25.00
Toll Evasion	\$25.00
Posted Bus Stop	\$25.00
Interfere with Snow Removal	\$25.00
Delivery Zone	\$25.00
<i>Group C</i>	
Double Parking	\$15.00
Parking in Front of Street Barricade	\$15.00
Blocking Driveway	\$15.00
Blocking Gateway or Field Entrance	\$15.00
More Than 12" from Curb	\$15.00
No Parking Zone	\$15.00
Parking in Access Lane	\$15.00
Facing the Flow of Traffic	\$15.00
On Land not for Vehicular Use	\$15.00
Overnight w/o Authorization	\$15.00
Single Vehicle Over Two Spaces	\$15.00

(Doc. T05-039)

The next item was **FY2004 Financial Ratios System Peer Analysis and FY2005-2010 Indicators Projections**. Vice President Lenhardt provided some background for the report. Financial Indicators are ratios that are designed to provide an indication of the financial health and stability of the institution. They are used as a management and planning tool and set a target for future performances. They can also be used by bond raising agencies to assess the financial health of institutions that seek to borrow funds.

Ms. Wilda reported on the ratios:

- Operating Margin – in FY04, the University’s operating margin exceeded that of many of the peer systems and each of the four undergraduate campuses margins were comparable to the average for their peer institutions;

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- Financial Cushion – in FY04, the University had a financial cushion of 19.9% which was within range for the peer systems of 5.2% to 35.7%;
- Debt Service to Operations – projected to increase over the next several years; currently, ratios are slightly above peer averages;
- Endowment per student – all campuses are projecting increases in their endowment per student in the next five years;
- Private Funds Raised – all campuses are projecting modest increases in annual private fundraising;
- Age of Facilities Ratio – continuous investments in plant including building renovations, infrastructure improvements and new construction;
- Capital investment per student – FY2004: Massachusetts = \$3,354.

Chair Karam inquired about the lack of private funds being raised. President Wilson indicated that a consultant has been hired to improve our fundraising efforts.

The next item was **FY2005 Financial Aid Report**. Vice President Lenhardt began his report by acknowledging the contributions of the campus financial aid officers. He then reported on the following:

- In FY05 it is estimated that University students will receive over \$339 million in need-based and other financial assistance;
- 60% of aid distributed at UMASS is federally funded; 10% is state funded, 17% comes from UMASS Funds and 14% come from other sources;
- In FY05 the University will award over \$56 million in institutional funds to students in the form of scholarships, grants and fee waivers;
- UMASS is able to meet an estimated 83%-94% of the financial need for enrolled in-state students.

Ms. Keyes, Director of Financial Aid, UMASS Boston; Mr. Briggs, Director of Admissions, UMASS Dartmouth reported on the many facets of the financial aid process including information about the amount of debt students incur while attending UMASS. It was noted that this item be brought before the full Board for a general discussion.

The next item was **FY2006 State Budget Update**. The Senate is proposing as much as \$18 million in additional funding for the University.

At 9:50 a.m. Chair Dubilo departs the meeting.

Chair Karam introduced the next item: **Request for Building Authority Action**. Mr. MacKenzie reported that this resolution is a request by the Trustees for the Building Authority to operate the dining club on behalf of the University.

It was moved, seconded and

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

BE IT RESOLVED:

WHEREAS, University of Massachusetts Building Authority (the "Authority") is authorized by Chapter 773 of the Acts of 1960, as amended, among other things, (a) to provide dormitories, dining commons and other buildings and structures for the use of the University of Massachusetts (the "University"), its students, staff and their dependents and certain organizations related to the University, (b) upon written request made by authority of the Board of Trustees (the "Trustees") of the University, to acquire, add to, alter, enlarge, reconstruct, remodel and do other work in or upon or respecting any building or structure and (c) to provide and install furnishings, furniture, machinery, equipment and facilities in or for or related to any such building or structure; and

WHEREAS, the Authority is further authorized by said Chapter 773 to acquire real and personal property by lease, purchase or otherwise; to operate such buildings or structures or portions thereof; and to provide services therein; and

WHEREAS, in the judgment of the Trustees it is in the best interests of the University, its students, staff and their dependents and said organizations that the Authority carry out the undertakings described below;

NOW, THEREFORE, BE IT RESOLVED THAT

1. The President of the University be and he hereby is authorized in the name and on behalf of the Trustees make a written request of the Authority that the Authority undertake the following:
 - (a) Through lease, purchase or otherwise, to obtain premises in the City of Boston suitable for the establishment of a private dining club known as the University of Massachusetts Club and to operate and manage the Club, including but not limited to, the obtaining of a liquor license for the Club, and/or to contract for the operation and management of the Club, and
 - (b) To alter, reconstruct, remodel and do other work in upon or respecting such premises and to provide and install furnishings, furniture, machinery, equipment and facilities in or such premises, all to make such premises suitable for their intended purposes.
2. The President of the University and the Vice President for Management and Fiscal Affairs and Treasurer of University, be and they are and each acting singly is authorized and directed to do such other things and to take such other action as the officer or officers so acting shall, as conclusively evidenced by their taking the action hereby authorized, deem necessary desirable to be done

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or taken to carry into effect the undertakings of the Authority hereby authorized. (Doc. T05-029)

The next item was **Building Authority Refinancing**. Mr. MacKenzie reported that this resolution will authorize the President and the Vice President for Management and Fiscal Affairs to approve the refunding of bonds issued by the University of Massachusetts Building Authority. The amount of bonds refunded could be between \$100 million to \$500 million depending on market conditions and other variables.

It was moved, seconded and

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

BE IT RESOLVED:

That the issuance by the University of Massachusetts Building Authority (the "Authority") of bonds (in one or more series) or notes (in one or more series) for the purpose of refunding any or all of the outstanding indebtedness of the Authority, including indebtedness of the University of Lowell Building Authority, is hereby approved, and the President of the University of Massachusetts (the "University"), and the Vice President for Management and Fiscal Affairs and Treasurer 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 or notes (in one or more series) for such purpose.

That President of the University, and the Vice President for Management and Fiscal Affairs and Treasurer 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 such other 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, interest rate swap agreements for the express purpose of converting floating rate debt to fixed rate debt (which are hereby authorized) permitted by Chapter 773 of the Acts of 1960, as amended (the "Enabling Act"), or any other applicable provision of law (including without limitation contracts entered into by the Commonwealth, acting by and through the Trustees, with the Authority (to which the Trustees may need not be a party) for state financial assistance in the form of a guaranty by the Commonwealth of bonds (in one or more series) or

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notes (in one or more series) of the Authority or for management and services with respect to projects financed or refinanced by bonds or notes of the Authority, all as provided in and subject to the Enabling Act), 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 by such signer conclusively to evidence that such contract is authorized by this resolution and the approval by such signer of the provisions thereof.

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 and Treasurer 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 and Fiscal Affairs and Treasurer 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 all powers each officer of the University is authorized by this resolution to do or exercise, such delegation 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. (Doc. T05-036)

The meeting adjourned at 9:57 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees