

Budget, Finance, and Investment Committee
Summary Report of Meeting
May 17, 2024

Vice President's Report:

Endorsement of housekeeping amendments to the following investment-related policies to reflect the transfer of responsibilities from the now dissolved Investment Subcommittee to the Budget, Finance, and Investment Committee.

- Cash Management & Liquidity Policy
- Endowment Budget Policy
- Endowment Administrative Fee Policy
- Quasi-Endowment Funds Policy
- Proxy Votes and Shareholder Resolutions
- Underwater Endowment Guidelines

Fossil Fuel divestment has been completed except for four long term investments.

Fossil Fuel investments in the Long Term Pool portfolio

Investment Manager	Inception	Terms/Exit Date
CF - Capital Natural Resources IX	2013	~ June 6th, 2028
Ener-Vest Energy	2015	Dissolved no later than April 24, 2029.
Trace Capital (formerly Denham Capital)	2016	Dissolved no later than June 30, 2029.
NGP Natural Resources	2019	Dissolved no later than December 31, 2029.

UVM Endowment Investments have all sectors up except for a lagging real estate market. The market was down slightly in April, but equity markets are rallying in May. Real estate is struggling with high interest rates and lack of corporate offices being occupied. The economy is reasonably strong and no change in allocations from February was made. Liquidity is solid, and endowment accounts are strong and outperformed the benchmark. It was acknowledged a potential volatility around election time and some international markets could be expected. The committee reaffirmed the Investment of Endowment Cash Policy that allows the VP for Finance and Treasurer to invest and withdraw endowment cash in a money market or a short-term bond fund to maximize investment return and meet endowment needs.

Strong progress has been made in the Comprehensive Sustainability Plan. Currently have a fleet of 23 electric vehicles and new charging stations installed.

The committee endorsed housekeeping amendments to its charge to reflect the dissolution of the Investment Subcommittee for referral to the Board for approval.

The committee also endorsed and referred to the Board for approval proposed amendments to the Energy Efficiency (Green) Revolving Loan Fund to extend the payback period from 7 to 15 years for longer term projects which significantly reduce energy.

FY25 Budget

Approval of the budget has been deferred until June due to FAFSA application issues and the impact it has on student's decisions as financial information will not be ready until next month. An update on FY 2025 budget assumptions will be provided to the Executive Committee on June 10th and a balanced budget is expected to be presented for approval at a Special Board meeting scheduled on June 25th.

The key assumptions used to develop the FY 2025 budget thus far, include:

- 3.5% out of state tuition increase

- No in-state tuition increase
- Due to dramatically increased healthcare costs, the active employee full-time fringe rate is expected to jump from 43.8% in FY 2024 to 52.5% in FY 2025.
- Implementation of a \$1,000 student program fee for College of Nursing and Health Sciences, College of Engineering & Mathematical Sciences and the Grossman School of Business. This fee is relatively common and in line with UVM's peer institutions..
- 3% increase in State Appropriations
- No increase in research F&A cost & recovery
- Approximately \$1 million increase for deferred maintenance (from \$5M in FY24 to \$6M in FY25) to assist with the high cost of construction, materials, the number of plumbers and electricians are at an all-time low
- One-time reserves are being applied to FY25 and FY26 to balance budget, but it is not sustainable. Starting FY27, need to build a strategy for "structurally balanced" budget. Focus on efficiency and ways to offset expenses.
- The largest risk appears to be the costs of healthcare at this point
- High inflation and housing costs

Meeting adjourned 12:50pm

Respectfully submitted by Aimee Gale

**THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES**

BUDGET, FINANCE AND INVESTMENT COMMITTEE

Members: Chair Don McCree, Vice Chair John Dineen, President Suresh Garimella, Susan Brengle, Frank Cioffi, Kevin Christie, R. Stanton Dodge, Katelynn Giroux, Ed Pagano, Shap Smith, Tristan Toleno, and Catherine Toll

Representatives: Faculty Representatives Jane Knodell and Guillermo Rodriguez, Foundation Representative Bob Plante, Alumni Representative Myron Sopher, Staff Representatives Kunie Renaud and Aimee Gale, Student Representatives Evan Siegel and Ashleigh Clark, and Graduate Student Representatives (vacant) and Goodness Rex Nze-Igwe

Friday May 17, 2024

1:00 p.m. – 2:00 p.m.

Livak Ballroom (417-419), Dudley H. Davis Center

AGENDA

	Item	Enclosure	Discussion Leader(s)	Time
	Call to order			*1:00 p.m.
1.	Approval of February 9, 2024 meeting minutes	Attachment 1	Don McCree	1:00-1:02
2.	Vice President’s report <ul style="list-style-type: none"> • Housekeeping changes to investment related policies • Proposed list of approved managers for cash management • Fossil fuel divestment update • Comprehensive Sustainability Plan update • UVM Endowment Investments • Capital project prefunding account • Net tuition stabilization fund • Net asset reporting 	Attachment 2; Appendices A-D	Richard Cate Claire Burlingham	1:02-1:07
3.	Resolution approving amendments to the Budget, Finance & Investment Committee charge	Attachment 3; Appendix A	Don McCree	1:07-1:10

	Item	Enclosure	Discussion Leader(s)	Time
4.	Report of the University of Vermont Investment Management Company <ul style="list-style-type: none"> • Endowment performance update • Asset allocation update • Resolution to reaffirm the Investment of Endowment Cash Policy 	Separate distribution Attachment 3	Don McCree	1:10-1:25
5.	Resolution approving revisions to the Energy Efficiency (Green) Revolving Loan Fund	Attachment 3; Appendix B	Richard Cate	1:25-1:30
6.	Preview of FY 2025 budget assumptions		Richard Cate Shari Bergquist	1:30-1:45
7.	Other business**		Don McCree	1:45-2:00
	Adjourn			2:00 p.m.

*Times are approximate.

**Executive session as needed.