CASTLETON UNIVERSITY
COMMUNITY COLLEGE OF VERMONT
JOHNSON STATE COLLEGE
LYNDON STATE COLLEGE
VERMONT TECHNICAL COLLEGE

VERMONT
STATE COLLEGES SYSTEM

OFFICE OF THE CHANCELLOR
PO BOX 7
MONTPELIER, VT 05601
P (802) 224-3000
F (802) 224-3035

MEMORANDUM

TO: VSC Finance & Facilities Committee
M. Jerome Diamond
J. Churchill Hindes, Chair
Tim Jerman
Bill Lippert
Christopher Macfarlane, Vice Chair
Linda Milne
Martha O'Connor
Aly Richards

FROM: Steve Wisloski, Chief Financial Officer

DATE: February 16, 2017

SUBJ: Finance & Facilities Committee Meeting on February 22, 2017

The Finance and Facilities Committee of the Board of Trustees will meet from 1:00 p.m. to 3:00 p.m. in Room 101 of the Chancellor's Office.

Please find the agenda and materials attached. The primary purpose of this meeting will be to review 2nd quarter FY2017 operating results, discuss the outlook for the remainder of this fiscal year, and then to have the Chancellor and Presidents review their initial thinking with respect to FY2018 budgets, both at the level of individual institutions and from a System level.

Similar to the process the Committee followed last year, this meeting will be the first in a three-meeting budget development process. Because 2nd quarter results provide fairly robust year-end projections, and since year-end projections are the starting point for next year's budgets, this is an appropriate time to discuss in general terms what known factors, as well as not-yet-knowns—for example, the State appropriation, estimated health care costs, admissions and enrollments, and so forth—will or could influence FY2018 budget development.

Preliminary FY2018 budgets will be presented and discussed at the April 10 meeting, and final budgets will be submitted for the Committee's approval and recommendation at the May 31 meeting.

The meeting agenda also includes an update on the planned debt restructuring, and a review and approval of the debt management policy introduced at the November 30 meeting.

The meeting will conclude with a quarterly cash and investments review, and an updated schedule of meetings and major topics covered for the balance of the fiscal year.

Should you have any questions regarding the upcoming meeting or any other matter, or any requested additions to the agenda, please contact me at stephen.wisloski@vsc.edu or (802) 224-3022. Thank you.

Attachments:

1. Agenda
2. Meeting Materials

cc: VSC Board of Trustees, Council of Presidents and Business Affairs Council
David Beatty, Vermont Department of Finance & Management
The Honorable Douglas Hoffer, Vermont State Auditor

Vermont State Colleges Board of Trustees
Finance and Facilities Committee Meeting
February 22, 2017

AGENDA

1. Call to Order

2. Consent agenda
    a. Approve minutes of January 9, 2017 meeting
    b. Grants and Endowments

3. Legislative Update

4. Discussion of first half results and outlook for balance of FY2017

5. Initial discussion of FY2018 budgets

6. Debt restructuring update

7. Review and approval of debt management policy

8. Quarterly cash and investments review

9. Other business

10. Public comment

11. Adjourn

MEETING MATERIALS

Item 1:
Consent Agenda Items

Back to Agenda

UNAPPROVED Minutes of the VSC Board of Trustees Finance and Facilities Committee held Monday, January 9, 2017 at the Office of the Chancellor, Montpelier, VT

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Monday, January 9, 2017 at the Office of the Chancellor, Montpelier, VT.

Committee members present: Jerry Diamond, Church Hindes (Chair), Tim Jerman, Chris Macfarlane (Vice Chair), Linda Milne, Martha O'Connor (by phone)

Absent: Bill Lippert, Aly Richards

Other Trustees: Lynn Dickinson (by phone), Karen Luneau

Presidents: Nolan Atkins, Elaine Collins, Joyce Judy, Pat Moulton, Dave Wolk

Chancellor's Office Staff:
Tricia Coates, Director of Governmental & External Affairs
Todd Daloz, Associate General Counsel
Sheilah Evans, System Controller/Senior Director of Business Operations
Elaine Sopchak, Administrative Director, Office of the Chancellor
Jeb Spaulding, Chancellor
Steve Wisloski, Chief Financial Officer
Yasmine Ziesler, Chief Academic Officer

From the Colleges:
Chris Beattie, Associate Dean of Administration, Vermont Technical College
Scott Dikeman, Dean of Administration, Castleton University
Barb Flathers, Assistant to the Dean of Students, Johnson State College
Loren Loomis Hubbell, Dean of Administration, Lyndon State College
Barbara Martin, Dean of Administration, Community College of Vermont
Sharron Scott, Dean of Administration, Johnson State College
Lit Tyler, Dean of Administration, Vermont Technical College

1. Chair Hindes called the meeting to order at 1:05 p.m.

2. Consent agenda
   a. Approve minutes of November 30, 2016 meeting
   b. Grants and Endowments

Trustee Milne requested the grant form be removed from the consent agenda for discussion. Trustee Macfarlane moved and Trustee Jerman seconded the approval of the minutes. Trustee Diamond requested that his name be added to the list of members in attendance for the November 30th meeting. The amended minutes were approved unanimously.

Trustee Macfarlane moved and Trustee Jerman seconded the discussion of the SBDC Cooperative Agreement grant. Trustee Milne observed that there is a cash match of $388,857.25 but no sources are mentioned. Vermont Tech Interim President Pat Moulton replied that the form was completed incorrectly. There is an in-kind contribution obligation from the college, and the State of Vermont also provides grant funding. Associate Dean of Administration Chris Beattie stated that the form will be changed to show a college match of a faculty member's salary of $20K to be listed as a continuing cost obligation on the form. President Moulton restated this is an in-kind contribution and not cash. Chair Hindes stated the Committee will consider approving the grant with the understanding that the corrected form will be in the Board materials. President Moulton agreed. The Committee voted 4-1 to recommend approval of the grant to the Board. Trustees Diamond, Hindes, Jerman, and Macfarlane voted yes; Trustee Milne voted no. The grant will be sent to the full Board for its consideration.

3. Discussion of debt restructuring alternatives

Chair Hindes introduced the topic and asked CFO Wisloski to start the discussion. Mr. Wisloski reminded the Committee that the VSC was recently reviewed by S&P in December. He reviewed the current status of the two most recent ratings S&P assigned the VSC. He announced that after the December review, S&P reaffirmed our rating as A- stable. This favorable rating indicates that a perceived downward trajectory has leveled off, pending the many initiatives underway are completed successfully. Public report will be released shortly.

Chancellor Spaulding congratulated Mr. Wisloski on the accomplishment. He reminded the Committee of the recent review of financial advisor proposals, and complimented Mr. Wisloski on his expertise in interviewing the candidates.

Mr. Wisloski reviewed the six different scenarios regarding debt restructuring. He reminded the Committee of the revised resolution approved at its October 2016 meeting regarding the balloon payment. The information presented adds 2005 and 2009 smaller loans with covenants to the mix. Also, general debt savings are realized in the scenarios presented. The VSC has hired PFM Financial Advisors LLC, which created the scenarios in the materials. He reviewed the current debt obligations and then each of the options provided by PFM.

Option 1: The VSC sells bonds on its own.
Option 2: The VSC sells bonds using the state bond bank.
Option 3: A hybrid option in which the VSC sells most of the bonds on its own and about $34M in funding comes from the state obligation.

The Committee discussed the options at length. Regarding timing, Chancellor's Office staff could move ahead with a more accelerated schedule based on what the bond bank is doing. There could be an informational phone call for the Board before the Feb 22, 2017 Finance and Facilities Committee meeting.

4. Discussion of strategic capital and facilities planning

Chair Hindes reminded the Committee that a VSC capital spending report is due to the General Assembly next week. Mr. Wisloski clarified the report is to be a long term strategic plan as to the most efficient use of capital funds. The VSC has $550M of insured property, owns 154 buildings, 1700 acres, 2.5M square feet and approximately $10M annual depreciation. A $1.4M base capital appropriation, while essential, is not providing for capital planning in any meaningful way. There has been a buildup of $60M in deferred maintenance.

Current resources for maintaining and improving capital assets are

- Operating funds, which are limited due to deficits.
- Debt; the system has not borrowed for projects since 2010.
- State funds; the base appropriation is not enough to address needs.
- Gifts, grants, and other external resources; these are minimal.

A strategic capital plan of 5-10 years looking ahead at large investments is not useful at this point. Mr. Wisloski proposed requesting from the State consistent appropriations without contingencies going forward. He reviewed the system's current capital appropriation request: $4M towards prioritized deferred maintenance and an additional $3M for enterprise resource planning software replacement. In light of the debt restructuring underway, the next step should be to develop an assessment of what capital needs are. Currently there is no system-wide prioritized process for assessment of capital needs. Mr. Wisloski asked the presidents to send their capital needs to include in the report to the legislature.

Mr. Wisloski reviewed an example of a report from a university system on its physical infrastructure as a possible framework for future infrastructure analysis the VSC could use.

5. Discussion of financial metrics

Mr. Wisloski reviewed the *Trusteeship Magazine* article on composite financial index and how certain measures can be applied to VSC finances for analysis purposes.

6. Review of schedule for the remainder of FY2017

Mr. Wisloski proposed rescheduling the February 6th Committee meeting to February 22nd, and cancelling the March 13th meeting.

7. Other business

There was no other business.

8. Public comment

There was no public comment.

Chair Hindes adjourned the meeting at 2:55 p.m.

Vermont State Colleges
Grant Proposal Budget Analysis

Form A & B

College: Vermont Technical College

Grant Title: SBDC Cooperative Agreement

Grant Agency: U.S. Small Business Administration (SBA)

Project Director: Linda Rossi, VtSBDC State Director

Purpose of Grant: Provide assistance to the small business community through one-on-one business advising and training.

Grant Period: 10/1/2016 to 9/30/2017

Review Period: One Multi-Yr** / Cumulative Grant Amt: $ 1,321,111.19
**(please enter number of years covered)

Proposed Funding	1st Yr Grant	Cash Match	In-Kind	Indirect	Grant	College
Direct Costs						
Salaries & Wages	$ 359,409.29	$ 170,599.14				
Employee Benefits	$ 223,644.36	$ 99,197.30				
Operations						
Travel	$ 5,279.79	$ 5,060.81				
Equipment						
Library Acquisitions						
Other	$ 555.56	$ 114,000.00	$ 32,780.00			
Total Direct	$ 588,889.00	$ 388,857.25	$ 32,780.00	$ -	$ -	$ -
Indirect Costs*	$ 50,000.00			$ 260,584.94		
Total Budget	$ 638,889.00	$ 388,857.25	$ 32,780.00	$ 260,584.94	$ -	$ 1,321,111.19

*(In-Kind & Other costs for space, utilities, maintenance, administrative support, etc.)

What is(are) the sources of College Funding? $20,971.50 of faculty salary/benefits (25% of Greg Hughes)

What continuing cost obligations does Granting Agency require/expect? $357,400 of State ACCD funds as match

What Continuing cost obligations does the College intend/see likely? Designated faculty salary/benefits

Business Officer Review by: Date: 1/30
Programmatic Review by: Linda J Rossi Date: 1/26/17
Presidential Review by: Patricia Moulton Date: 2/1/17

Full required documentation is being submitted, including all appropriate assurances regarding Civil Rights, People with Disabilities, Sex Discrimination, Human Subjects, Laboratory Animals, etc.

Version 4/17/2008

COMMUNITY COLLEGE OF VERMONT
CCV

PO BOX 489

MONTPELIER, VT 05601-0489

T 802-828-2800 F 802-828-2805

March 24, 2017

Jeb Spaulding, Chancellor
Vermont State Colleges
PO Box 7
Montpelier, VT 05601

Dear Chancellor Spaulding:

It is my privilege to present our request to establish a new endowment at the Community College of Vermont in honor of Urban and Pauline Bergeron, longtime residents of Chittenden County and pillars of their community.

During their lives, Urban L. "Ben" and Pauline L. Bergeron generously gave of themselves in service to corporate, civic, charitable and social organizations in Chittenden County, demonstrating their commitment to giving back to and improving the community where they lived.

In 2001, the Bergeron Family Foundation was established to ensure that their philanthropy continued for future generations. The Foundation's mission is to help Vermonters improve their lives. The daughter of Ben and Pauline, Jane Guyette, along with her three brothers, Paul, John & Jay Bergeron, serve as Trustees to the Foundation. Under their leadership, the Foundation supports numerous area non-profits as well institutions of higher education. Past annual gifts to CCV have funded the Urban & Pauline and Hunter Dandridge Memorial Scholarships since 2011.

This endowment is made possible by a generous gift of $35,000 from the Foundation. The distributable proceeds from this new endowment are intended to fund the Urban and Pauline Memorial Scholarship in perpetuity. This Scholarship will benefit Chittenden County students who demonstrate financial need, are in good academic standing at CCV and have lived in Vermont for 10 years or more.

Urban and Pauline Bergeron are lovingly remembered for exemplifying how to live a charitable, good and kind life through their selfless devotion to family and leadership in the community. We seek approval from the Vermont State Colleges Board of Trustees to establish the Urban and Pauline Bergeron Memorial Scholarship Fund in their honor.

Most sincerely,

Joyce Judy

Joyce Judy
President

enc: VSC Policy 412 Form

FORM C

- NEW FUNDING SOURCE DOCUMENT - ENDOWMENTS ONLY

COMMUNITY COLLEGE OF VERMONT
(College Name)

Submit to Chancellor's Office for all activities based upon a new funding source.
Place copy in front of any applicable master file.

1) Name of endowment: (type in all CAP'S)

URBAN AND PAULINE BERGERON MEMORIAL SCHOLARSHIP FUND

2) Granting agency/donor/other funding source: (Attach supporting Documentation)

BERGERON FAMILY FOUNDATION

3) Purpose of endowment: (Attach supporting Documentation)

TO IMPROVE THE LIVES OF VERMONTERS BY ENCOURAGING STUDENTS TO PERSIST IN THEIR STUDIES, COMPLETE THEIR DEGREES, AND REACH THEIR CAREER GOALS BY SUPPORTING CHITTENDEN COUNTY STUDENTS WHO DEMONSTRATE FINANCIAL NEED, ARE IN GOOD ACADEMIC STANDING AT CCV AND HAVE LIVED IN VERMONT FOR 10 YEARS OR MORE.

4) Proper accounting fund:
√ Regular Endowment ___ Term Endowment

5) General Ledger Activity Code(s): (as proposed or assigned)

#17014

6a) Date Endowment Reach Endowment Status:

DATE OF BOARD OF TRUSTEES APPROVAL MARCH 24, 2017*
*TO BE CONFIRMED ON THE AGENDA FOR THE NEXT VSC BOARD MEETING

7) Reporting requirements: (format/to whom/frequency/other)

BALANCE OF THE CORPUS, TOTAL GIFTS RECEIVED, AND TOTAL SCHOLARSHIPS AWARDED WILL BE REPORTED TO THE BERGERON FAMILY FOUNDATION ONCE PER YEAR

8a) Funding amount: $35,000	8b) √ One-time - OR ___ Ongoing funding (indicate timeframe:)
9a) Is principal use allowed: (w/Board OK?) NO	9b) If yes, is replenishment of principal allowed or required:

10) If investment proceeds generated, indicate intended disposition:
___ Per Board Approved Spending Procedure
√ Fully expend for program as prescribed
___ Increase principal for inflation and expend remainder
___ All Investment earnings added for ____ years before expending for endowment purposes begins
___ Other (describe:)

11) President: Joyce Judy	12) Date to Ch's Ofc: MARCH 24, 2017	13) Date Board Approved:

CENTER FOR PROFESSIONAL STUDIES
LYNDON STATE COLLEGE

Center for Professional Studies Certificate Branding Campaign

Project Overview

The Center for Professional Studies (CPS) at Lyndon State College is applying for a USDA Rural Business Development Grant in the amount of $47,000 to develop a comprehensive branding campaign and marketing outreach plan promoting workforce education aligned to employer skill needs. The total project cost is $242,000. Components of this project include the following:

- Convening area employers around their workforce development needs,
- Designing print and digital advertising assets promoting certificate education options to incumbent and potential employees,
- Buying media in key advertising channels to heighten awareness of the benefits of certification and the availability of CPS resources, and
- Developing marketing materials to facilitate partnerships between area educators and businesses in support of a career pathway approach.

Through this work of helping Vermonters earn credentials that are of value to employers, employers will in turn be able to better grow their businesses and create more jobs.

Project need

Certification education is critically important for Vermont's entire workforce, as evidenced by a recent study by the Lumina Foundation, which found that only 1% of Vermonters hold a high-quality certification, a figure far below the national average of 4.9%. Furthermore, the National Skills Coalition has identified a "Middle-Skill Gap" in Vermont, which means that middle-skill jobs account for 49 percent of Vermont's labor market, but only 41% of the state's workers are trained to the middle-skill level. This project directly addresses the need to improve the skills of area workers. Raising the visibility of the CPS as a local certification education and assessment resource in Vermont will contribute to overall workforce readiness and improve industry productivity.

The Northeast Kingdom has the lowest degree of post-secondary degree attainment in the state of Vermont. While a two or four year degree may seem unattainable to many, certification and licensing can be more attractive as it requires less of a time and financial commitment. The CPS provides a bridge for those in this remote and rural region of Vermont to access nationally-recognized certificate programs resulting in portable credentials sought by employers. An educational institution issuing teaching degrees, licenses, and certificates for over 100 years, Lyndon State College launched the Center for Professional Studies in October 2016 as a local resource focused on workforce development across all industries. Increased awareness of this new program is paramount, as well as increased awareness on the part of both businesses and the workforce as to the benefits of certification.

Benefits to the region

Area employers consistently articulate challenges in finding or developing employees with the relevant skills to enable their businesses to grow. Conversely, those seeking employment or looking to upgrade

CENTER FOR PROFESSIONAL STUDIES
LYNDON STATE COLLEGE

their skills to the next level lack access to professional development opportunities that teach the skills that are valued by employers. The Center for Professional Studies addresses both these needs. Three distinct markets for such credentialing education and assessment services have already been identified: adults who have not completed college; working professionals seeking to upgrade their skills; and Vermont State College students looking to earn industry-recognized credentials and their degrees simultaneously. The CPS addresses the education demands of the ever-evolving workplace as expressed by business in the region and there is a simultaneous need to promote the certificate programs with labor-market value to Vermonters.

To learn more, please contact:

Ann Nygard
Director
Center for Professional Studies
Lyndon State College
1001 College Road, PO Box 919
Lyndonville, VT 05851

PH: (802) 626-4867
E-mail: ann.nygard@lsc.vsc.edu

Vermont State Colleges
Grant Proposal Budget Analysis

Form A & B

College: Lyndon State College

Grant Title: Rural Development Grant

Grant Agency: USDA

Project Director: Ann Nygard

Purpose of Grant: Center for Professional Studies Branding and Marketing Initiative

Grant Period: 10/1/17 to 9/30/18

Review Period: ______ Multi-Yr** / Cumulative Grant Amt: $47,000
**(please enter number of years covered)

	1st Yr		2nd Yr		3rd Yr	
Proposed Funding	Grant	College	Grant	College	Grant	College
Direct Costs	---------------	---------------	---------------	---------------	---------------	---------------
Salaries & Wages		$ 57,000.00				
Employee Benefits		$ 32,600.00				
Operations						
Travel	$ 6,500.00					
Equipment						
Library Acquisitions						
Other	$ 40,500.00	$ 1,400.00				
Total Direct	$ 47,000.00	$ 91,000.00	$ -	$ -	$ -	$ -
Indirect Costs*		$ 104,000.00				
Total Budget	$ 47,000.00	$ 195,000.00	$ -	$ -	$ -	$ -

*(In-Kind & Other costs for space, utilities, maintenance, administrative support, etc.)

What is(are) the sources of College Funding?

What continuing cost obligations does Granting Agency require/expect?
none

What Continuing cost obligations does the College intend/see likely?
none

Business Officer Review by: ______________________ Date: __________

Programmatic Review by: ______________________ Date: __________

Presidential Review by: ______________________ Date: __________

Full required documentation is being submitted, including all appropriate assurances regarding Civil Rights, People with Disabilities, Sex Discrimination, Human Subjects, Laboratory Animals, etc.

Version 4/17/2008

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

Endorsement of 2017 USDA RBDG Grant Proposal

WHEREAS, The VSC Finance & Facilities Committee has appropriately reviewed the current grant proposal for $47,000 and recommends it to the full Board; and

WHEREAS, This resolution authorizes Lyndon State College to apply for and administer the RBDG, and it recognizes that Interim President Nolan Atkins is authorized to sign grant documents; therefore, be it

RESOLVED, That the Vermont State Colleges Board of Trustees hereby endorses the following grant proposals titled, in the amount, and from the specific granting entity as indicated:

- Lyndon State College - USDA Rural Business Development Grant (RBDG) to support a marketing and branding initiative for the Center for Professional Studies.

March 25, 2017

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

VSC Finance and Facilities Committee Business: Consent Agenda

WHEREAS, At its February 22, 2017 meeting the VSC Finance and Facilities Committee discussed the business items outlined below; therefore, be it

RESOLVED, The Committee has voted to approve the items outlined below and recommends them to the full Board:

- Approval of the minutes of the January 9, 2017 meeting
- Approval of the U.S. Small Business Development Center grant in the amount of $1,321,111.19
- Approval of the CCV Urban and Pauline Bergeron Memorial Scholarship Fund
- Approval for the LSC Center for Professional Studies to apply for a USDA Rural Business Development Grant.

February 22, 2017

Item 2:
2nd Quarter FY2017 Financial Report

Back to Agenda

Vermont State Colleges

Consolidated Financial Reports

Period ended
December 31, 2016

Vermont State Colleges
Executive Summary
For the Period Ending December 31, 2016

Total Operating Revenues (Dollars in 1,000s):

Second quarter results and projections present enrollments slightly below budget overall; however, student fees are significantly over budget. Waivers are nearly on target with budget, so the overall impact to Net Tuition and Fees revenue is a positive variance to budget of $193k. Auxiliary revenues are greater than budget by approximately $205k, which equates to a positive student based revenue variance of $398k. All other categories of operating revenues are also expected to produce a positive variance to budget, resulting in a total operating revenue positive variance of $621k.

Enrollment summary:

	Budgeted FPE	Projected Actual FPE	Variance-Enrollment FPE	Variance Net Tuition
CCV	3,979	3,994	15	$ 47
CU	1,963	1,978	15	$ 140
JSC	1,376	1,314	-62	$ (480)
LSC	1,179	1,139	-40	$ (645)
VTC	1,413	1,458	45	$ 658
TOTALS:	9,910	9,883	-27	$ (280)
FEES:				$ 490
WAIVERS:				$ (17)
AUXILIARY:				$ 205
		STUDENT BASED REVENUE VARIANCE		$ 398
		NON-STUDENT BASED REVENUE VARIANCE		$ 223
		TOTAL OPERATING REVENUE VARIANCE		$ 621

Total Operating Expenses (Dollars in 1,000s):

Overall, operating expenses are projected to come in over budget; although the amounts per college vary considerably. The majority of the colleges are within 1% of their expense budgets. The two outliers are attributable to greater than expected scholarship expenses for CU and a formalized cost cutting measure for LSC. See college narratives for greater detail.

	Budgeted	Projected Actual	Variance
CCV	27,477	27,627	($150)
CU	49,578	50,605	($1,027)
JSC	29,699	29,622	$77
LSC	30,603	29,554	$1,049
VTC	35,103	35,226	($123)
WFD	1,337	1,337	$0
OC	-	193	($193)
		TOTAL EXPENSE VARIANCE	($367)

Projected Change to Net Assets (Dollars in 1,000s):

Projected financial results vary considerably across the system; however, all colleges/universities are within 1% of their total board approved budgets. The notable exception is a 2.4% positive variance for LSC.

	Projected Total Year	Total Board Approved Budget	Projection vs Budget Variance
CCV	115	243	($128)
CU	(965)	(400)	($565)
JSC	(1,293)	(1,180)	($113)
LSC	(1,165)	(1,913)	$748
VTC	(279)	(784)	$505
WFD	-	-	$0
OC	(193)	-	($193)
		TOTAL PROJECTED BOT VARIANCE	$254

Statement of Net Assets (Dollars in 1,000s):

The Net Asset position of the system presents no unexpected fluctuations at December 31, 2016. The contribution of prior year operating deficits, depreciation expense, the OPEB accrual and an increase in deferred revenue represent the largest changes year over year.

	FY17	FY16	Variance $	Variance %
Current Assets	$ 79,033	$ 77,690	1,343	1.7%
Non-Current Assets	$ 237,967	$ 239,022	-1,055	-0.4%
Total Assets	$ 317,000	$ 316,712	288	.01%
Current Liabilities	$ 78,487	$ 70,831	$ 7,656	10.8%
Non Current Liabilities	$ 194,581	$ 194,078	$ 503	0.3%
Total Liabilities	$ 273,068	$ 264,909	$ 8,159	3.1%
Net Assets	$ 43,932	$ 51,803	$ (7,871)	-15.2%
Total Liab. & Net Assets	$ 317,000	$ 316,712	$ 288	.01%

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

VSC - CONSOLIDATED
12/31/2016

	BUDGETED		ACTUAL/ESTIMATED		VARIANCE	
	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016						
Vermonter	6,837	$31,277,105	6,834	$31,254,824	(4)	($22,281)
Non-Vrmtr (o/s)	1,052	$11,950,846	1,067	$12,278,124	14	327,278
NEBHE	604	$6,693,101	566	$6,080,025	(37)	(613,076)
Other	5	$25,560	3	$12,780	(3)	(12,780)
Grad Vermonter	176	$1,027,453	132	$802,351	(43)	(225,102)
Grad Non- Vermonter	29	$218,880	38	$306,043	10	87,163
Total	8,703	$51,192,944	8,640	$50,734,147	(63)	($458,797)
SPRING 2017						
Vermonter	6,286	$28,429,315	6,258	$28,354,575	(28)	($74,740)
Non-Vrmtr (o/s)	982	$11,132,647	1,013	$11,548,235	30	415,588
NEBHE	544	$6,013,599	512	$5,469,222	(32)	(544,377)
Other	6	$28,116	6	$20,022	0	(8,094)
Grad Vermonter	186	$1,097,114	145	$887,918	(42)	(209,196)
Grad Non- Vermonter	27	$203,520	30	$234,761	3	31,241
Total	8,031	$46,904,311	7,963	$46,514,732	(68)	($389,580)
SUMMER SESSIONS I. (J/Aug)						
Vermonter	779	$2,556,517	787	$2,622,215	8	$65,698
Non-Vrmtr (o/s)	60	$389,047	61	$396,912	2	7,865
NEBHE	20	$166,156	23	$194,766	4	28,610
Grad Vermonter	40	$243,887	62	$383,735	21	139,848
Grad Non- Vermonter	3	$33,974	8	$67,889	5	33,915
Total	901	3,389,581	941	3,665,516	40	275,936
SUMMER SESSIONS II> (May/J)						
Vermonter	815	$3,024,675	840	$3,139,805	24	$115,129
Non-Vrmtr (o/s)	31	$220,685	32	$228,875	1	8,190
NEBHE	23	$216,054	25	$241,742	2	25,688
Grad Vermonter	26	$171,025	37	$232,934	11	61,909
Grad Non- Vermonter	(2)	($15,170)	7	$66,128	9	81,298
Total	893	$3,617,269	941	$3,909,483	48	$292,214
FY 2017 TOTAL	(Avg)					
Fall & Spring						
Vermonter	6,562	$59,706,420	6,546	$59,609,398	(16)	($97,021)
Non-Vrmtr (o/s)	1,017	$23,083,493	1,040	$23,826,358	22	742,865
NEBHE	574	$12,706,700	539	$11,549,247	(35)	(1,157,453)
Other	11	$53,676	4	$32,802	(7)	(20,874)
Grad Vermonter	181	$2,124,567	138	$1,690,269	(43)	(434,298)
Grad Non- Vermonter	28	$422,400	34	$540,804	6	118,404
S/T	8,372	$98,097,255	8,301	$97,248,878	(71)	($848,377)
Summer Sessions (annualized)	1,538	7,006,850	1,580	7,575,000	43	568,149
Total Student Tuition	9,910	$105,104,105	9,882	$104,823,878	(28)	($280,228)
Plus: Non-credit tuition & seminars		-		0		0
Student Fees		12,073,520		12,564,128		490,608
Total Tuition and Fees	**79,277**	**$117,177,626**	**79,053**	**$117,388,006**	**(224)**	**$210,380**
Less: Waivers		(5,808,374)		(5,825,722)		(17,348)
Total Net Tuition & Fees		**$111,369,252**		**$111,562,284**		**$193,032**
Auxiliary:						
Room & Board Fall		12,759,955		12,902,247		142,292
Room & Board Spring		11,883,064		11,955,377		72,313
Bookstore		10,000		0		(10,000)
Total Auxiliary		**24,653,019**		**24,857,624**		**204,605**

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

Vermont State Colleges
VSC CONSOLIDATED
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	57,245	54,318	111,563	111,369	194		110,055	1,508
State Appropriations	12,967	12,967	25,934	25,911	23		25,673	261
Room & Board	12,764	12,093	24,857	24,653	204		24,564	293
Sales and Services	2,698	2,836	5,534	5,465	69		5,454	80
Gifts	680	474	1,154	1,223	(69)	*	1,870	(716)
Other Revenue	901	441	1,342	1,142	200	*	2,116	(774)
TOTAL REVENUES	87,255	83,129	170,384	169,763	621		169,732	652
EXPENSES								
Employee Wages and Benefits	58,372	55,542	113,914	114,715	801		110,397	(3,517)
Services, Supplies and Travel	17,228	17,217	34,445	34,990	545		37,088	2,643
Scholarships and Fellowships	5,573	5,193	10,766	9,304	(1,462)	*	8,663	(2,103)
Utilities	2,547	3,662	6,209	6,125	(84)		6,175	(34)
Other Expenses	-	-	-	440	440	*	-	-
Debt Service	5,309	5,310	10,619	10,849	230		10,191	(428)
Chancellor's Office	(1,101)	1,101	-	-	-		639	639
Other Transfers	(1,022)	(768)	(1,790)	(2,627)	(837)	*	(108)	1,682
TOTAL EXPENSES	86,906	87,257	174,163	173,796	(367)		173,045	(1,118)
NET REVENUES	349	(4,128)	(3,779)	(4,033)	254		(3,314)	(465)
NON-RECURRING ITEMS								
Carry-Forward	97	53	521	400			1,271	
Strategic Reserve	(804)	2,354	2,144	1,885			787	
All Other	358	1,721	1,114	1,748			1,256	
TOTAL (must equal zero)	-	-	-	-			-	

Statement of Net Assets
Vermont State Colleges
As of December 31, 2016

	Unrestricted	Restricted Expendable	Restricted Unexpendable	Invested In Capital	Loans	TOTAL ENTITY	Prior Year TOTAL ENTITY	VARIANCE
ASSETS								
Current Assets								
Cash and Cash Equivalents	14,781,002	0	0	0	0	14,781,002	12,516,785	2,264,217 1)
Short Term Investments (less than 90 days)	0	0	0	0	0	0	0	0
A/R Net (includes accrued interest	56,752,991	3,098,693	0	0	0	59,851,685	60,151,128	(299,444)
Inventories	10,393	0	0	0	0	10,393	353,253	(342,860)
Deposit with Bond Trustees	1,727,963	0	0	4	0	1,727,967	2,351,753	(623,786)
Notes and Mortgages Receivalabe	(2,591)	0	0	0	0	(2,591)	650	(3,241)
Due To/Due From	(28,743,094)	9,967,527	18,224,453	748,722	(197,609)	0	0	0
Other Current Assets	2,664,899	0	0	0	0	2,664,899	2,316,967	347,932
Total Current Assets	**47,191,564**	**13,066,220**	**18,224,453**	**748,727**	**(197,609)**	**79,033,356**	**77,690,537**	1,342,819
Non-Current Assets								
Cash and Cash Equivalents	0	0	0	0	641,862	641,862	699,627	(57,765)
Long-term investments (Quasi-Endowments)	44,200,606	0	0	0	0	44,200,606	43,571,074	629,533
Deposit with Bond Trustee	0	0	0	0	0	0	0	0
Notes Receivable (Net)	1,925	758,481	0	0	4,923,287	5,683,693	5,490,632	193,061
Capital Assets (Net)	0	0	0	172,396,443	0	172,396,443	178,215,893	(5,819,449) 2)
Interest Rate Swap Future Inflows	14,963,264	0	0	0	0	14,963,264	11,024,967	3,938,297
Other Assets	80,594	0	0	0	0	80,594	19,273	61,322
Total Non-Current Assets	**59,246,389**	**758,481**	**0**	**172,396,443**	**5,565,148**	**237,966,462**	**239,021,465**	(1,055,003)
TOTAL ASSETS	**106,437,953**	**13,824,701**	**18,224,453**	**173,145,170**	**5,367,540**	**316,999,817**	**316,712,002**	287,816
LIABILITIES								
Current Liabilities								
Deposits (For ensuring FY)	129,132	0	0	0	0	129,132	123,866	5,266
Accounts Payable and Accrued Liabilities	14,036,701	0	0	0	0	14,036,701	11,076,754	2,959,947 3)
Deferred Revenue (For ensuing FY)	56,418,357	3,519,116	0	0	0	59,937,473	55,390,528	4,546,945 4)
Long-term Liabilities (Current portion)	8,930	0	0	4,374,439	0	4,383,369	4,239,630	143,738
Total Current Liabilities	**70,593,120**	**3,519,116**	**0**	**4,374,439**	**0**	**78,486,674**	**70,830,778**	7,655,896
Non-Current Liabilities								
Deposits (Beyond ensuing FY)	0	25,860	0	0	0	25,860	46,641	(20,781)
Accounts Payable and Accrued Liabilities	59,599,052	0	0	0	0	59,599,052	57,464,304	2,134,748 5)
Refundable Grants	0	0	0	0	6,037,793	6,037,793	6,038,367	(574)
Long-term liabilities (Non-current portion)	0	0	0	113,955,079	0	113,955,079	119,504,091	(5,549,012) 6)
FMV Interest Rate Swap	14,963,264	0	0	0	0	14,963,264	11,024,967	3,938,297
Other Long-term Liabilities	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	**74,562,315**	**25,860**	**0**	**113,955,079**	**6,037,793**	**194,581,048**	**194,078,370**	502,678
TOTAL LIABILITIES	**145,155,435**	**3,544,976**	**0**	**118,329,518**	**6,037,793**	**273,067,722**	**264,909,148**	8,158,574
NET ASSETS								
Invested in Capital Assets				54,815,652		54,815,652	55,859,082	
Restricted Non-Expendable			18,224,453			18,224,453	17,508,053	
Restricted Expendable Loans					(670,253)	(670,253)	(716,446)	
Restricted Expendable: Other		10,279,725				10,279,725	9,715,873	
Unrestricted	(38,717,482)					(38,717,482)	(30,563,709)	
TOTAL NET ASSETS	**(38,717,482)**	**10,279,725**	**18,224,453**	**54,815,652**	**(670,253)**	**43,932,095**	**51,802,854**	(7,870,759)
TOTAL LIABILITIES AND NET ASSETS	**106,437,953**	**13,824,701**	**18,224,453**	**173,145,170**	**5,367,540**	**316,999,817**	**316,712,002**	287,816

VARIANCES to NOTE:

1&3) Timing of Liabilities and Cash on Hand
2) Depreciation and low/no investment in capital
4) Spring revenue deferrals/restricted grant $$s
5) OPEB
6) Pay down debt service

Vermont State Colleges

Detailed College Financial Reports

Period ended
December 31, 2016

Vermont State Colleges
Community College of Vermont
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	11,855	10,722	22,577	22,555	22		23,972	(1,395)
State Appropriations	2,457	2,458	4,915	4,915	-		4,775	140
Room & Board	-		-	-	-		-	-
Sales and Services	5	95	100	100	-		77	23
Gifts	9	41	50	50	-		62	(12)
Other Revenue	53	47	100	100	-		125	(25)
TOTAL REVENUES	14,379	13,363	27,742	27,720	22		29,011	(1,269)
EXPENSES								
Employee Wages and Benefits	11,163	9,632	20,795	20,795	-		21,644	849
Services, Supplies and Travel	2,073	1,925	3,998	3,848	(150)	*	4,789	791
Scholarships and Fellowships	83	102	185	185	-		138	(47)
Utilities	141	139	280	280	-		304	24
Other Expenses	-	-	-	-	-		-	-
Debt Service	971	970	1,941	1,941	-		1,927	(14)
Chancellor's Office	469	951	1,420	1,420	-		1,442	22
Other Transfers	(550)	(442)	(992)	(992)	-		(1,020)	(28)
TOTAL EXPENSES	14,350	13,277	27,627	27,477	(150)		29,224	1,597
NET REVENUES	29	86	115	243	(128)		(213)	328
NON-RECURRING ITEMS								
Carry-Forward	97	53	150	-			-	
Strategic Reserve	-		-	-				
All Other	(126)	(139)	(265)	(243)			213	
TOTAL (must equal zero)	-	-	-	-			-	

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

Community College of Vermont
12/31/2016

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016	(Semester)						
Vermonter	3,036	2,579	$7,829,844	2,606	$7,911,493	27	$81,649
Non-Vrmtr (o/s)	6,072	143	868,296	126	765,224	(17)	(103,072)
NEBHE	3,036	29	88,044	43	131,611	14	43,567
Other	-	-	-	0	0	0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		2,751	$8,786,184	2,775	$8,808,328	24	$22,144
SPRING 2017	(Semester)						
Vermonter	3,036	2,480	$7,529,280	2,470	$7,500,000	(10)	($29,280)
Non-Vrmtr (o/s)	6,072	136	825,792	138	840,000	2	14,208
NEBHE	3,036	29	88,044	43	130,000	14	41,956
Other	-	-	-	0	0	0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		2,645	$8,443,116	2,652	$8,470,000	7	$26,884
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	2,952	642	$1,895,184	642	$1,894,482	(0)	($702)
Non-Vrmtr (o/s)	5,904	52	307,008	52	304,169	(0)	(2,839)
NEBHE	5,904	9	53,136	9	55,078	0	1,942
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		703	2,255,328	703	2,253,729	(0)	(1,599)
SUMMER SESSIONS II> (May/J)	**						
Vermonter	3,036	550	$1,669,800	550	$1,669,800	0	$0
Non-Vrmtr (o/s)	6,072	24	145,728	24	145,728	0	0
NEBHE	3,036	4	12,144	4	12,144	0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		578	$1,827,672	578	$1,827,672	0	$0
FY 2017 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	6,072	2,530	$15,359,124	2,538	$15,411,493	9	$52,369
Non-Vrmtr (o/s)	12,144	140	1,694,088	132	1,605,224	(7)	(88,864)
NEBHE	6,072	29	176,088	43	261,611	14	85,523
Other	-	-	-	0	0	0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
S/T		2,698	$17,229,300	2,713	$17,278,328	15	$49,028
Summer Sessions (annualized)		1,281	4,083,000	1,281	4,081,401	(0)	(1,599)
Total Student Tuition		3,979	$21,312,300	3,994	$21,359,729	15	$47,429
Plus: Non-credit tuition & seminars			-		0		0
Student Fees			1,702,700		1,702,700		0
Total Tuition and Fees	**CP**	**31,832**	**$23,015,000**	**31,952**	**$23,062,429**	**120**	**$47,429**
Less: Waivers			(460,000)		(485,000)		(25,000)
Total Net Tuition & Fees			**$22,555,000**		**$22,577,429**		**$22,429**
Auxiliary:							
Room & Board Fall			0		0		0
Room & Board Spring			0		0		0
Bookstore			0		0		0
Total Auxiliary			**0**		**0**		**0**

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
** Summer Sessions charge rates utilized in preceeding Academic Year

Community College of Vermont

December 31, 2016

Narrative Highlights for Budget vs. Actual

Projection vs. Budget

Overall, CCV revenue and expenses are on track with the FY17 budget and are projected to remain so. CCV expects to spend $150k of OPEB funds that were previously returned but unspent in FY17 to continue work on formerly approved projects.

Based on the total year projection, the FY17 change in net assets is currently expected to be an increase in net assets of $265k (without GASB 45 commitments) excluding

YTD Variance

CCV's FY17 Total Revenue is projected and budgeted to be a 4% decrease from FY16

CCV's FY17 Total Expense is projected and budgeted to be a 6% decrease from FY16.

Vermont State Colleges
Castleton University
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	16,022	15,256	31,278	31,138	140		30,376	902
State Appropriations	2,457	2,457	4,914	4,891	23		4,775	139
Room & Board	5,431	5,100	10,531	10,637	(106)		10,368	163
Sales and Services	970	974	1,944	1,750	194	*	1,680	264
Gifts	400	265	665	550	115	*	619	46
Other Revenue	237	71	308	212	96	*	703	(395)
TOTAL REVENUES	25,517	24,123	49,640	49,178	462		48,521	1,119
EXPENSES								
Employee Wages and Benefits	16,063	14,537	30,600	30,265	(335)		28,582	(2,018)
Services, Supplies and Travel	4,557	3,438	7,995	8,364	369	*	9,458	1,463
Scholarships and Fellowships	2,270	2,125	4,395	3,400	(995)	*	3,590	(805)
Utilities	841	1,119	1,960	2,000	40		1,863	(97)
Other Expenses	-		-	440	440	*	-	-
Debt Service	2,053	2,054	4,107	4,107	-		3,959	(148)
Chancellor's Office	355	1,065	1,420	1,420	-		1,643	223
Other Transfers	221	(93)	128	(418)	(546)	*	(395)	(523)
TOTAL EXPENSES	26,360	24,245	50,605	49,578	(1,027)		48,700	(1,905)
NET REVENUES	(843)	(122)	(965)	(400)	(565)		(179)	(786)
NON-RECURRING ITEMS								
Carry-Forward			371	400				
Strategic Reserve			594	-				
All Other	843	122	-	-			179	
TOTAL (must equal zero)	-	-	-	-			-	

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

Castleton University
12/31/2016

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016	(Semester)						
Vermonter	5,124	1,374	$7,038,392	1,379	$7,064,576	5	$26,184
Non-Vrmtr (o/s)	12,828	511	6,556,603	551	7,068,355	40	511,752
NEBHE	12,828	50	641,400	3	38,484	(47)	(602,916)
Other		-				0	0
Grad Vermonter	4,950	79	391,201	42	208,883	(37)	(182,318)
Grad Non- Vermonter	7,200	24	172,800	31	222,675	7	49,875
Total		2,038	$14,800,396	2,006	$14,602,973	(32)	($197,423)
SPRING 2017	(Semester)						
Vermonter	5,124	1,265	$6,481,721	1,288	$6,600,000	23	$118,279
Non-Vrmtr (o/s)	12,828	471	6,043,483	514	6,600,000	43	556,517
NEBHE	12,828	50	641,400	3	38,484	(47)	(602,916)
Other		-		0		0	0
Grad Vermonter	4,950	79	391,200	38	190,100	(41)	(201,100)
Grad Non- Vermonter	7,200	24	172,800	25	177,530	1	4,730
Total		1,889	$13,730,604	1,869	$13,606,114	(21)	($124,490)
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	4,464	-	$0	17	$74,121	17	$74,121
Non-Vrmtr (o/s)	6,696	-	-	2	12,372	2	12,372
NEBHE			-	0	0	0	0
Grad Vermonter	5,580	-	-	12	65,553	12	65,553
Grad Non- Vermonter	8,352	-	-	7	61,600	7	61,600
Total		0	0	38	213,646	38	213,646
SUMMER SESSIONS II> (May/J)	**						
Vermonter	4,656	-	$0	21	$99,121	21	$99,121
Non-Vrmtr (o/s)	6,984	-	-	2	12,372	2	12,372
NEBHE	-		-	0	-	0	0
Grad Vermonter	5,803	-	-	13	75,553	13	75,553
Grad Non- Vermonter	8,937	-	-	7	61,600	7	61,600
Total		0	$0	43	$248,646	43	$248,646
FY 2017 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	10,248	1,319	$13,520,113	1,333	$13,664,576	14	$144,463
Non-Vrmtr (o/s)	25,656	491	12,600,086	533	13,668,355	42	1,068,269
NEBHE	25,656	50	1,282,800	3	76,968	(47)	(1,205,832)
Other		-		0		0	0
Grad Vermonter	9,900	79	782,401	40	398,983	(39)	(383,418)
Grad Non- Vermonter	14,400	24	345,600	28	400,205	4	54,605
S/T		1,963	$28,531,000	1,937	$28,209,087	(26)	($321,913)
Summer Sessions (annualized)		0	0	40	462,292	40	462,292
Total Student Tuition		1,963	$28,531,000	1,978	$28,671,379	14	$140,379
Student Fees			3,285,000		3,285,000		0
Total Tution and Fees			**$31,816,000**		**$31,956,379**		**$140,379**
Less: Waivers			(678,000)		(678,000)		0
Total Net Tuition & Fees			**$31,138,000**		**$31,278,379**		**$140,379**
Auxiliary:							
Room & Board Fall			5,313,500		5,430,740		117,240
Room & Board Spring			5,313,500		5,100,260		(213,240)
Bookstore/Arena			10,000		0		(10,000)
Total Auxiliary			**10,637,000**		**10,531,000**		**(106,000)**

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
** Summer Sessions charge rates utilized in preceeding Academic Year

Castleton University
December 31, 2016
Narrative Highlights

Tuition and Fees- Enrollment is up from last year and is reflected in the revenue totals. Projected tuition/fee revenue is expected to be slightly better than budgeted for the year. It should be noted however that that the tuition freeze has created significant pressure on this and other areas.

Sales and Services – The Polling Institute, Conference and Events, and Center for Schools continue to be revenue generators. Based on Q2 results and work in process, we are optimistic that these areas will meet their respective adjusted budgets. We also expect that gift revenue will increase as a result of enhanced development efforts.

Operating Expenses- Salary and benefits are estimated to be over budget due to an increase in P/T faculty during the first semester and a few filled vacancies. Our scholarships have once again exceeded budget as the percentage of qualifying students continues to rise. Chancellor's office transfers have also increased slightly. To offset this, we will monitor operational budgets to look for additional savings and have made an adjustment as a result. In addition, we will rely on usage of last year's carry forward designated for scholarships as authorized by the Board to compensate for at least a portion of the very large increase in scholarship assistance. With diligent management, overall spending in most areas will decline and we will continue to monitor closely.

Vermont State Colleges
Johnson State College
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	9,130	8,358	17,488	17,545	(57)		16,771	717
State Appropriations	2,457	2,458	4,915	4,915	-		4,775	140
Room & Board	2,583	2,394	4,977	4,895	82		4,782	195
Sales and Services	300	162	462	510	(48)	*	522	(60)
Gifts	115	109	224	350	(126)	*	314	(90)
Other Revenue	156	107	263	304	(41)	*	310	(47)
TOTAL REVENUES	14,741	13,588	28,329	28,519	(190)		27,474	855
EXPENSES								
Employee Wages and Benefits	9,116	8,879	17,995	18,246	251		17,229	(766)
Services, Supplies and Travel	2,460	2,338	4,798	4,992	194	*	4,523	(275)
Scholarships and Fellowships	1,388	1,329	2,717	2,353	(364)	*	2,213	(504)
Utilities	580	669	1,249	1,175	(74)	*	1,371	122
Other Expenses	-	-	-	-	-		-	-
Debt Service	664	665	1,329	1,329	-		1,233	(96)
Chancellor's Office	489	931	1,420	1,420	-		1,639	219
Other Transfers	68	46	114	184	70	*	356	242
TOTAL EXPENSES	14,765	14,857	29,622	29,699	77		28,564	(1,058)
NET REVENUES	(24)	(1,269)	(1,293)	(1,180)	(113)		(1,091)	(202)
NON-RECURRING ITEMS								
Carry-Forward			-	-			187	
Strategic Reserve		385	385	272			787	
All Other	24	884	908	908			117	
TOTAL (must equal zero)	-	-	-	-			-	

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

Johnson State College
12/31/2016

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016	(Semester)						
Vermonter	5,112	1,032	$5,273,065	967	$4,942,953	(65)	($330,112)
Non-Vrmtr (o/s)	11,340	101	1,143,979	119	$1,346,485	18	$202,506
NEBHE ($6,696 net)	11,340	113	1,284,822	97	$1,100,728	(16)	($184,094)
Other						0	$0
Grad Vermonter	6,600	80	525,888	76	$499,281	(4)	($26,607)
Grad Non- Vermonter	9,600	5	46,080	4	$42,400	(0)	($3,680)
Total		1,330	$8,273,835	1,263	7,931,848	(67)	(341,987)
SPRING 2017	(Semester)						
Vermonter	5,112	915	$4,676,115	865	$4,422,219	(50)	($253,896)
Non-Vrmtr (o/s)	11,340	93	1,055,981	115	$1,301,394	22	$245,413
NEBHE ($6,984 net)	11,340	93	1,051,218	94	$1,064,114	1	$12,896
Other						0	$0
Grad Vermonter	6,600	86	569,712	82	$539,559	(5)	($30,153)
Grad Non- Vermonter	9,600	3	30,720	4	$38,333	1	$7,613
Total		1,190	$7,383,745	1,159	$7,365,619	(31)	($18,127)
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	4,992	96	$445,477	79	$393,602	(17)	($51,875)
Non-Vrmtr (o/s)	7,488	3	28,579	2	$13,546	(1)	($15,033)
NEBHE	7,488	4	38,176	3	$19,832	(1)	($18,344)
Grad Vermonter	6,444	31	186,863	25	$163,449	(6)	($23,414)
Grad Non- Vermonter	9,204	3	33,974	1	$6,289	(2)	($27,685)
Total		136	733,069	109	596,717	(27)	(136,351)
SUMMER SESSIONS II> (May/J)	**						
Vermonter	5,112	74	$377,939	72	$369,198	(2)	($8,740)
Non-Vrmtr (o/s)	11,340	1	9,221	0	$5,039	(0)	($4,182)
NEBHE	11,340	1	7,292	3	$30,184	2	$22,891
Grad Vermonter	6,600	22	145,057	20	$131,413	(2)	($13,644)
Grad Non- Vermonter	9,600	(2)	(15,170)	0	$4,528	2	$19,698
Total		96	$524,339	96	$540,362	(0)	$16,023
FY 2017 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	10,224	973	$9,949,180	916	$9,365,172	(57)	($584,008)
Non-Vrmtr (o/s)	22,680	97	2,199,960	117	$2,647,879	20	$447,919
NEBHE	22,680	103	2,336,040	95	$2,164,843	(8)	($171,197)
Other						0	
Grad Vermonter	13,200	83	1,095,600	79	$1,038,840	(4)	($56,760)
Grad Non- Vermonter	19,200	4	76,800	4	$80,733	0	$3,933
S/T		1,260	$15,657,580	1,211	$15,297,467	(49)	($360,113)
Summer Sessions (annualized)		116	1,257,408	103	$1,137,079	(13)	(120,329)
Total Student Tuition		1,376	$16,914,988	1,314	$16,434,546	(62)	($480,442)
Student Fees			1,513,025		1,906,834		393,809
Total Tution and Fees			**$18,428,013**		**$18,341,380**		**($86,633)**
Less: Waivers			(883,013)		(854,104)		28,909
Total Net Tuition & Fees			**$17,545,000**		**$17,487,276**		**($57,724)**
Auxiliary:							
Room & Board Fall			2,612,315		2,583,215		(29,100)
Room & Board Spring			2,282,685		2,393,719		111,034
Bookstore							
Total Auxiliary			**4,895,000**		**4,976,934**		**81,934**

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
** Summer Sessions charge rates utilized in preceeding Academic Year

Johnson State College

Period Ending Date - 12/31/16

Narrative Highlights for Budget vs. Actual

Projection vs. Budget

Based on current enrollment and historical trends, Johnson State College is projecting revenues to be approximately $190k below budget for FY17. This is an $117k improvement in revenue, from the Q1 forecast. As noted in Q1, Johnson State College is experiencing enrollment and revenue growth from FY16 levels though not quite to the level of budget. In the spring semester, JSC is seeing an improvement in fall to spring campus based undergraduate persistence and stronger than expected graduate, and non-matriculated student enrollment. The forecasted improvement in tuition, fees, room and board is more than off-set by a forecasted reduction in unrestricted giving. While Johnson saw an increase in giving during Q2, these funds were largely directed to restricted giving and thus are not available for immediate use. In addition, unification related wage and travel expenses, forecasted at $40k, are included without a revenue off-set. The result is an anticipated budget gap of $113k for the total year. We anticipate that unification expenses will be covered by an external source before the end of FY17. For the remaider, JSC is taking strong action to eliminate the gap. Vacant positions are being held open or delayed, where possible, and discretionary spending is on hold. We anticipate that we will have closed this gap by the end of June.

Toby C. Stewart, Controller   Date

Sharron R. Scott, Dean of Administration   Date

Elaine C. Collins, President   Date

Vermont State Colleges
LyndonState College
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	8,890	7,700	16,590	17,237	(647)	*	16,850	(260)
State Appropriations	2,457	2,458	4,915	4,915	-		4,775	140
Room & Board	2,864	2,618	5,482	5,200	282	*	5,406	76
Sales and Services	552	398	950	894	56	*	1,036	(86)
Gifts	80	59	139	208	(69)	*	139	-
Other Revenue	195	118	313	236	77	*	322	(9)
TOTAL REVENUES	15,038	13,351	28,389	28,690	(301)		28,528	(139)
EXPENSES								
Employee Wages and Benefits	8,462	8,393	16,855	17,804	949	*	17,310	455
Services, Supplies and Travel	2,840	3,286	6,126	6,326	200	*	5,945	(181)
Scholarships and Fellowships	1,188	1,047	2,235	2,307	72	*	1,803	(432)
Utilities	474	926	1,400	1,452	52	*	1,230	(170)
Other Expenses	-	-	-	-	-		-	-
Debt Service	865	866	1,731	1,731	-		1,597	(134)
Chancellor's Office	710	710	1,420	1,420	-		1,584	164
Other Transfers	(305)	92	(213)	(437)	(224)	*	399	612
TOTAL EXPENSES	14,234	15,320	29,554	30,603	1,049		29,868	314
NET REVENUES	804	(1,969)	(1,165)	(1,913)	748		(1,340)	175
NON-RECURRING ITEMS								
Carry-Forward		-	-	-			1,084	
Strategic Reserve	(804)	1,969	1,165	1,613				
All Other	-	-	-	300			256	
TOTAL (must equal zero)	-	-	-	-			-	

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

Lyndon State College
12/31/2016

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016	(Semester)						
Vermonter	5,112	638	$3,261,456	628	3,208,500	(10)	($52,956)
Non-Vrmtr (O/S)	10,956	210	2,300,760	181	1,982,119	(29)	($318,641)
NEBHE	10,956	292	3,199,152	300	3,281,986	8	$82,834
OTHER -NECC	5,112	5	25,560	3	12,780	(3)	($12,780)
Grad Vermonter	6,492	17	110,364	15	94,187	(2)	($16,177)
Grad Non- Vermonter	13,656	-	-	3	40,968	3	$40,968
Total		1,162	$8,897,292	1,128	8,620,541	(34)	($276,751)
SPRING 2017	(Semester)						
Vermonter	5,112	581	$2,968,845	556	2,841,416	(25)	($127,430)
Non-Vrmtr (O/S)	10,956	199	2,180,244	159	1,746,698	(40)	($433,546)
NEBHE	10,956	266	2,914,296	262	2,875,623	(4)	($38,674)
OTHER -NECC	5,112	6	28,116	6	20,022	0	($8,094)
Grad Vermonter	6,492	21	136,202	24	158,259	3	$22,057
Grad Non- Vermonter	13,656	-	-	1	18,898	1	$18,898
Total		1,072	$8,227,703	1,009	7,660,915	(63)	($566,788)
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	4,992	31	$155,196	40	197,401	8	$42,205
Non-Vrmtr (O/S)	10,692	5	53,460	6	66,825	1	$13,365
NEBHE	10,692	7	74,844	11	119,856	4	$45,012
Grad Vermonter	6,336	9	57,024	24	154,733	15	$97,709
Grad Non- Vermonter	13,656	-	-	0	0	0	$0
Total		52	340,524	81	538,816	29	198,292
SUMMER SESSIONS II> (May/J)							
Vermonter	5,112	40	$206,525	40	$206,525	0	$0
Non-Vrmtr (O/S)	10,956	6	65,736	6	65,736	0	0
NEBHE	10,956	10	109,560	10	109,560	0	0
Grad Vermonter	6,492	4	25,968	4	25,968	-	-
Grad Non- Vermonter	13,656	-	-	-	-	-	-
Total		60	$407,789	60	$407,789	0	$0
FY 2017 TOTAL	(Acad Yr)						
Fall & Spring							
Vermonter	10,224	609	$6,230,301	592	$6,049,916	(18)	($180,385)
Non-Vrmtr (o/s)	21,912	205	4,481,004	170	$3,728,817	(34)	($752,187)
NEBHE	21,912	279	6,113,448	281	$6,157,609	2	$44,161
Other-NECC	5,112	11	53,676	4	$32,802	(7)	($20,874)
Grad Vermonter	12,984	19	246,566	19	$252,446	0	$5,880
Grad Non- Vermonter	27,312	-	-	2	$59,866	2	$59,866
S/T		1,122	$17,124,995	1,069	$16,281,456	(54)	($843,539)
Summer Sessions (annualized)		56	748,313	71	$946,605	15	198,292
Total Student Tuition		1,179	$17,873,308	1,139	$17,228,060	(39)	($645,248)
NEKSDC Tuition & Misc			50,000		0		(50,000)
Student Fees		11,005	1,895,717		1,926,000		30,283
Total Tuition and Fees			**$19,819,025**		**$19,154,060**		**($664,965)**
Less: Waivers			(2,581,965)		(2,564,500)		17,465
Total Net Tuition & Fees			**$17,237,060**		**$16,589,560**		**($647,500)**
Auxiliary:							
Room & Board Fall			2,756,122		2,838,623		82,501
Room & Board Spring			2,444,108		2,643,767		199,659
Bookstore							
Total Auxiliary			**5,200,230**		**5,482,390**		**282,160**

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
** Summer Sessions charge rates utilized in preceeding Academic Year

Lyndon State College
Q2 Variance Analysis, 12/31/16

Narrative - Budget vs. Actual

Lyndon's revenue forecast for FY2017 reflects fall and spring enrollment below budgeted levels partially offset by strong summer revenues in July and August, and the expectation of meeting summer revenue budgets for May and June. The shortfall has been in Vermont and out of state revenues; NEBHE is approximately on the mark. Our partnership with NECC has started more slowly than we wished but the budgeted revenue was not large so the shortfall there does not have a large overall impact. As of 12/31/16, and with all the caveats about not really knowing spring enrollment and tuition until much later, we are forecasting net tuition revenue at $16.6mm against a budget of $17.2mm for a shortfall of $0.6mm.

Offsetting the tuition shortfall has been higher than budgeted room and board revenue. While occupancy has not increased over last year's level, this line was originally budgeted conservatively and there is a flip flop between revenue and expense for the cost of incentives to enhance enrollment (budgeted as revenue offsets but accounted for as expenses.) Together these create a positive budget variance of $282k.

Immediately after submission of the FY17 budget, prior president Joe Bertolino began a process dubbed "the $1 million steering committee" to find ways to decrease the deficit by $1 million, thereby preserving our reserves and setting the college on a better track to meet the objective of a balanced budget for FY18. Interim president Nolan Atkins has continued the effort and the work of the committee closed with recommendations for $839k in budget cuts and revenue increments for the current fiscal year. Very little of the saving identified to date involve one-time money and most will carry forward with somewhat higher budget impact in FY18 with a full year to realize savings. The committee's recommendations have ranged from the higher dollar-value savings of not filling vacant positions to small dollar, high community visibility savings in such areas as water and coffee purchases. Opportunistic restructuring has accompanied the vacancy savings, where possible. Physical plant, the library, and faculty support areas were additionally impacted by two layoffs and the discontinuance of line then held by a probationary employee. The back office consolidation of the accounts payable function has resulted in an additional layoff and the projection of modest savings for the current year. We anticipate that the consolidation initiative will have greater impact though it is premature to project savings for either FY17 or FY18 until more is known. Some revenue expansion is planned through using the presidents house for conference space and harvesting timber in selected lots at the perifery of campus. The college has also benefited financially from some additional vacancy savings. These savings are seen in the $949k variance in compensation and the $200k variance in supplies and other services.

Lyndon budgeted to fully expend the strategic reserve ($1,613k) in support of the deficit, plus another$300 from the capital fee reserve, for a total budgeted use of reserves equal to $1,913k. At this time, despite the negative impact of tuition shortfalls, we expect to utilize a lower amount in the $1,100k to $1,300k range. This will preserve $600k to $800k of reserves for future use. The Board required 2.5% reserve will not be tapped to cover the operating deficit.

Dean of Administration
Loren Loomis Hubbell

Interim President
Nolan A. Atkins

Vermont State Colleges
Vermont Technical College
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	11,348	12,282	23,630	22,894	736	*	22,086	1,544
State Appropriations	2,925	2,922	5,847	5,847	-		6,146	(299)
Room & Board	1,886	1,981	3,867	3,921	(54)		4,008	(141)
Sales and Services	627	545	1,172	1,302	(130)	*	1,438	(266)
Gifts	76	-	76	65	11	*	321	(245)
Other Revenue	257	98	355	290	65	*	656	(301)
TOTAL REVENUES	17,119	17,828	34,947	34,319	628		34,655	292
EXPENSES								
Employee Wages and Benefits	11,171	11,276	22,447	22,558	111		20,855	(1,592)
Services, Supplies and Travel	3,527	4,120	7,647	7,551	(96)		7,781	134
Scholarships and Fellowships	644	590	1,234	1,059	(175)	*	919	(315)
Utilities	475	773	1,248	1,192	(56)	*	1,339	91
Other Expenses	-	-	-	-	-		-	-
Debt Service	756	755	1,511	1,741	230	*	1,475	(36)
Chancellor's Office	426	994	1,420	1,420	-		1,226	(194)
Other Transfers	(333)	52	(281)	(418)	(137)	*	1,047	1,328
TOTAL EXPENSES	16,666	18,560	35,226	35,103	(123)		34,642	(584)
NET REVENUES	453	(732)	(279)	(784)	505		13	(292)
NON-RECURRING ITEMS								
Carry-Forward			-					
Strategic Reserve			-					
All Other	(453)	732	279	784			(13)	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
VTC_Workforce Development
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees			-	-	-		-	-
State Appropriations	214	214	428	428	-		428	-
Room & Board			-	-	-		-	-
Sales and Services	244	662	906	909	(3)		701	205
Gifts	-		-	-	-		415	(415)
Other Revenue	3		3	-	3		-	3
TOTAL REVENUES	461	876	1,337	1,337	-		1,544	(207)
EXPENSES								
Employee Wages and Benefits	464	699	1,163	1,163	-		938	(225)
Services, Supplies and Travel	210	510	720	720	-		1,086	366
Scholarships and Fellowships	-		-	-	-		-	-
Utilities	-		-	-	-		-	-
Other Expenses	-		-	-	-		-	-
Debt Service	-		-	-	-		-	-
Chancellor's Office	-		-	-	-		-	-
Other Transfers	(123)	(423)	(546)	(546)	-		(495)	51
TOTAL EXPENSES	551	786	1,337	1,337	-		1,529	192
NET REVENUES	(90)	90	-	-	-		15	(15)
NON-RECURRING ITEMS								
Carry-Forward			-					
Strategic Reserve			-					
All Other	90	(90)	-	-			(15)	
TOTAL (must equal zero)	-	-	-	-			-	

VERMONT STATE COLLEGES
FY17 TUITION & FEES REVENUE MONITORING REPORT -

Vermont Technical College
12/31/2016

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
FALL 2016	(Semester)						
Vermonter	6,480	1,215	$7,874,347	1,254	8,127,301	39	$252,954
Non-Vrmtr (o/s)	12,396	87	1,081,208	90	1,115,940	3	34,732
NEBHE	12,396	119	1,479,683	123	1,527,216	4	47,533
Other		-		0		0	0
Grad Vermonter							
Grad Non- Vermonter							
Total		1,422	$10,435,237	1,467	$10,770,457	46	$335,219
SPRING 2016	(Semester)						
Vermonter	6,480	1,045	$6,773,355	1,079	$ 6,990,940	34	$217,586
Non-Vrmtr (o/s)	12,396	83	1,027,147	86	1,060,143	3	32,996
NEBHE	12,396	106	1,318,641	110	1,361,001	3	42,360
Other		-		0		0	0
Grad Vermonter							
Grad Non- Vermonter							
Total		1,235	$9,119,143	1,274	$9,412,084	40	$292,941
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	6,228	10	$60,660	10	$ 62,609	0	$1,949
Non-Vrmtr (o/s)	11,916	-	-	0	0	0	0
NEBHE	11,916	-	-	0	0	0	0
Grad Vermonter							
Grad Non- Vermonter							
Total		10	60,660	10	62,609	0	1,949
SUMMER SESSIONS II> (May/J)	***						
Vermonter	5,103	151	$770,411	156	$ 795,160	5	$24,749
Non-Vrmtr (o/s)	10,773	-	-	0	-	0	0
NEBHE	10,773	8	87,058	8	89,854	0	2,797
Grad Vermonter							
Grad Non- Vermonter							
Total		159	$857,469	164	$885,014	5	$27,545
FY 2016 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	12,960	1,130	$14,647,702	1,167	$15,118,241	36	$470,540
Non-Vrmtr (o/s)	24,792	85	2,108,355	88	2,176,083	3	67,728
NEBHE	24,792	113	2,798,324	116	2,888,216	4	89,893
Other		-		0		0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
S/T		1,328	$19,554,380	1,371	$20,182,541	43	$628,161
Summer Sessions (annualized)		84	918,129	87	947,623	3	29,494
Total Student Tuition		1,413	$20,472,509	1,458	$21,130,164	45	$657,654
Student Fees			3,627,078		3,743,594		116,516
Total Tuition and Fees			**$24,099,588**		**$24,873,758**		**$774,170**
Less: Waivers			(1,205,396)		(1,244,118)		(38,722)
Total Net Tuition & Fees			**$22,894,192**		**$23,629,640**		**$735,448**
Auxiliary:							
Room & Board Fall			2,078,018		2,049,669		(28,349)
Room & Board Spring			1,842,771		1,817,631		(25,140)
Bookstore			0		0		0
Total Auxiliary			**3,920,789**		**3,867,300**		**(53,489)**

* FPE: Full Paying Equivalent, i.e. # students at VTC non-nursing tuition value
** Summer Sessions charge rates utilized in preceeding Academic Year
*** Primarily LPN 3rd term.

VTC FY17 Second Quarter Budget Narrative

January 31, 2017

Entering FY 2017 with an approved budgetary loss of $685k, Vermont Technical College's second quarter position appears comparably strong. Enrollment in Nursing and Allied Health majors has increased by more than 10%, largely due to continued growth in our on-line Nursing BS which is now enrolling 80 students, and our Dental Hygiene program, which is now enrolling 76 students. Overall tuition & fee revenue is up 7.0% from FY16. Residential enrollment, particularly in Randolph Center, continues to be a challenge, with Auxiliary Revenue down 3.5% from FY16. Total expenses are close to budget, up 1.0% from FY16.

In aggregate VTC is projecting a $279k deficit for the year, improving on budget by more than $300k. The improvement is largely due to strong enrollment.

Vermont State Colleges
Office of the Chancellor
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees			-	-	-		-	-
State Appropriations			-		-		-	-
Room & Board			-	-	-		-	-
Sales and Services			-		-		-	-
Gifts	-		-	-	-		-	-
Other Revenue	-		-	-	-		-	-
TOTAL REVENUES	-	-	-	-	-		-	-
EXPENSES								
Employee Wages and Benefits	1,933	2,126	4,059	3,884	(175)	*	3,839	(220)
Services, Supplies and Travel	1,561	1,600	3,161	3,190	29		3,506	345
Scholarships and Fellowships	-		-	-	-		-	-
Utilities	36	36	72	26	(46)	*	68	(4)
Other Expenses			-	-	-		-	-
Debt Service	-		-	-	-		-	-
Chancellor's Office	(3,550)	(3,550)	(7,100)	(7,100)	-		(6,895)	205
Other Transfers			-	-	-		-	-
TOTAL EXPENSES	(20)	212	192	-	(192)		518	326
NET REVENUES	20	(212)	(192)	-	(192)		(518)	326
NON-RECURRING ITEMS								
Carry-Forward			-					
Strategic Reserve			-					
All Other	(20)	212	192	-			518	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Office of the Chancellor
Period Ending Date 12/31/16
Narrative Highlights for Budget vs. Actual

The Office of the Chancellor expects to be over budget by $192k. This is the net of a projected salaries/benefits overage and an increase in the services, supplies and travel line as it relates to IT and legal services. The utilities line was under budgeted.

Salaries and benefits represent positions coming to the Office of the Chancellor as part of the consolidation efforts, as well as some unbudgeted changes in IT personnel.

Vermont State Colleges
JSC & LSC (Informational Only)
For the Quarter Ending December 31, 2016
Budget vs Actual Report
(Amounts rounded to 1,000's)

	Actual thru Dec 2016	Projected Balance of 2017	Projected Total Year 2017	Total Board Approved Budget 2017	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2016 Actual	Variance FY16 Actual to Projected FY17 Fav/(Unfav)
REVENUES								
Tuition and Fees	18,020	16,058	34,078	34,782	(704)		33,621	457
State Appropriations	4,914	4,916	9,830	9,830	-		9,550	280
Room & Board	5,447	5,012	10,459	10,095	364	*	10,188	271
Sales and Services	852	560	1,412	1,404	8		1,558	(146)
Gifts	195	168	363	558	(195)	*	453	(90)
Other Revenue	351	225	576	540	36	*	632	(56)
TOTAL REVENUES	29,779	26,939	56,718	57,209	(491)		56,002	716
EXPENSES								
Employee Wages and Benefits	17,578	17,272	34,850	36,050	1,200	*	34,539	(311)
Services, Supplies and Travel	5,300	5,624	10,924	11,318	394	*	10,468	(456)
Scholarships and Fellowships	2,576	2,376	4,952	4,660	(292)	*	4,016	(936)
Utilities	1,054	1,595	2,649	2,627	(22)		2,601	(48)
Other Expenses	-	-	-	-	-		-	-
Debt Service	1,529	1,531	3,060	3,060	-		2,830	(230)
Chancellor's Office	1,199	1,641	2,840	2,840	-		3,223	383
Other Transfers	(237)	138	(99)	(253)	(154)	*	755	854
TOTAL EXPENSES	28,999	30,177	59,176	60,302	1,126		58,432	(744)
NET REVENUES	780	(3,238)	(2,458)	(3,093)	635		(2,431)	(27)
NON-RECURRING ITEMS								
Carry-Forward	-	-	-	-			1,271	
Strategic Reserve	(804)	2,354	1,550	1,885				
All Other	24	884	908	1,208			1,160	
TOTAL (must equal zero)	-	-	-	-			-	

Item 3:
Debt Management Policy

Back to Agenda

VERMONT STATE COLLEGES SYSTEM
MANUAL OF POLICIES AND PROCEDURES

Title: **REVISED DRAFT** DEBT MANAGEMENT POLICY

POLICY STATEMENT:

The Vermont State Colleges System (hereinafter, the "System") may incur debt when necessary to fulfill the System's strategic mission. The System's debt management objectives are to:

1) Maintain access to capital;

2) Maintain a credit rating that minimizes the risk-adjusted cost of capital and maximizes favorable business terms; and

3) Limit financial risk.

This policy assigns debt management responsibilities, and sets forth guidelines with respect to debt limits, structuring, issuance, management and use of derivatives. As used in this policy, "debt" is understood to mean any external borrowing by the System including but not limited to public sales of bonds, loans from banks or other lending institutions, loans from the State of Vermont or other governmental entity, or any other financing originated outside of the System that the System is obligated to repay.

PROCEDURES:

1) Prior ~~A~~approval from the ~~Finance and Facilities Committee and the~~ Board of Trustees is required for all debt transactions.

2) The Office~~r~~ of the Chancellor will initiate and manage all debt transactions.

3) The Chief Financial Officer is responsible for debt portfolio management and compliance with this policy.

DEBT LIMIT:

1) The System's debt limit will target medians and ratios appropriate to a rating ~~of~~ in the A category or the equivalent from Standard & Poor's Ratings Group~~.~~, Moody's Investors Service or Fitch Ratings.

~~2) The System will maintain a debt service ratio (annual principal plus interest, divided by total expenses) of not more than 6%.~~

STRUCTURING:

1) Any System debt with a term longer than three (3) years shall be fixed rate.

2) The maximum maturity of any debt issue shall be the shorter of 30 years, or the useful life of the asset being financed.

3) Debt principal shall amortize such that annual debt service on a total portfolio basis is either level or declining over time, and not increasing.

ISSUANCE:

1) The System shall engage a qualified, ~~nationally-recognized~~nationally recognized independent financial advisor to assist with any debt transaction in excess of $10 million.

2) Debt generally should be tax-exempt, however taxable debt may be used to take advantage of special programs (e.g., Build America Bonds) or for economic savings (e.g., refunding tax-exempt debt that is ineligible for tax-exempt refunding), or to comply with ~~Federal~~ federal tax law.

3) Debt may be publicly sold or privately placed, however privately placed debt may not include business terms less favorable to the System than for public debt (e.g., additional financial covenants beyond those contained in the System's bond resolution).

4) Public debt should generally be sold competitively. If a sale is negotiated, the underwriter must provide an estimate of interest rates for each maturity expressed as a spread to AAA-MMD™ or another widely-recognized and readily available independent index (for tax-exempt debt) or U.S. Treasury yields (for taxable debt) prior to the sale, and the System's independent financial advisor, if engaging one is required under (1), above, must concur with these rates prior to award.

MANAGEMENT AND COMPLIANCE:

The ~~Chief Financial Officer~~Office of the Chancellor shall ~~create~~ adopt procedures regarding the investment of bond proceeds, ensuring compliance with all necessary Federal, State of Vermont and applicable regulations, primary and secondary market disclosure practices, and arbitrage rebate monitoring and filing.~~,~~ ~~and report to t~~The Chancellor ~~and~~ shall report to the Finance and Facilities Committee at least annually on the status of the System's debt, and also immediately following any material event (e.g., a credit rating change).

The Finance and Facilities Committee will review this policy on annual basis or in the interim whenever substantive changes to the guidelines are proposed by the Chancellor.

DERIVATIVES:

Derivatives (e.g., interest rate swaps) are not permitted. Any derivatives in place prior to the approval of this policy shall be valued no less frequently than annually, and may be held to maturity or terminated with the approval of the Board of Trustees. The System must engage a qualified independent derivative advisor to manage any such termination, and to provide a fairness opinion documenting that the derivative was terminated at fair market value.

~~OTHER PROVISIONS~~DEBT RELATED TO FEDERAL GRANTS:

Any activity or expense related to federal grants or contracts must comply with *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* in addition to the provisions above.

VERMONT STATE COLLEGES SYSTEM
MANUAL OF POLICIES AND PROCEDURES

Title: **REVISED DRAFT** POLICY 432: DEBT MANAGEMENT POLICY

POLICY STATEMENT:

The Vermont State Colleges System (hereinafter, the "System") may incur debt when necessary to fulfill the System's strategic mission. The System's debt management objectives are to:

1) Maintain access to capital;

2) Maintain a credit rating that minimizes the risk-adjusted cost of capital and maximizes favorable business terms; and

3) Limit financial risk.

This policy assigns debt management responsibilities, and sets forth guidelines with respect to debt limits, structuring, issuance, management and use of derivatives. As used in this policy, "debt" is understood to mean any external borrowing by the System including but not limited to public sales of bonds, loans from banks or other lending institutions, loans from the State of Vermont or other governmental entity, or any other financing originated outside of the System that the System is obligated to repay.

PROCEDURES:

1) Prior approval from the Board of Trustees is required for all debt transactions.

2) The Office of the Chancellor will initiate and manage all debt transactions.

3) The Chief Financial Officer is responsible for debt portfolio management and compliance with this policy.

DEBT LIMIT:

1) The System's debt limit will target medians and ratios appropriate to a rating in the A category or the equivalent from Standard & Poor's Ratings Group, Moody's Investors Service or Fitch Ratings.

STRUCTURING:

1) Any System debt with a term longer than three (3) years shall be fixed rate.

2) The maximum maturity of any debt issue shall be the shorter of 30 years, or the useful life of the asset being financed.

3) Debt principal shall amortize such that annual debt service on a total portfolio basis is either level or declining over time, and not increasing.

ISSUANCE:

1) The System shall engage a qualified, nationally recognized independent financial advisor to assist with any debt transaction in excess of $10 million.

2) Debt generally should be tax-exempt, however taxable debt may be used to take advantage of special programs (e.g., Build America Bonds) or for economic savings (e.g., refunding tax-exempt debt that is ineligible for tax-exempt refunding), or to comply with federal tax law.

3) Debt may be publicly sold or privately placed, however privately placed debt may not include business terms less favorable to the System than for public debt (e.g., additional financial covenants beyond those contained in the System's bond resolution).

4) Public debt should generally be sold competitively. If a sale is negotiated, the underwriter must provide an estimate of interest rates for each maturity expressed as a spread to AAA-MMD™ or another widely-recognized and readily available independent index (for tax-exempt debt) or U.S. Treasury yields (for taxable debt) prior to the sale, and the System's independent financial advisor, if engaging one is required under (1), above, must concur with these rates prior to award.

MANAGEMENT AND COMPLIANCE:

The Office of the Chancellor shall adopt procedures regarding the investment of bond proceeds, ensuring compliance with all necessary Federal, State of Vermont and applicable regulations, primary and secondary market disclosure practices, and arbitrage rebate monitoring and filing. The Chancellor shall report to the Finance and Facilities Committee at least annually on the status of the System's debt, and also immediately following any material event (e.g., a credit rating change).

The Finance and Facilities Committee will review this policy on annual basis or in the interim whenever substantive changes to the guidelines are proposed by the Chancellor.

DERIVATIVES:

Derivatives (e.g., interest rate swaps) are not permitted. Any derivatives in place prior to the approval of this policy shall be valued no less frequently than annually, and may be held to maturity or terminated with the approval of the Board of Trustees. The System must engage a qualified independent derivative advisor to manage any such termination, and to provide a fairness opinion documenting that the derivative was terminated at fair market value.

DEBT RELATED TO FEDERAL GRANTS:

Any activity or expense related to federal grants or contracts must comply with *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* in addition to the provisions above.

Item 4:
2nd Quarter FY2017 Cash Management Summary

Back to Agenda

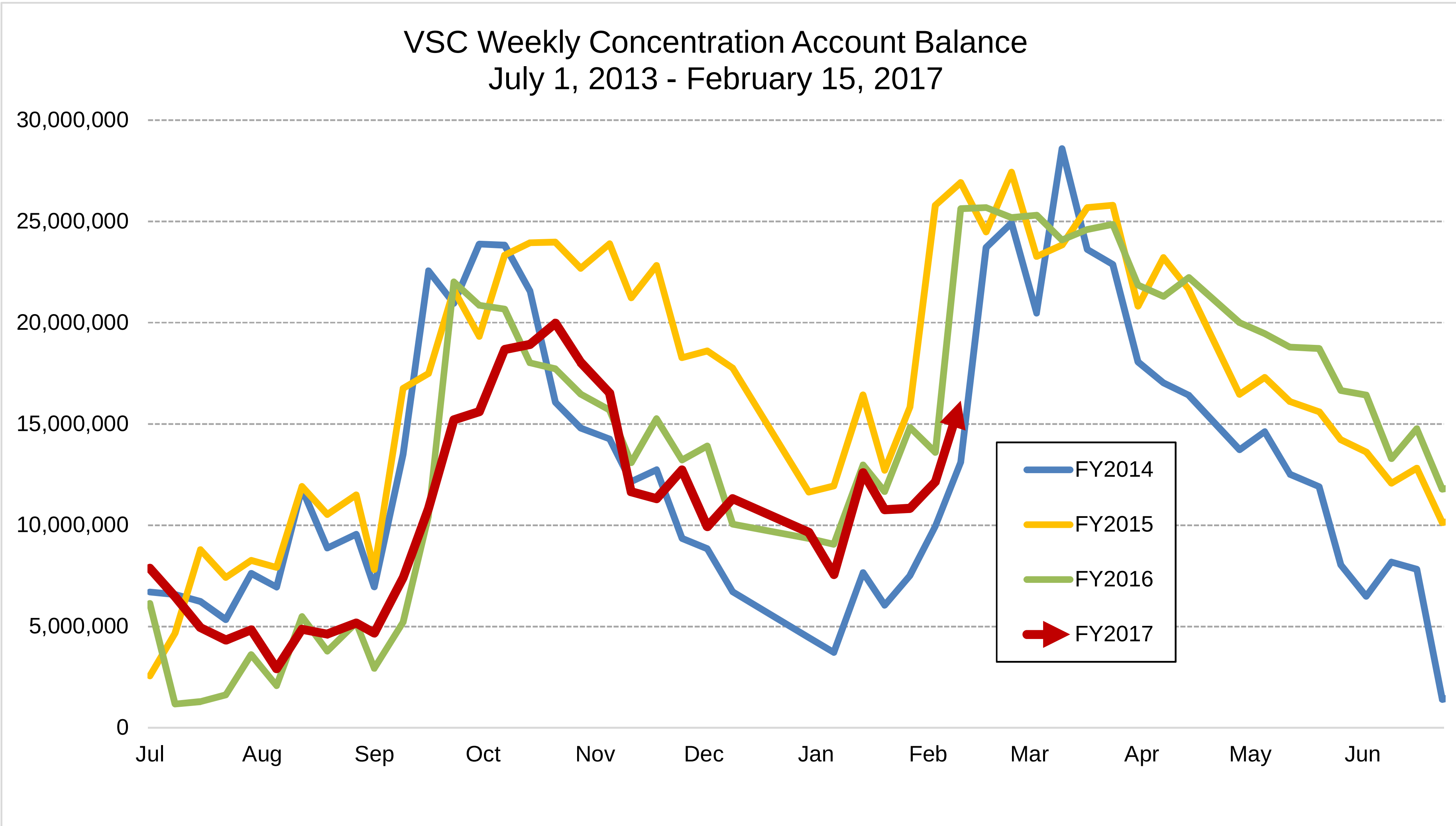
VERMONT STATE COLLEGES
CASH & INVESTMENT REPORT: As of 1/31/2017

(Excludes non-operating/non-endowment investments made by VSC capital bond trustees)

	FY2015			FY2016			FY2017		
	CASH Avg Daily Balance	INV'MT Avg Daily Balance	CASH & INV'MT Avg Daily Balance	CASH Avg Daily Balance	INV'MT Avg Daily Balance	CASH & INV'MT Avg Daily Balance	CASH Avg Daily Balance	INV'MT Avg Daily Balance	CASH & INV'MT Avg Daily Balance
JULY	5,693,454	49,867,648	55,561,102	3,355,541	46,380,924	49,736,465	5,802,598	48,252,972	54,055,570
AUGUST	10,617,091	50,457,909	61,075,000	4,592,608	46,127,004	50,719,612	4,771,979	48,240,933	53,012,912
SEPTEMBER	15,870,921	49,854,030	65,724,951	11,165,432	45,681,768	56,847,200	10,524,995	48,953,239	59,478,234
OCTOBER	23,455,481	50,257,327	73,712,808	20,198,716	46,848,645	67,047,361	19,921,855	48,422,041	68,343,896
NOVEMBER	22,488,791	50,662,244	73,151,035	15,282,537	46,770,232	62,052,769	14,272,286	48,583,595	62,855,881
DECEMBER	16,582,373	50,599,560	67,181,933	11,965,241	46,325,445	58,290,686	11,656,241	48,920,191	60,576,432
JANUARY	13,982,318	50,470,073	64,452,391	12,107,286	45,698,086	57,805,372	10,474,838	49,436,478	59,911,316
FEBRUARY	25,288,139	51,191,635	76,479,774	22,520,132	45,771,201	68,291,333	0	0	0
MARCH	25,813,245	51,040,377	76,853,622	25,540,713	47,312,657	72,853,370	0	0	0
APRIL	33,001,582	51,196,107	84,197,689	22,137,233	47,488,459	69,625,692	0	0	0
MAY	16,613,579	50,630,767	67,244,346	18,899,541	47,627,944	66,527,485	0	0	0
JUNE	12,181,645	50,099,272	62,280,917	14,118,440	47,984,522	62,102,962	0	0	0
Cash & Inv Avg thru 7 months	$15,527,204	$50,309,827	$65,837,031	$11,238,194	$46,261,729	$57,499,924	$11,060,685	$48,687,064	$59,747,749

Summary of January Average Daily Balances

TD Bank Concentration Account	9,794,755
TD Wealth Medical	357,492
TD Bank Enterprise Money Market	4,721,584
TD Wealth Investments	19,500,639
Morgan Stanley (Endowment)	25,214,255
Total Investment	$59,588,725
Remainder of money at local college banks	$322,591
	$59,911,316


VSC Weekly Concentration Account Balance
July 1, 2013 - February 15, 2017
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY2014
FY2015
FY2016
FY2017

Item 5:
2nd Quarter FY2017 Endowment Report

Back to Agenda

WEALTH MANAGEMENT

Morgan Stanley

Quarterly Report - 4Q16

Prepared on January 26, 2017

Prepared For: **VSC All Accounts (Including Operations)**

Danielle Hogan
Financial Advisor
Vice President
Tel: +1 802 652-6002
Danielle.A.Hogan@morganstanley.com

John Myhre
Financial Advisor
Vice President
Tel: +1 802 652-6040
John.O.Myhre@morganstanley.com

Brian Pelkey
Financial Advisor
Senior Vice President
Tel: +1 802 652-6035
Brian.A.Pelkey@morganstanley.com
http://www.morganstanleyfa.com/pelkey

Your Branch:
105 WEST VIEW RD, 5TH FL
COLCHESTER, VT 05446

Please review the disclosures and definitions throughout this Document.

VSC All Accounts

Prepared on January 26, 2017 | Reporting Currency: USD

TABLE OF CONTENTS

Please review the disclosures and definitions throughout this Document.
Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document.

WEALTH MANAGEMENT

Morgan Stanley

ACCOUNT(S) INCLUDED IN THIS REPORT

VSC All Accounts | **Reporting Currency: USD**

ACCOUNT(S) DETAIL

Account Name and Address	Account Type/Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed
IRONWOOD PO BOX 7 MONTPELIER	Alternative Investments Advisory	Advisory	383-020918	09/17/14	
SKYBRIDGE PO BOX 7	Alternative Investments Advisory	Advisory	383-020919	09/17/14	
VERMONT STATE COLLEGES	Consulting Group Advisor	Advisory	383-108872	12/20/02	
ATTN STEPHEN WISLOSKI PO BOX 7 MONTPELIER	Delaware Intl ADR -London	Advisory	383-108874	12/20/02	
	AAA	Brokerage	383-108873	12/20/02	
	Anchor Mid Cap Value	Advisory	383-108918	02/06/03	
	AAA	Advisory	383-108920	02/06/03	01/25/17
	ClearBridge Multi Growth	Advisory	383-110533	04/19/06	
	Seix High Yield Bond	Advisory	383-110534	04/19/06	
	ThomasPartners	Advisory	383-122584	03/07/12	
		Advisory	999-209262		10/27/10

All content within this Document applies to the accounts listed above or a subset thereof, unless otherwise indicated. Closed Accounts listed above are included for historical performance.

Capital Markets Overview: 4Q 2016

Introduction

As of 4Q 2016

- The election of Donald Trump as the next U.S. President sent markets surging to new highs during the 4th quarter of 2016. Trump's pro-growth agenda focusing on infrastructure spending, tax reform, and deregulation fueled markets into the so-called "Trump Rally." Along with the election, all eyes were on the Federal Open Market Committee as the US reported improving inflation expectations and employment numbers, giving the Fed a green light to hike in December. With expectations fully priced in, markets reacted calmly when the Fed raised their target rate by 25 basis points and signaled three further hikes in 2017.

- For the quarter, US equities posted strong performance, especially the Financials sector of the S&P 500, which returned 21.1%. REITs and long-term US Treasuries lagged on the back of increasing inflation expectations and rising real interest rates. For the one-year period ending December 31, 2016, MLPs, US high yield corporate bonds, US equities and emerging market equities led the pack with double-digit returns. Managed futures and munis were the laggards for the year.

- The Dow Jones Industrial Average increased 8.7% in the fourth quarter. The NASDAQ Composite Index was up 1.7% for the quarter. The S&P 500 Index increased 3.8% for the quarter.

- Eight of the 11 sectors within the S&P 500 generated positive returns in the fourth quarter of 2016. The top-performing sector was Financials, which was up 21.1%. Energy and Industrials rose 7.3% and 7.2%, respectively, and were also among the top-performing sectors. The biggest laggards were Real Estate, which decreased 4.4%, and HealthCare, which fell 4.0%.

- The bond market registered negative returns during the fourth quarter. The Bloomberg U.S. Aggregate Bond Index, a general measure of the bond market, decreased 3.0% for the quarter.

- Morgan Stanley & Co. economists expect U.S. real GDP will be 1.6% in 2016 and 2.0% in 2017. They forecast global GDP growth to be 3.0% in 2016 and 3.4% in 2017.

- After posting negative third quarter returns, commodities registered positive returns in the fourth quarter; the Bloomberg Commodity Index increased 2.7%.

- For the fourth quarter of 2016, global mergers and acquisitions (M&A) deal volume was $1,200 billion, compared to $813 billion for the third quarter of 2016. Global M&A activity decreased to $3.6 trillion in 2016 from $4.3 trillion in 2015.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2016

US Equity Markets

As of 4Q 2016

The Dow Jones Industrial Average increased 8.7% in the fourth quarter. The NASDAQ Composite Index was up 1.7% for the quarter. The S&P 500 Index increased 3.8% for the quarter.

Eight of the 11 sectors within the S&P 500 generated positive returns in the fourth quarter of 2016. The top-performing sector was Financials, which was up 21.1%. Energy and Industrials rose 7.3% and 7.2%, respectively, and were also among the top-performing sectors. The biggest laggards were Real Estate, which decreased 4.4%, and Health Care, which fell 4.0%.

Growth-style stocks of large-cap companies increased during the fourth quarter. The large-cap Russell 1000 Growth Index rose 1.0%. The Russell 1000 Index, a large-cap index, increased 3.8% for the quarter. The Russell 1000 Value Index, also a large-cap index, increased 6.7% for the quarter.

The Russell Midcap Growth Index rose 0.5% for the quarter. The Russell Midcap Index increased 3.2% for the quarter. The Russell Midcap Value Index increased 5.5% for the quarter. The Russell 2000 Growth Index, a small-cap index, increased 3.6% for the quarter. The small-cap Russell 2000 Index rose 8.8% for the quarter. The Russell 2000 Value Index, also a small-cap index, increased 14.1% for the quarter.

Key US Stock Market Index Returns (%) for the Period Ending 12/31/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized
S&P 500	3.8%	12.0%	14.7%	12.8%
Dow Jones	8.7%	16.5%	12.9%	12.4%
Russell 2000	8.8%	21.3%	14.5%	13.2%
Russell Midcap	3.2%	13.8%	14.7%	13.7%
Russell 1000	3.8%	12.1%	14.7%	12.9%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.

Capital Markets Overview: 4Q 2016

Global Equity Markets

As of 4Q 2016

In the fourth quarter, emerging markets (EM) and international developed regions both delivered negative returns (in USD). The MSCI EAFE Index (a benchmark for international developed markets) decreased 0.7% for U.S.-currency investors and increased 7.1% for local-currency investors, as the U.S. dollar significantly appreciated in relation to the currencies of many nations in the index.

For the fourth quarter, the MSCI Emerging Markets Index decreased 4.1% for US-currency investors and 1.4% for local-currency investors, as the US dollar appreciated in relation to the currencies of the nations in the index. The MSCI Europe Index decreased 0.4% for US-currency investors and increased 5.5% for local-currency investors during the fourth quarter of 2016.

The S&P 500 Index increased 3.8% for the quarter.

Emerging economy equity market indices were down in the fourth quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 3.8% for the quarter in US dollar terms and 3.7% in terms of local currencies. For the fourth quarter, the MSCI EM Asia Index was down 6.0% in US dollar terms and 3.0% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 12/31/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-0.7%	1.5%	6.9%	4.3%
MSCI EAFE Growth	-5.5%	-2.7%	6.9%	4.9%
MSCI EAFE Value	4.2%	5.7%	6.7%	3.6%
MSCI Europe	-0.4%	0.2%	6.7%	3.9%
MSCI Japan	-0.1%	2.7%	8.4%	5.8%
S&P 500	3.8%	12.0%	14.7%	12.8%
MSCI Emerging Markets	-4.1%	11.6%	1.6%	0.8%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2016

The US Bond Market

As of 4Q 2016

The bond market registered negative returns during the fourth quarter. The Bloomberg U.S. Aggregate Bond Index, a general measure of the bond market, decreased 3.0% for the quarter.

Interest rates increased during the fourth quarter, as the yield on the 10-year U.S. Treasury note rose to a quarter-end 2.44% from 1.59% at the end of the 3Q 2016. This came out to a dramatic 53.3% increase in rates for the quarter.

Riskier parts of the bond market such as US high yield debt increased in the fourth quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 1.8%.

Mortgage-backed securities posted negative returns during the fourth quarter. The Bloomberg Barclays Capital Mortgage Backed Index decreased 2.0% for the quarter. During the fourth quarter, the municipal bond market also decreased. As a result, the Bloomberg Barclays Capital Muni Index generated a negative 3.6% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 12/31/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Barclays Capital US Aggregate	-3.0%	2.6%	2.2%	3.6%
Barclays Capital High Yield	1.8%	17.1%	7.4%	8.1%
Barclays Capital Government/Credit	-3.4%	3.0%	2.3%	3.8%
Barclays Capital Government	-3.8%	1.0%	1.2%	3.1%
Barclays Capital Intermediate Govt/Credit	-2.1%	2.1%	1.8%	3.0%
Barclays Capital Long Govt/Credit	-7.8%	6.7%	4.1%	7.4%
Barclays Capital Mortgage Backed Securities	-2.0%	1.7%	2.1%	3.1%
Barclays Capital Muni	-3.6%	0.2%	3.3%	4.2%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Morgan Stanley

VERMONT STATE COLLEGES
PORTFOLIO SUMMARY - ASSET ALLOCATION
December 31, 2016

	Large Cap Growth	Large Cap Value	Small / Mid Growth	Small / Mid Value	International	International Emerging	Domestic and High Yield Fixed	International Fixed	Alternatives	Cash	Total	% of Total Portfolio
CG Advisor												
I shares Russell 1000 Growth	$ 2,706,945										$ 2,706,945	**11.0%**
I shares Russell 1000 Value		$ 3,397,870									$ 3,397,870	**13.8%**
I shares Trust S&P Mid Cap 400			$ 30,245								$ 30,245	**0.1%**
iShares Russell 2000			$ 206,253	$ 206,253							$ 412,506	**1.7%**
William Blair Int Growth					$ 1,284,558						$ 1,284,558	**5.2%**
Oppenheimer Developing Mkts						$ 533,522					$ 533,522	**2.2%**
I shares MSCI EAFE						$ 401,281					$ 401,281	**1.6%**
Dreyfus Standish GLB Fix Inc I								$ 751,281			$ 751,281	**3.1%**
Loomis Bond Fund							$ 1,080,436				$ 1,080,436	**4.4%**
Ishares Dj US Real Estate									$ 351,616		$ 351,616	**1.4%**
Vanguard REIT ETF									$ 370,725		$ 370,725	**1.5%**
Vanguard Sh Tm Invt Gr Inv							$ 1,102,362				$ 1,102,362	**4.5%**
Vanguard Total Bd Mkt Indx Inv							$ 2,292,192				$ 2,292,192	**9.3%**
Lazard Emerging Markets						$ 554,809					$ 554,809	**2.3%**
Money Funds										$ 241,172	$ 241,172	**1.0%**
Ironwood HF									$ 508,426		$ 508,426	**2.1%**
Skybridge HF									$ 468,848		$ 468,848	**1.9%**
Anchor				$ 790,633							$ 790,633	**3.2%**
Delaware					$ 1,097,867						$ 1,097,867	**4.5%**
Clearbridge	$ 803,617	$ 614,531	$ 543,623	$ 378,173						$ 23,636	$ 2,363,579	**9.6%**
Seix							$ 1,497,625				$ 1,497,625	**6.1%**
Thomas Partners	$ 500,843	$ 1,171,783	$ 47,249	$ 326,020	$ 281,133					$ 35,437	$ 2,362,466	**9.6%**
Total Fund	**$ 4,011,404**	**$ 5,184,184**	**$ 827,371**	**$ 1,701,080**	**$ 2,663,558**	**$ 1,489,613**	**$ 5,972,615**	**$ 751,281**	**$ 1,699,616**	**$ 300,245**	**$ 24,600,966**	**100.00%**
Allocation	16.31%	21.07%	3.36%	6.91%	10.83%	6.06%	24.28%	3.05%	6.91%	1.22%	100.00%	
Strategic Target Allocation a/o 6.30.11												
By Percent	*12.00%*	*12.00%*	*6.00%*	*6.00%*	*17.00%*	*7.00%*	*28.00%*	*4.00%*	*8.00%*	*0.00%*	*100.00%*	
By Dollar	*$ 2,952,116*	*$ 2,952,116*	*$ 1,476,058*	*$ 1,476,058*	*$ 4,182,164*	*$ 1,722,068*	*$ 6,888,271*	*$ 984,039*	*$ 1,968,077*	*$ -*	*$ 24,600,966*	
Current Tactical Allocation	***18%***	***18%***	***4%***	***4%***	***12%***	***4%***	***28%***	***4%***	***8%***	***0%***	***100%***	
Revised Tactical a/o 6.30.16	18%	18%	4%	4%	14%	5%	25%	4%	8%	0%	100%	
Operations Account		$ 112,676	(common stock)		$ 15,175	(money funds)					$ 127,851	
Total All Accounts											**$ 24,728,818**	

Basic Asset Allocation:	**Stocks**	**65%**
	Alternatives	**7%**
	Fixed Income/Cash	**29%**

 Prepared by: John O. Myhre, Vice President, Financial Advisor

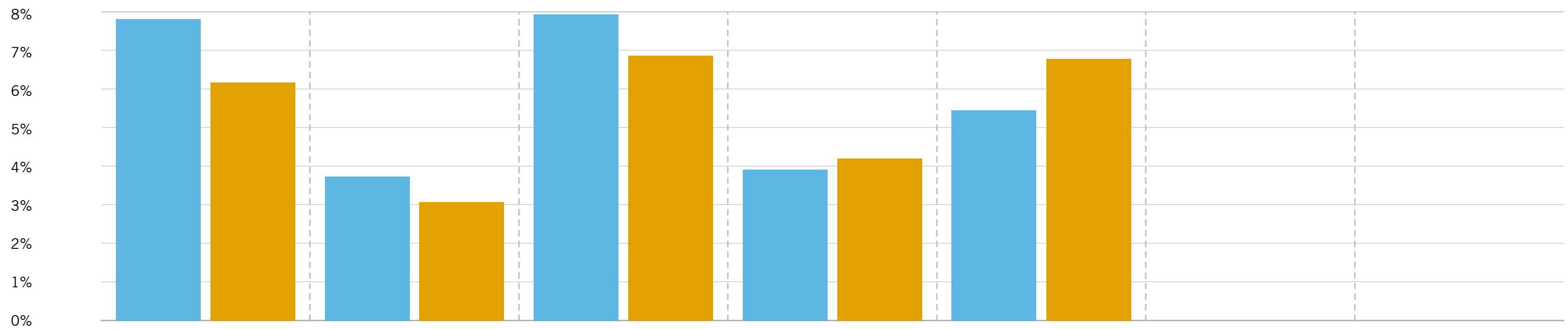
WEALTH MANAGEMENT Morgan Stanley

TIME WEIGHTED PERFORMANCE SUMMARY

VSC All Accounts

As of December 31, 2016 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Last 12 Months 12/31/15 - 12/31/16	Last 3 Years 12/31/13 - 12/31/16	Last 5 Years 12/31/11 - 12/31/16	Last 10 Years 12/31/06 - 12/31/16	Performance Inception 12/26/02 - 12/31/16
Beginning Total Value	**$22,808,017.00**	**$22,472,076.62**	**$18,324,991.32**	**$16,871,806.85**	**$5,616,088.35**
Net Contributions/Withdrawals	184,827.45	-298,778.22	-1,624,354.86	-343,355.63	6,903,527.75
Investment Earnings	1,768,580.71	2,588,126.75	8,060,788.69	8,232,973.93	12,241,809.05
Ending Total Value	**$24,761,425.15**	**$24,761,425.15**	**$24,761,425.15**	**$24,761,425.15**	**$24,761,425.15**
Return % (Net of Fees)	**7.81**	**3.73**	**7.93**	**3.91**	**5.44**
65% MSCI AC World/35% Barclays Agg	*6.17*	*3.06*	*6.86*	*4.20*	*6.77*

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

WEALTH MANAGEMENT

Morgan Stanley

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts

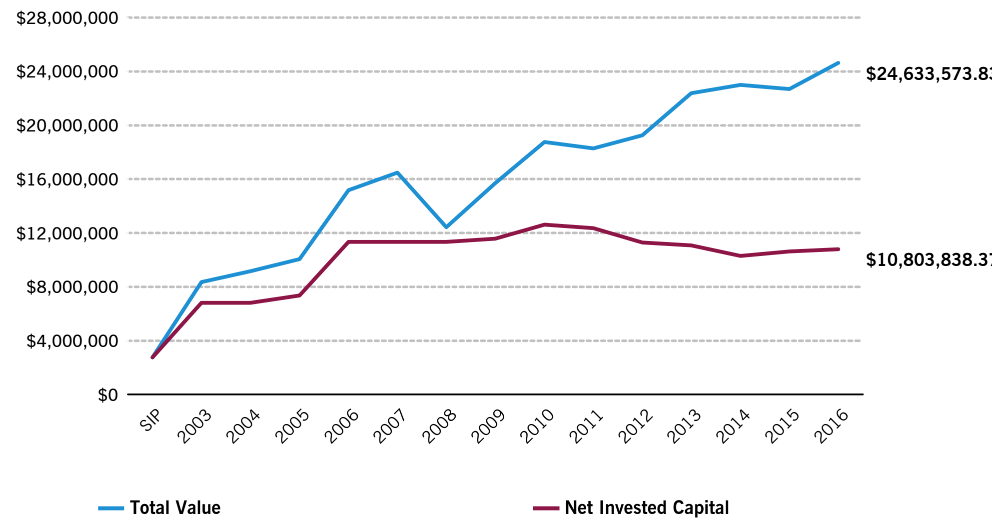
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 02/27/03-12/31/16
Beginning Total Value	**$22,687,417.15**	**$18,286,020.39**	**$2,759,923.00**
Net Contributions/Withdrawals	184,442.75	-1,556,233.28	8,043,915.36
Investment Earnings	1,761,713.94	7,903,786.72	13,829,735.47
Ending Total Value	**$24,633,573.83**	**$24,633,573.83**	**$24,633,573.83**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	7.79%	7.90%	6.44%

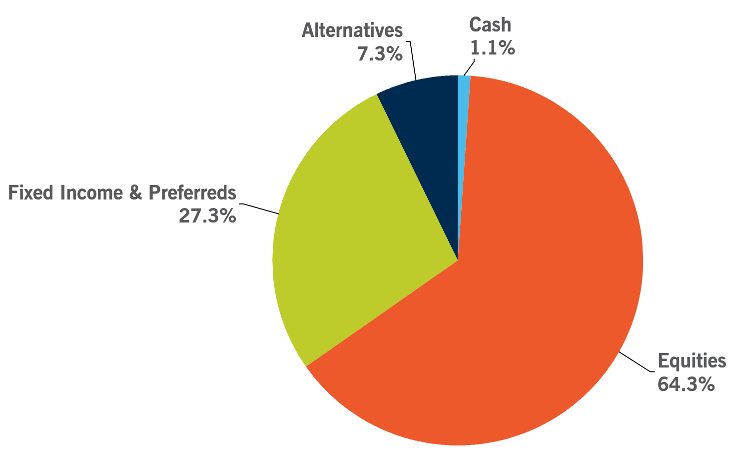
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	8,586.06	276,853.00	311,557.00
Fixed Income & Preferreds	33,054.56	182,302.72	199,424.72
Alternatives	408.66	42,427.00	42,836.00
Total Income	**$42,049.28**	**$501,583.00**	**$553,818.00**
INCOME BY TAX CATEGORY			
Taxable	42,049.28	501,583.00	553,818.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$42,049.28**	**$501,583.00**	**$553,818.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

WEALTH MANAGEMENT Morgan Stanley

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

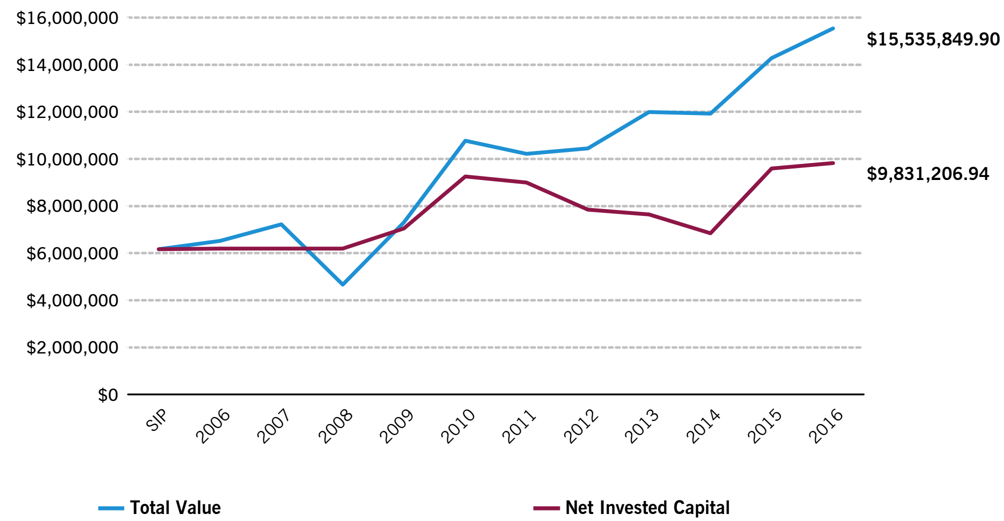
VSC All Accounts-VERMONT STATE COLLEGES 383-108872-Consulting Group... As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 04/21/06-12/31/16
Beginning Total Value	**$14,276,291.83**	**$10,223,427.64**	**$6,166,191.00**
Net Contributions/Withdrawals	229,880.59	836,406.06	3,665,015.94
Investment Earnings	1,029,677.47	4,476,016.20	5,704,642.96
Ending Total Value	**$15,535,849.90**	**$15,535,849.90**	**$15,535,849.90**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	7.24%	7.98%	5.41%

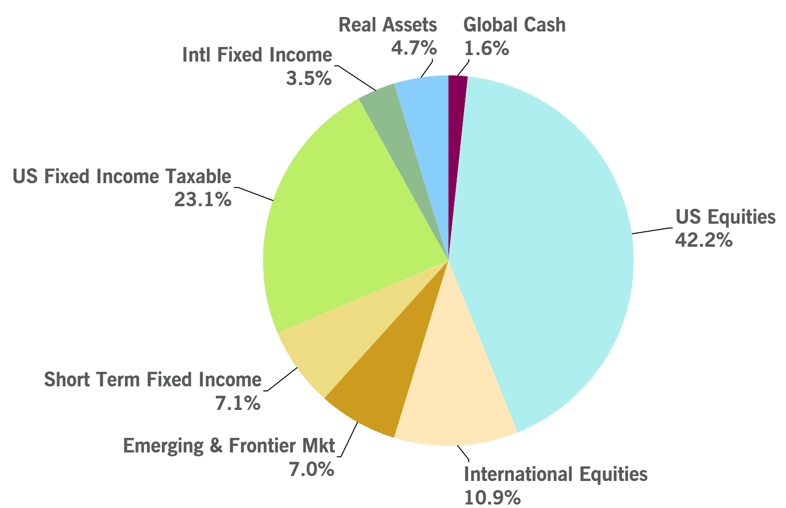
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	-	164,356.00	164,356.00
Fixed Income & Preferreds	24,330.29	109,421.72	117,668.72
Alternatives	-	33,360.00	33,360.00
Total Income	**$24,330.29**	**$307,138.00**	**$315,385.00**
INCOME BY TAX CATEGORY			
Taxable	24,330.29	307,138.00	315,385.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$24,330.29**	**$307,138.00**	**$315,385.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-VERMONT STATE COLLEGES 383-110533-ClearBridge...

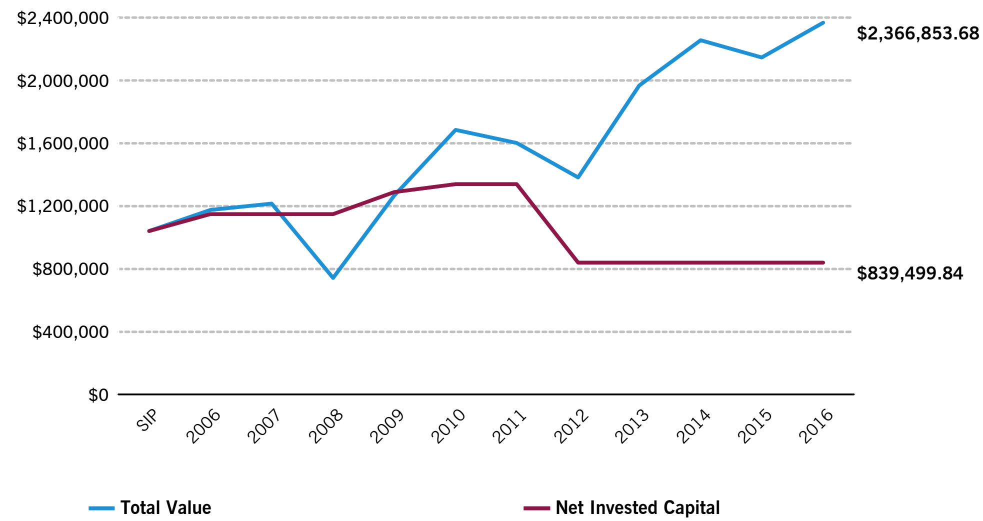
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 04/21/06-12/31/16
Beginning Total Value	**$2,146,181.43**	**$1,602,036.53**	**$1,040,220.00**
Net Contributions/Withdrawals	0.00	-500,000.00	-200,720.16
Investment Earnings	220,672.25	1,264,817.15	1,527,353.84
Ending Total Value	**$2,366,853.68**	**$2,366,853.68**	**$2,366,853.68**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	10.28%	16.22%	8.53%

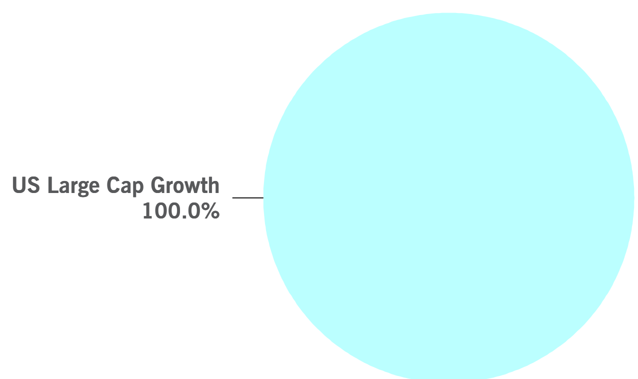
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	3,645.45	24,621.00	29,388.00
Total Income	**$3,645.45**	**$24,621.00**	**$29,388.00**
INCOME BY TAX CATEGORY			
Taxable	3,645.45	24,621.00	29,388.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$3,645.45**	**$24,621.00**	**$29,388.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

WEALTH MANAGEMENT

Morgan Stanley

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-VERMONT STATE COLLEGES 383-122584-ThomasPartners

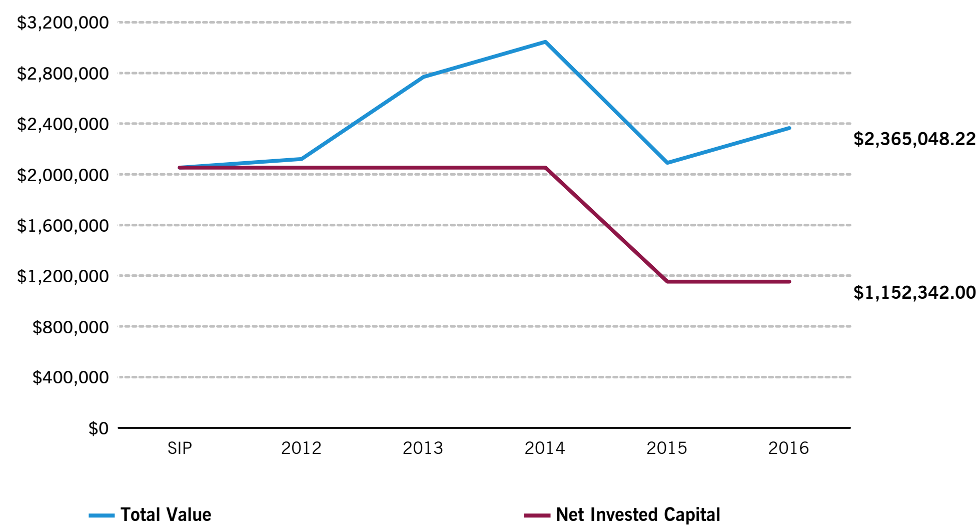
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 03/13/12-12/31/16
Beginning Total Value	**$2,092,143.31**	**-**	**$2,052,342.00**
Net Contributions/Withdrawals	0.00	-	-900,000.00
Investment Earnings	272,904.91	-	1,212,706.22
Ending Total Value	**$2,365,048.22**	**-**	**$2,365,048.22**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	13.04%	-	11.35%

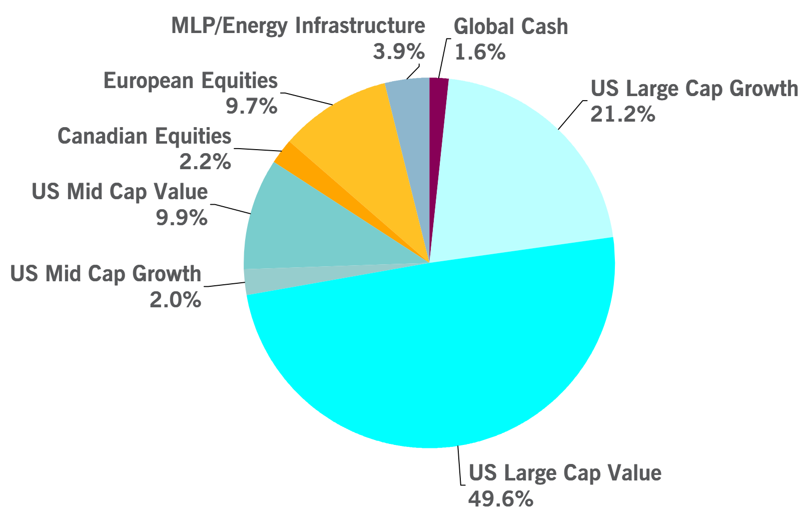
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	2,603.71	61,358.00	64,054.00
Alternatives	-	7,404.00	7,404.00
Total Income	**$2,603.71**	**$68,762.00**	**$71,458.00**
INCOME BY TAX CATEGORY			
Taxable	2,603.71	68,762.00	71,458.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$2,603.71**	**$68,762.00**	**$71,458.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

WEALTH MANAGEMENT

Morgan Stanley

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

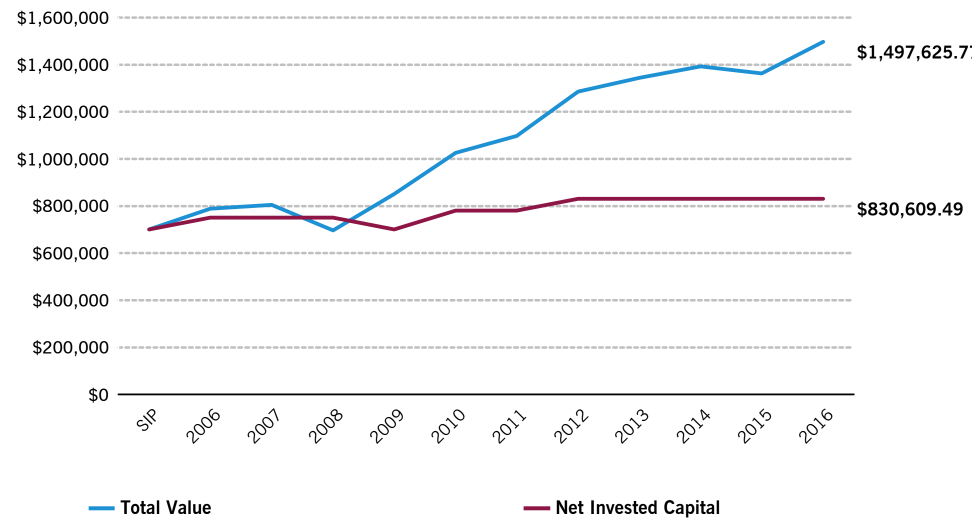
VSC All Accounts-VERMONT STATE COLLEGES 383-110534-Seix High Yield... As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 04/21/06-12/31/16
Beginning Total Value	**$1,363,102.03**	**$1,097,068.84**	**$700,952.00**
Net Contributions/Withdrawals	-32.45	49,967.55	129,657.49
Investment Earnings	134,556.19	350,589.38	667,016.28
Ending Total Value	**$1,497,625.77**	**$1,497,625.77**	**$1,497,625.77**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	9.87%	5.49%	5.96%

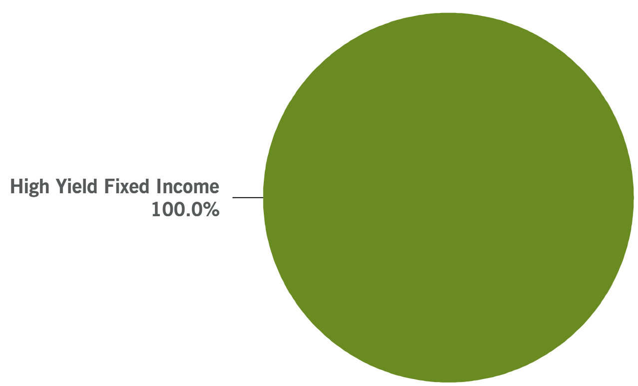
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Fixed Income & Preferreds	8,724.27	72,881.00	81,756.00
Total Income	**$8,724.27**	**$72,881.00**	**$81,756.00**
INCOME BY TAX CATEGORY			
Taxable	8,724.27	72,881.00	81,756.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$8,724.27**	**$72,881.00**	**$81,756.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

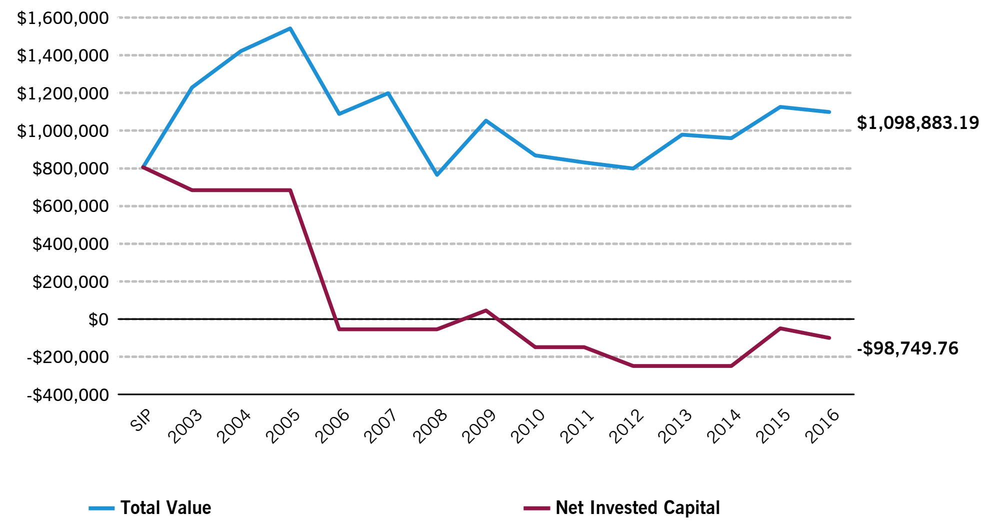
VSC All Accounts-VERMONT STATE COLLEGES 383-108874-Delaware Intl... As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 02/27/03-12/31/16
Beginning Total Value	**$1,126,018.49**	**$831,829.68**	**$806,021.00**
Net Contributions/Withdrawals	-50,000.00	49,972.03	-904,770.76
Investment Earnings	22,864.70	217,081.48	1,197,632.95
Ending Total Value	**$1,098,883.19**	**$1,098,883.19**	**$1,098,883.19**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	2.08%	4.87%	14.22%

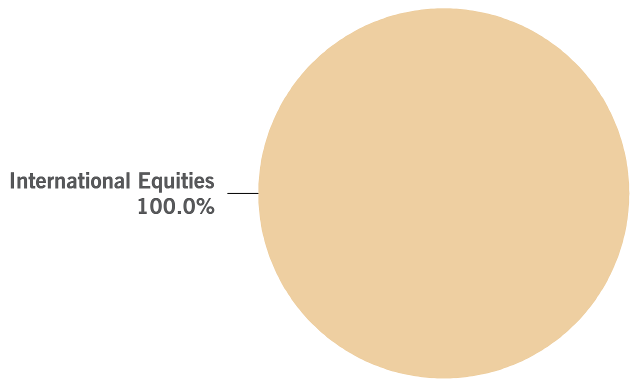
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	1,374.21	12,476.00	38,755.00
Total Income	**$1,374.21**	**$12,476.00**	**$38,755.00**
INCOME BY TAX CATEGORY			
Taxable	1,374.21	12,476.00	38,755.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$1,374.21**	**$12,476.00**	**$38,755.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

WEALTH MANAGEMENT

Morgan Stanley

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-VERMONT STATE COLLEGES 383-108918-Anchor Mid Cap...

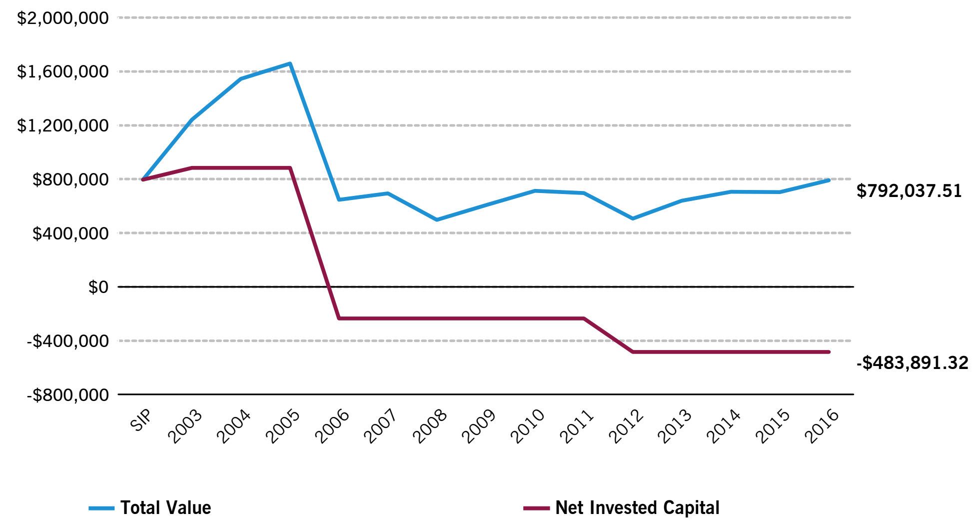
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 02/27/03-12/31/16
Beginning Total Value	**$704,073.24**	**$696,044.87**	**$795,409.00**
Net Contributions/Withdrawals	0.00	-250,000.00	-1,279,300.32
Investment Earnings	87,964.27	345,992.64	1,275,928.83
Ending Total Value	**$792,037.51**	**$792,037.51**	**$792,037.51**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	12.49%	11.90%	15.51%

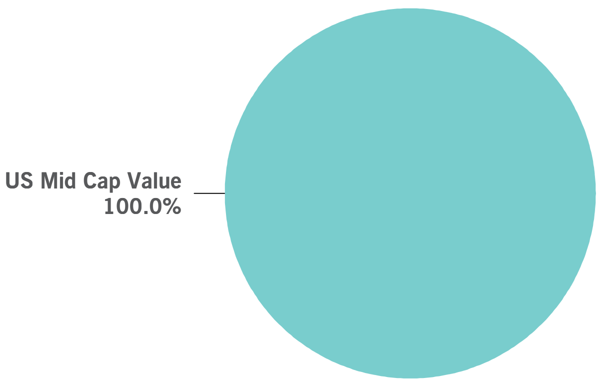
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Equities	962.69	12,186.00	13,148.00
Alternatives	408.66	1,663.00	2,072.00
Total Income	**$1,371.35**	**$13,849.00**	**$15,220.00**
INCOME BY TAX CATEGORY			
Taxable	1,371.35	13,849.00	15,220.00
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**$1,371.35**	**$13,849.00**	**$15,220.00**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-IRONWOOD 383-020918-Alternative Investments Advisory

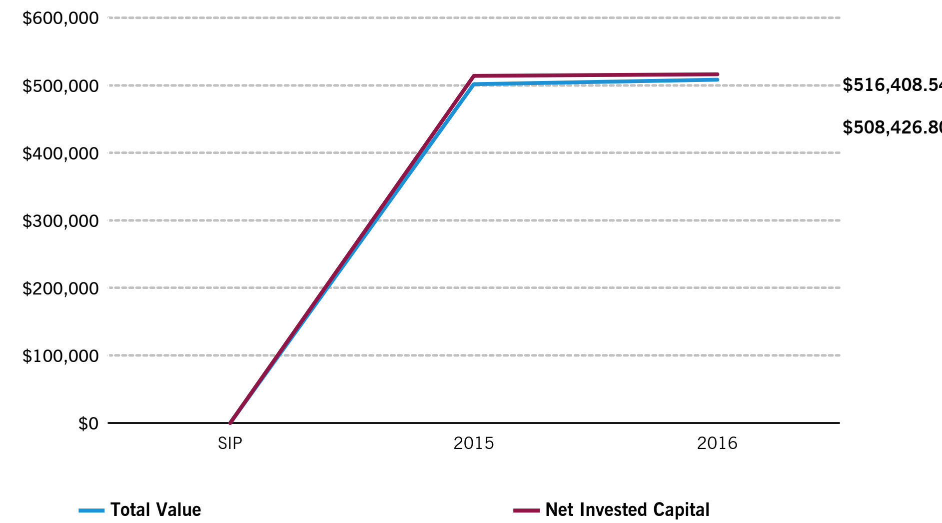
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 05/21/15-12/31/16
Beginning Total Value	**$501,853.14**	**-**	**$0.00**
Net Contributions/Withdrawals	2,376.24	-	516,408.54
Investment Earnings	4,197.42	-	-7,981.73
Ending Total Value	**$508,426.80**	**-**	**$508,426.80**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	0.83%	-	-0.96%

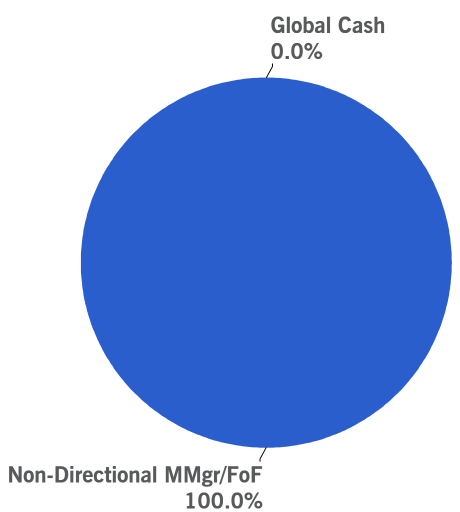
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Alternatives	-	0.00	-
Total Income	**-**	**-**	**-**
INCOME BY TAX CATEGORY			
Taxable	-	-	-
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**-**	**-**	**-**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-SKYBRIDGE 383-020919-Alternative Investments Advisory

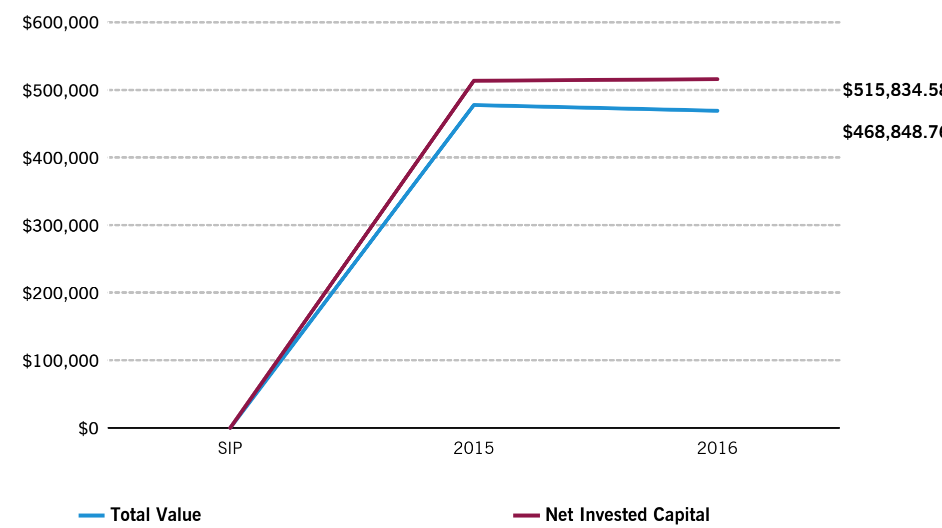
As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 05/21/15-12/31/16
Beginning Total Value	**$477,753.67**	**-**	**$0.00**
Net Contributions/Withdrawals	2,218.37	-	515,834.58
Investment Earnings	-11,123.28	-	-46,985.82
Ending Total Value	**$468,848.76**	**-**	**$468,848.76**
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-2.32%	-	-5.75%

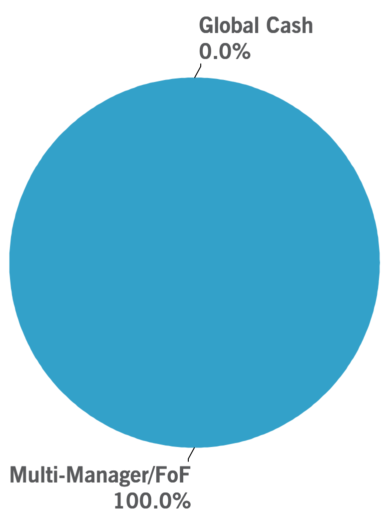
Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION



INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Cash	-	$0.00	-
Alternatives	-	0.00	-
Total Income	**-**	**-**	**-**
INCOME BY TAX CATEGORY			
Taxable	-	-	-
Non Taxable	-	-	-
Tax Deferred	-	-	-
Total Income	**-**	**-**	**-**

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

VSC All Accounts-VERMONT STATE COLLEGES 383-108873 Reporting Currency: USD

This exhibit is not applicable for this portfolio

INVESTMENT SUMMARY DOLLAR WEIGHTED RETURNS - ADVISORY ASSETS ONLY

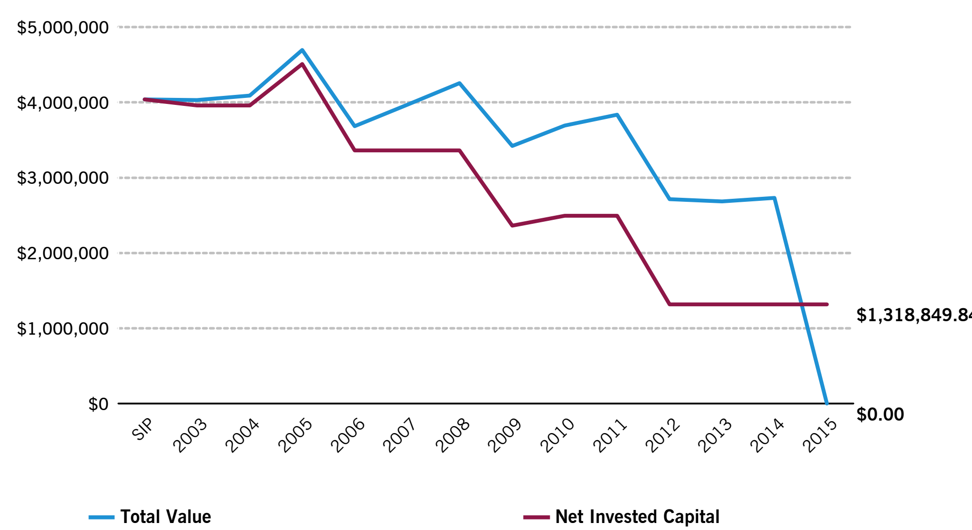
VSC All Accounts-VERMONT STATE COLLEGES 383-108920-AAA | As of December 31, 2016 | Reporting Currency: USD

CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date 12/31/15-12/31/16	Last 5 Years 12/31/11-12/31/16	Performance Inception 02/28/03-12/31/16
Beginning Total Value	-	-	-
Net Contributions/Withdrawals	-	-	-
Investment Earnings	-	-	-
Ending Total Value	-	-	-
DOLLAR WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-	-	-

Does not include Performance Ineligible Assets.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

ASSET ALLOCATION

This exhibit is not applicable for this portfolio

INCOME SUMMARY

	Year To Date 01/01/17-01/25/17	Projected Remaining Year (Until 12/31) 01/26/17-12/31/17	Projected Next 12 Months 02/01/17-01/31/18
INCOME BY ASSET CLASS			
Total Income	-	-	-
INCOME BY TAX CATEGORY			
Total Income	-	-	-

Income Summary does not include income from external assets.

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change.

DISCLOSURES

Explanatory Notes and Disclosure: This document is designed to assist you and your Financial Advisor in understanding portfolio positions, composition and subsets thereof. It is designed solely for your individual use, is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Do not take action relying on this information without confirming its accuracy and completeness. Please read carefully all accompanying notes and disclosures provided in this Document.

For convenience purposes, your Financial Advisor may have assigned a designated name for this Document. The list of the accounts covered in this document is noted herein and may not include all of your accounts with us. Furthermore, the information included in this document may not include all asset classes/securities held by you at the firm. Please review this document carefully and discuss any questions you may have with your Financial Advisor. If you do not understand an entry, suspect an error, or want more details on current values or other information, contact your Financial Advisor.

This document is based upon your Morgan Stanley account holdings and may include other holdings/information that you or a third party provided about assets custodied elsewhere. Morgan Stanley will not verify any other holdings/information. If any information reflects assets held away from Morgan Stanley that will be indicated. The information contained in this document is subject to, and does not supersede the confirmations and account statements you receive from us. Values shown in your official account statement may differ from the values shown in this document due to, among other things, different reporting methods, delays, market conditions and interruptions. If there are discrepancies between your official account statement and this document, rely on your official account statement.

The information in this document is approximate and subject to updating, correction and other changes. We are not obligated to notify you if information changes. Although the statements of fact and data in this document have been obtained from, and are based upon sources that we believe to be reliable, we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed. Percentage values shown in this document are subject to rounding, which may impact total values. The values of securities and other investments not actively traded may be estimated or may not be available.

This information is provided for informational purposes only and should not be used for tax preparation. The information reported on your Form(s) 1099 supersedes the information provided in this report and should be exclusively relied upon for tax preparation. Morgan Stanley, its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax and legal advisor. Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other unaffiliated third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

Additional information about your Floating Rate Notes: For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

Important Information About Auction Rate Securities: For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-". There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

Important Pricing Information: Prices of securities not actively traded may not be available, and are indicated by a dash "-".

Asset Classification: We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain characteristics of more than one asset class, allocations may be under or over inclusive. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes. In addition, the Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

Performance: Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up to date performance information. Past performance is not a guarantee of future results.

Market values used for performance calculation do not include performance ineligible assets and thus may differ from asset allocation market values. Common examples of Performance Ineligible Assets include life insurance, Manually Added assets and some annuities and Externally Held accounts. Unless otherwise indicated, performance is a composite calculation on the entire portfolio and may include brokerage and investment advisory accounts, as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend

the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).
For Morgan Stanley Smith Barney LLC accounts, Performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Financial Advisor can provide you with individual account portfolio composition and performance information. For investment advisory accounts, please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure and any applicable brokerage commission and/or fee schedule for a full disclosure of fees and expenses. Your Financial Advisor will provide those documents to you upon request. For brokerage accounts, please speak to your Financial Advisor for more information on commissions and other account fees and expenses.
Performance inception date does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Financial Advisor for the performance inception date for each account.

Indices: Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

Projected 12 Month Income: Projected Next 12 Months income includes cash income such as interest and cash dividends, based on current yields and may include income from Morgan Stanley & Co. and Externally Held accounts where data is available. These are projections based on historical data and the actual income may be lower or higher than the projections. Projected income for Morgan Stanley & Co. and Externally Held accounts is calculated based upon data obtained from sources that we believe to be reliable, however, Morgan Stanley Wealth Management does not guarantee its accuracy or timeliness. As such, Morgan Stanley Wealth Management recommends confirming projected income information with the custodian institution prior to taking any action. Projections will not include income from Manually Added assets.

Additional information about your Alternative Investments: An alternative investment is any non-traditional asset beyond stocks, bonds, and cash, and may include derivatives such as options and futures, leveraged equity or bonds, private equity, currencies, commodities, less common types of stocks such as natural resources stocks, master limited partnerships (MLPs), and real estate investment trusts (REITs), or even collectibles such as paintings or other works of art, or luxury items such as wine and spirits. Many of these alternative investments typically have eligibility requirements that cannot be met by the average investor and are therefore not appropriate for all investors. Typical alternative investment vehicles are generally private offerings and can include hedge funds and funds of hedge funds, managed futures funds, and other vehicles. They utilize alternative strategies and investing techniques such as long/short, hedged equity and event driven, to name just a few. Often, alternative strategies seek to provide competitive returns relative to a given benchmark, while at the same time limiting downside risk in the event of a market downturn, although objectives vary widely depending on the type of strategy. In recent years, certain open-end mutual funds can now be classified as another type of alternative investment vehicle as they seek alternative-like exposure and these may be included in the Alternative Investments category. They are publicly offered and more accessible by a larger number of investors. Both types of alternative investment vehicles often seek investment returns that have lower correlation to traditional markets and increased diversification in an overall portfolio. However, unlike hedge funds, open-end mutual funds that seek alternative-like exposure do not require investor pre-qualifications, enable efficient tax reporting, are subject to lower investment minimums and lower fees, provide greater portfolio transparency, daily liquidity, and are required to provide daily NAV pricing. While alternative mutual funds offer some advantages, generally they must utilize a more limited investment universe and, therefore, will have relatively higher correlation with traditional market returns. Additionally, open-end mutual funds are statutorily limited in their use of leverage, short sales, and the use of derivative instruments as compared to hedge funds.
Potential benefits to hedge funds include greater flexibility in terms of seeking enhanced returns through the use of leverage, exposure to less liquid investments, and the more flexible use of complex instruments such as derivatives. Because of the differences noted above, performance for a mutual fund that seeks alternative-like exposure and its portfolio characteristics may vary from a hedge fund that is seeking a similar investment objective. Historically, hedge funds in certain categories have enjoyed a performance advantage relative to their mutual fund counterparts.
It is important to note in this report that Morgan Stanley categorizes both types of alternative investment vehicles under the category "Alternatives" in the asset classification based view and under the category "Other" in a Product based view. This differs from your official Morgan Stanley account statement, which assigns alternative mutual funds under the category of "Mutual Funds" and typical alternative investment vehicles such as hedge funds, under the category "Alternatives".
Please note that no formal trading markets exist for private alternative investments. They are generally illiquid and may not be currently priced and values may not necessarily have been reduced to reflect prior distributions. If values and prices are assigned to the investments, they are estimates, based on information typically received from the funds' general partners, managing members,

sponsors, administrators, or advisors of the funds and/or underlying funds, are typically subject to change and are as-of a date prior to the date of this report. Where applicable, see the particular fund statement for the final prices. Values and prices may not be realized upon the sale or ultimate disposition of the securities. For investment in funds valued in non-US Dollar currencies, the valuations received have been converted to US Dollars using then prevailing foreign exchange rates. If index values are illustrated in the report, they may be more up to date than the data for the alternative investments illustrated. Private Alternative Investments listed in this report may not be not in our possession, and are included solely as a service to the client, are not covered by the Securities Investor Protection Corporation (SIPC), and information contained herein is derived from an external service for which we are not responsible. If you have any questions regarding these investments, please contact your Financial Advisor.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.
The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits. Investments mentioned may not be suitable for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley Wealth Management has not considered the actual or desired investment objectives, goals, strategies, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance. Morgan Stanley Smith Barney LLC offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program.
Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Please see the Morgan Stanley Smith Barney LLC program disclosure brochure (the "Morgan Stanley ADV") for more information in the investment advisory programs available. The Morgan Stanley ADV is available at www.morganstanley.com/ADV. **Sources of Data.** Information in this material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third-party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data. All opinions included in this material constitute the Firm's judgment as of the date of this material and are subject to change without notice. This material was not prepared by the research departments of Morgan Stanley & Co. LLC or Morgan Stanley Smith Barney LLC. Some historical figures may be revised due to newly identified programs, firm restatements, etc.
Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy. GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status). GIMA has a '**Watch**" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."
The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.
The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.
Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. In most Morgan Stanley Wealth Management investment advisory accounts, fees are deducted quarterly and have a compounding effect on performance. For example, on an advisory account with a 3% annual fee, if the gross annual performance is 6.00%, the compounding effect of the fees will result in a net performance of approximately 3.93% after one year, 1 after three years, and 21.23% after five years. **Conflicts of Interest:** GIMA's goal is to provide

professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS & Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, clients should not use this profile as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be a suitable asset allocation for you, whether CGCM is a suitable program for you.

No obligation to notify – Morgan Stanley Wealth Management has no obligation to notify you when the model portfolios, strategies, or any other information, in this material changes.

Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at www.morganstanley.com**. Please read it carefully before investing.**

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. As regards **Securities Based Lending**, you need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities based loan that is identified as a committed facility; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities based loans at any time and for any reason. **Options** and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. This is not a "research report" as defined by NASD Conduct Rule 2711 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. This material is not to be reproduced or distributed to any other persons (other than professional advisors of the investors or prospective investors, as applicable, receiving this material) and is intended solely for the use of the persons to whom it has been delivered. This material is not for distribution to the general public. Past performance is no guarantee of future results. Actual results may vary. SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan

Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. In Consulting Group's advisory programs, alternative investments are limited to US-registered mutual funds, separate account strategies and exchange-traded funds (ETFs) that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not suitable for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise

provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.
Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.
Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.
This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.
We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.
Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.
Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
For index, indicator and survey definitions referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf

Global Investment Committee (GIC) Asset Allocation Models: The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC. **HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk /return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs): I**ndividual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds.

Asset-backed securities generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. The majority of $25 and $1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC. Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

GENERAL DEFINITIONS

Dollar-Weighted Return (Internal Rate of Return): A return calculation that measures the actual performance of a portfolio over the reporting period. Since dollar weighted returns include the impact of client contributions and withdrawals, they should not be compared to market indices or used to evaluate the performance of a manager, but can be used to evaluate progress toward investment goals.

Investment Earnings: A combination of the income received and total portfolio value increase or decrease, excluding net contributions and withdrawals, over the reporting period.

Net Contributions/Withdrawals: The net value of cash and securities contributed to or withdrawn from the account(s) during the reporting period. Net contributions and withdrawals may include advisory fees for advisory accounts.

Net of Fees: Performance results depicted as "net" of fees shall mean that any wrap fee, investment management fees, trade commissions, and/or other account fees have been deducted. Any other fees or expenses associated with the account, such as third party custodian fees, may not have been deducted. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Performance ineligible assets: Performance returns are not calculated for certain assets because accurate valuations and transactions for these assets are not processed or maintained by Morgan Stanley Smith Barney LLC. Common examples include life insurance, Manually Added assets and some annuities and Externally Held accounts.

Time-Weighted Return: A return calculation that measures the investment performance of a portfolio over the reporting period. Time weighted returns do not include the impact of client contributions and withdrawals and therefore, may not reflect the actual rate of return the client received. Time weighted returns isolate investment actions and can be compared to benchmarks and used to evaluate the performance of a manager.

Total Value: Total Value represents the Market Value of the portfolio or of a given Asset Class inclusive of interest and dividend accruals. Total Value for Asset Allocation before January 2014 does not include accruals. Total Value for Morgan Stanley & Co. and Externally Held accounts may not include accruals.

BENCHMARK DEFINITIONS

65% MSCI AC World/35% Barclays Agg: The current allocation is comprised of 65.00% MSCI AC World Net, 35.00% Barclays Aggregate.

MSCI AC World Net: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. For historical return purposes the AC World gross returns are being used from 1/31/1988 to 12/31/1998 and the net returns begin as of 1/31/1999.

Barclays Aggregate: The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Item 6:
Updated FY2017 Committee Meeting Schedule

Back to Agenda

Finance and Facilities Committee
Meeting Schedule for Fiscal Year 2017
as of February 22, 2017

Mtg #	Date	Topic Count	JSC-LSC Unification	System Consolidation	FY18 Budget Development	FY19 Tuition, Fees, Room & Board	Quarterly Results**, Metrics	Appropriation Requests	Cash, Investments, Endowment	Debt Management	Capital Planning and Projects***	Facilities Management	Grants and Gifts	Policies and Procedures	Special Topics
1	Wed, Aug 24, 2016 (1:56pm - 3:00pm)	8	Standing Topic/Regular Updates	Standing Topic/Regular Updates					Regular quarterly report (per Policy 404)	Debt "101" discussion		Deferred maintenance update	(as needed)	(as needed)	(as needed)
2	Wed, Sep 28, 2016 (1:15pm - 2:30pm) *	8	Unification report to BOT due Sep 29	Standing Topic/Regular Updates			Q4 FY16 Results, reserves and system loans	(Budget Adjustment and Appropriations Bills discussed at BOT)		TD Debt Coverage Covenant for FY16	Discussion of Policy 405 and Legislative Report	Preliminary capital projects list		Policy 411 discussion	
3	Wed, Oct 19, 2016 (11:00am - 12:30pm)	7	Standing Topic/Regular Updates	Standing Topic/Regular Updates			Review of final Fall 2016 enrollment	Capital appropriation request due October 14 (subject to BOT approval)		TD Bank loan refinancing resolution amended to include all debt	Capital Projects list submitted			Repeal of Policy 411, Deferred Payment of Tuition and Fees	
4	Wed, Nov 30, 2016 (9:00am - 10:22am) *	10	(Covered at BOT meeting)	Accounts payable consolidation target date of Nov. 18	Initial discussion informed by Q1 FY17 results		Q1 FY17 Results	(Election results covered at BOT meeting)	Regular quarterly report (per Policy 404)	Debt policy discussion			Addition of Uniform Guidance Compliance Policies	Investment policy review and debt policy discussion	AGB Report update
5	Mon, Jan 9, 2017	7	Standing Topic/Regular Updates	Standing Topic/Regular Updates			Discussion of financial metrics, Composite Financial Index (CFI)	Responses to Budget Adjustment Act (if any)		Debt restructuring update and preliminary schedule	Legislative Report due January 15	"Sightlines" presentation to Umaine			
6	Wed, Feb 22, 2017	7	Standing Topic/Regular Updates	Standing Topic/Regular Updates	Preliminary FY18 Budgets discussion		Q2 FY17 Results		Regular quarterly report (per Policy 404)	Debt restructuring update				Adoption of debt policy for BOT approval	
	Mon, Mar 13, 2017 *		Meeting Cancelled												
7	Mon, Apr 10, 2017	7	Standing Topic/Regular Updates	Standing Topic/Regular Updates	Preliminary FY18 Budgets presented	Initial FY19 Tuition discussion				Debt restructuring results (if available)				Investment policy annual review	AGB Report update
8	Wed, May 31, 2017	6	Standing Topic/Regular Updates	Standing Topic/Regular Updates	Vote on FY18 Budgets	Preliminary FY19 Tuition request	Q3 FY17 Results		Regular quarterly report, Annual Banking & Investment Resolution (per Policy 404)						
9	Wed, Jun 21, 2017 *	6	Standing Topic/Regular Updates	Standing Topic/Regular Updates		Vote on FY19 Tuition	Metrics and dashboard discussion				Capital planning discussion				AGB Report update

* Last meeting before quarterly Board of Trustees Meeting
*** Unification report due September 28 BOT (done)*
*** Report due to Joint Fiscal Committee during November 2016 on use of $700,000 "to increase need-based aid for Vermont students" (done)*
**** "Long term strategic plan… for the most effective use of capital funds…" due January 15, 2017 to Institutions Committees (also from UVM)*