



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

December 12, 2019
University of Maryland, Baltimore

Minutes of the Public Session

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:34 a.m. Regent Attman read the *Convening in Closed Session statement* citing State Government Article Section 3-305 of the Open Meetings Act to discuss issues specifically exempted in the Act from the requirement for public consideration. Regent Attman moved and Regent Pope seconded to convene in closed session. In response to the motion, the Committee members voted unanimously (yea=9; nay=0; abstaining=0) to convene in closed session at 10:34 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 11:11 a.m.

The Committee reconvened in public session at 11:12 a.m. Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Gonella, Mr. Holzapfel (via phone), Mr. Neall, Mr. Pope, Mr. Rauch, and Ms. Johnson. Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. McDonough, Assistant Attorneys General Bainbridge and Langrill, President Schmoke, Ms. Amyot, Mr. Colella, Ms. Kemp, Mr. Lowenthal, Ms. Rehn, Ms. Rhodes, Mr. Savia, Ms. Schaefer, Dr. Edelstein, Ms. Washington, Ms. Reed, Ms. Harewood, Ms. Aughenbaugh, Mr. Maginnis, Mr. Beck, Mr. Hickey, Mr. Page, Ms. Denson, Mr. Muntz, Dr. Spicer, Mr. Eismeier, Ms. McMann, and other members of the USM community and the public.

Regent Attman welcomed all to the meeting and stated that he would reorder the agenda, just slightly, to begin with item #12, a proposal from the University of Baltimore.

12. University of Baltimore: Proposed Voluntary Separation Program

Regent Attman briefly summarized the request. The University of Baltimore is seeking approval to implement an incentivized Voluntary Separation Program for its faculty and staff employees. The Program will offer a financial incentive for eligible employees to separate from employment with UB. Participation in the Program is voluntary—employees must elect to participate during a defined period of approximately 45 days and will separate from employment with UB by June 30, 2020. The Program will be available to tenured/tenure-track/non-tenure track instructional faculty, librarians, and regular exempt and non-exempt staff who have a minimum of twenty years of service at UB as of January 1, 2020. Regent Attman then turned to President Schmoke. He introduced several members of his team, including Provost Smith, Vice President Amyot, and Chief HR Officer Reed. Ms. Reed indicated that while they are targeting more so on the faculty side, they felt it was important to make this program available to staff employees as well. The institution will cover the costs of the payouts of those who

elect to participate in the voluntary separation program. In response to a question, UB indicated that it could say “no,” for instance, if every faculty member of single department desired to participate in the program.

The Finance Committee recommended that the Board of Regents approve the proposed University of Baltimore Voluntary Separation Program as presented.

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0

2. The Universities at Shady Grove: 2019 Facilities Master Plan Update

Regent Attman welcomed Dr. Edelstein, along Ms. Washington from the Universities at Shady Grove. He proceeded to remind the members of the Committee of the Board’s two-part approval process for master plans. Part one involves the institution’s presentation for information purposes, and then the master plan item will be placed on the agenda of the subsequent meeting for recommendation to the full Board for approval. Regent Attman also pointed out that approval of the Plan does not imply approval of capital projects or funding, but rather these items will be reviewed through the normal procedures of the capital and operating budget processes.

Ms. Washington then gave her presentation. The campus is comprised of four major academic buildings and is served by two large parking garages at each end. USG is the largest Higher Education Center in the State, with more than 3,200 students enrolled in 80 degree programs from nine different partnering USM universities. Campus highlights included the new campus entrance, a pedestrian boardwalk, and the opening of the Biomedical Sciences and Engineering Facility. Among the many sustainability achievements earned by the campus are the recent Parksmart Bronze Certification awarded to Parking Garage #2 and the LEED Platinum Certification awarded to the BSE facility. Continuing on sustainability, PV solar panels have been installed on Parking Garage #1. Ms. Washington pointed to UMB’s Nursing and UMES’ Construction Management as program expansion opportunities. On the challenges front, she listed facilities renewal totaling over \$10 million for buildings I-III, parking garage debt of \$10 million, and \$1.5 million for the curtain wall for Building I. The USG presentation is available to view online at <https://www.usmd.edu/regents/agendas/20191212-FC-PRESENTATION.pdf>

Regent Attman thanked Ms. Washington and Dr. Edelstein for the thoughtful and informative update. He also took the opportunity to commend the staff on developing the plan in-house, noting that there is an effort with the institutions to try and complete the regular plan updates as effectively and efficiently—and with as little consulting costs as possible. He added that this topic would also be discussed in the E&E Workgroup.

The Finance Committee accepted the master plan for information purposes, to be considered at its subsequent meeting.

3. University of Maryland Center for Environmental Science 2018 Facilities Master Plan

Regent Attman reminded everyone of Dr. Goodwin’s presentation from the previous meeting. He noted that in response to some questions raised regarding the achievements of UMCES, the Center had prepared an informative handout that highlights many of the UMCES achievements.

The Finance Committee recommended that the Board of Regents approve the UMCES 2018 Facilities Master Plan and materials as presented at the Committee's November meeting, in accordance with the Board's two-step approval process. Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)

Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

4. Bowie State University: Public-Private Partnership Student Housing

Regent Attman summarized the item. The University has been working with Margrave Strategies, MEDCO, the Office of the Attorney General, and the System Office to arrive at a deal that will provide much-needed new student housing for Fall of 2021. This housing is necessary to accommodate the enrollment growth over the previous several years. He pointed out that the project is unique, in that it will provide a new gateway to the campus right on Maryland Route 197, it will include some much-needed ground-level retail, and also contain several thousand feet for campus entrepreneurial activities. Regent Attman stated that the Board is asked to approve a ground lease to MEDCO, who will contract with a developer and construction firm, and an operator; issue debt to fund the project; pay the contractors; and once completed, act as "owner" for the duration of the ground lease. Regent Attman then recognized and welcomed Vice President Savia. In response to a question about "back-stopping" debt, Mr. Savia responded that the campus would not be back-stopping any of the debt. He added that the University currently buses 108 students from the Enclave and that those students desire to live on campus. Regent Fish remarked about the high cost per bed, and Regent Attman indicated that cost per bed was a matter that was going to be reviewed systemwide.

The Finance Committee recommended that the Board of Regents approve for Bowie State University, working closely with the Office of the Attorney General and the USM Office and subject to the approval of the Chancellor, to enter into the Ground Lease with MEDCO as Lessee for a term not to extend beyond March 1, 2065 and the issuance of no more than \$50,670,682 of recorded debt (par value adjusted for issuance premium or discount) to construct and operate an approximately 550-bed student housing project. Further, the recommended approval would also allow Bowie State University to contribute up to \$6,000,000 of non-state-supported university funds for the construction of ground level retail and an Entrepreneurial Center as part of the project.

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

5. University of Maryland, Baltimore: School of Nursing Undergraduate Tuition Proposal

Regent Attman indicated that UMB is seeking to augment its nursing revenue through a series of phased-in tuition increments. The "program cost catch up" increases are needed to offset the high cost of instruction to deliver an upper-division traditional nursing program. The University faces many challenges by having only an upper-division nursing school. That is to say, it doesn't have the benefit of the first two years of undergraduate tuition to help offset the higher cost junior and senior years. The proposal included in the Board item reflects a comprehensive picture of these high cost items and along with others facing the School. Regent Attman stated that UMB is requesting a Fall 2020 implementation date, with the additional tuition increment amounts being phased-in over a three-year period. Similar

to Towson's recent proposal, all current students would be "grandfathered" and thus not subjected to the "program cost catch up." He indicated that he had spoken with Vice President Rhodes about making sure that this action would not deter applications from lower income students, particularly those on financial aid. Ms. Rhodes responded that at least 18% of the increase in revenue would be used to cover the most needy students, those on full Pell Grants. Regent Attman explained his desire to hold Pell recipients harmless in alignment with their Pell award. Ms. Rhodes committed to UMB implementing the program in compliance with this goal. She noted that either a greater share of the new revenue would be allocated to scholarships or another source of funds would be identified by the School of Nursing.

The Finance Committee recommended that the Board of Regents approve the tuition proposal for the University of Maryland, Baltimore UMSON as described. Following full implementation, the University shall provide a report to the Board of Regents that reflects the benefits and challenges of implementing the UMSON proposal.

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

6. University of Maryland, Baltimore: Bressler Research Building Exterior Upgrades

Regent Attman summarized the request. The University is seeking approval to proceed on a critical exterior maintenance project for a highly visible building on campus, the Bressler Research Building. They are requesting approval for a project totaling \$6.5 million, to repair window seals and masonry outside the 17-story building in downtown Baltimore. He referred to the project cost breakout spreadsheet, including contingencies, located in the packet. Regent Attman indicated that in accordance with Board policy, the Regents must approve any construction project over \$5 million.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore, the Bressler Research Building Exterior Upgrades as described in the agenda item.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

7. University of Maryland, College Park: NextGen Energy Systems Program

Regent Attman introduced the item. The University is seeking approval to move forward with the next step on the next generation of energy system improvements and operations for the upcoming 30 years. The University has updated the Finance Committee twice before, most recently at its meeting last December. The law requires a "pre-solicitation report" as a first formal step. Approval of the pre-solicitation report by the Board of Regents allows the University to then seek the BPW and General Assembly's authorization to release a solicitation for the services. Regent Attman then recognized Vice President Colella, who introduced members of his team—AVP Reuning, Mr. Morris of KPMG, and Mr. Betts, of Betts & Holt LLP. As in his previous updates, Mr. Colella reminded all that the energy systems on campus are approaching the end of their useful lives. This action is the next step in a very long journey. He explained that the Board needs to provide its approval to move the pre-solicitation document to Annapolis for review, then on to the BPW. Mr. Colella indicated that he would be returning to the Board on two more occasions as the project moves along. Regent Gooden stated for

the record that she had to abstain. Regent Gossett inquired if any additional power would be available. Mr. Colella responded that the campus does not generate enough power to provide to others. It was also noted that there could be a legal issue with encroaching into others' territories.

The Finance Committee recommended that the Board of Regents approve the designation of the NextGen Program as being suitable for procurement as a public-private partnership for the reasons set forth in the Pre-Solicitation Report.

(Regent Attman moved recommendation, seconded by Regent Pope; approved with one abstention)
Vote Count = YEAs: 5 NAYs: 0 Abstentions: 1 (Regent Gooden)

8. University of Maryland, College Park: Development Agreement and Approval of Condominium Ownership and MEDCO Financing for College Park City Hall Block Redevelopment Project

Regent Attman explained that the item involves the re-development of an entire city block in downtown College Park and represents a major component to making College Park a great college town. He described the project, a collaboration between the University and the City, which will involve the demolition of the block that the current City Hall building occupies. The site includes the storefronts that currently border Route 1—like the Smoothie King and Hair Cuttery—plus the former Little Tavern location that is now a parking lot. In its place there will be a 95,000 square foot mixed-use development that will create a new City Hall, provide office space for the University, and also street level retail. There will also be a public plaza as part of the project. Regent Attman reviewed the multiple components of the project. First, the University is seeking approval of a Development Agreement between the University and the City of College Park which includes an equitable adjustment related to the use of the City property for the project with a payment of \$2.38 million and also a cost-share arrangement with the City for the construction of the building. Second, the University is seeking approval of the financing of the project through the Maryland Economic Development Corporation. The City's share will be financed through General Obligation Bonds. And lastly, the University is seeking approval for the described acquisition and ownership of the office and retail condominium units. Regent Attman noted that the University would also be returning to the Board in the near future to seek approval to acquire properties in the development block that are currently owned by the Terrapin Development Company, likely in the form of a real property exchange. Regent Attman closed by sharing his enthusiasm for this development project and its contribution to the downtown area.

The Finance Committee recommended that the Board of Regents approve for University of Maryland, College Park a Development Agreement between the University and the City that provides for the construction (and cost allocations) described in the agenda item and the acquisition and ownership of the described office and retail condominium units and the financing by MEDCO as described in the agenda item. The approval will authorize the Chancellor to execute, after appropriate due diligence and legal review, all documentation required for creation of the condominium, the real property adjustment with the City, project construction and the MEDCO borrowing (all consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property).

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

9. University of Maryland, College Park: Release of 1913 Deed Setback Requirement

Continuing the thread of collaboration with redevelopment of downtown College Park, Regent Attman stated that the University is seeking approval for a release of an old deed provision associated with a piece of land adjacent to campus along Knox Road in College Park. As the item spells out, TDC is developing the property as privately owned and financed student housing with no formal connection or support from the campus.

The Finance Committee recommended that the Board of Regents approve that University of Maryland, College Park enter into a Mutual Release Agreement between the University and the TDC affiliates that releases the Twenty Foot Setback. The approval will authorize the Chancellor to execute, after appropriate due diligence and legal review, all documentation required for release of the Twenty Foot Setback.

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

10. Proposed Amendment to USM Policy VII – 1.22 – Policy on Separation of Regular Exempt Staff Employees

Regent Attman introduced the item. Recent legislation changed the status of the USM's exempt employees who are covered by a collective bargaining unit from "at will" to permanent employment who may only be terminated for cause. He then turned to Ms. Skolnik, of USM HR. She indicated that to address this and other issues, amendments are being proposed to USM policy governing separation of exempt employees. Amendments include clarification of an institution president's discretion to permit any exempt staff employee, including upper-level administrators not covered by the "notice" section, to resign in lieu of involuntary separation, and also determine an appropriate period of notice to be provided to the employee. All amendments are noted in redline in the package documents.

The Finance Committee recommended that the Board of Regents approve the proposed policy amendment as presented.

(Regent Attman moved recommendation, seconded by Regent Fish; unanimously approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

11. USM Supplemental 403(b) Plan Amended and Restated Effective January 1, 2020 and USM Supplemental 457(b) Plan Amended and Restated Effective January 1, 2020

Regent Attman provided a brief summary of the item. The USM offers its employees a choice of two supplemental retirement plans, a 403(b) plan and a 457(b) plan. An employee is permitted to contribute to both plans. The retirement committees for each plan reviewed the current plans and recommended amending the plans. A summary of the changes is included in the packet. The most significant changes are the addition of a "Roth" investment option for participants in each plan, which will allow employees to make salary reduction contributions on an after-tax basis, while the earnings will not be taxed if certain requirements are met. Certain other changes are being made as required by law.

The Finance Committee recommended that the Board of Regents approve USM Supplemental 403(b) Plan Amended and Restated Effective January 1, 2020 and the USM Supplemental 457(b) Plan Amended and Restated Effective January 1, 2020.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

13. Collaborative Planning Activities – End of Year Status Report

Regent Attman stated that this initiative had previously been presented to the Board and the E&E Workgroup. Vice Chancellor Herbst briefly reviewed the work to date, reminding all that the Board had directed the System Office and the institutions to find more ways to collaborate, prepare a report in the spring on those collaborative efforts, and provide an interim status update. In meeting with the institutions, Ms. Herbst stated it was clear that enrollment/enrollment management was a common major initiative and presented an opportunity for collaboration. Regent Attman thanked Ellen for the update and complimented the progress to date.

The Finance Committee received the item for information purposes.

14. University System of Maryland: Report on FY 2019 Procurement Contracts

Regent Attman reported that this information item is required annually by the Policy on the Approval of Procurement Contracts. The report lists all contracts that are within a \$1 million to \$5 million value that were awarded during Fiscal Year 2019. In response to questions, Mr. Hickey indicated that there is separate reporting to the Governor's office on all contracts to certified MBEs, while this report is just a list of non-construction contracts that fall into the specified dollar range. In response to a second question, Mr. Hickey stated that there are clear, strict rules governing sole source procurements and approvals.

The Finance Committee received the item for information purposes.

The meeting was adjourned at 12:21 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

December 12, 2019

University of Maryland, Baltimore

Minutes of the Closed Session

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:34 a.m. in the Board Room at the Saratoga Building.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Gonella, Mr. Holzapfel (via phone), Mr. Neall, Mr. Pope, Mr. Rauch, and Ms. Johnson. Also taking part in the meeting were the following: Chancellor Caret, Ms. Herbst, Dr. Boughman, Mr. McDonough, Assistant Attorneys General Bainbridge and Langrill, Ms. Wilkerson, Ms. West, Ms. Skolnik, Mr. Muntz, and Ms. McMann. President Schmoke, Dr. Smith, Ms. Amyot, Ms. Reed, Ms. Harewood, and Ms. Aughenbaugh were also present.

1. The committee discussed a university's proposed FY 2021 operating budget (§3-305(b)(13)). This item was presented for information purposes; there were no votes on this item.

The session was adjourned at 11:11 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance