



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

March 26, 2020
Meeting via Conference Call

Minutes of the Public Session

Regent Attman welcomed those on the teleconference and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:30 a.m.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Gonella, Mr. Holzapfel, Mr. Neall, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Dr. Boughman, Assistant Attorneys General Bainbridge and Langrill, Ms. Amyot, Mr. Colella, Mr. Danik, Mr. Lockett, Mr. Lowenthal, Mr. Pyles, Ms. Rehn, Ms. Rhodes, Mr. Savia, Ms. Detloff, Mr. Wyden, Mr. Maginnis, Mr. Hughes, Mr. Mowbray, Mr. Beck, Mr. Hickey, Ms. Denson, Ms. West, Mr. Foster, Mr. Page, Mr. Muntz, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: Self-Support Charges and Fees for FY 2021

Regent Attman reviewed the item. He explained that the process for approving student-related tuition and fees, and charges is a two-part process. This item involves the approval of room, board, and student parking rates. The proposed rates take in to account the increased costs related to the Cost of Living Adjustments that employees received on January 1, 2020, are proposed for January 1, 2021, and increases to other fringe benefits. The FY 2021 typical annual room charge percentage increases range from 0.5% at Salisbury to 8% at Frostburg. Regent Attman reminded the group that Frostburg's increase is due to a multi-year plan to provide upgrades to the residence halls that have not yet been renovated and for a new residence hall, planned to come online in Fall 2020. Other room rate changes of note included UMD's increase is necessary to meet increased mandatory costs—such as salary and wage adjustments, insurance and utilities—as well as providing funding for the residence hall renovations and new construction projects described in UMD's Student Housing Strategic Plan. This fee increase was presented to and supported by three student groups: Residence Hall Association, Resident Life Advisory Team, and Residential Facilities Advisory Board. Regent Attman described that the Coppin State room charge increase is needed because the rates were not increased in FY 2020, and therefore the 5% increase represents a 2.5% annualized increase over two fiscal years. There are also significant deferred maintenance projects that are currently in process and are on the upcoming project lists that are very costly which include two new elevators in one residence hall and an upgrade to the residence hall bathrooms. Salisbury has proposed a 10.3% increase for its apartments at Global Village, an off-campus

housing option primarily for international and transfer students. While Salisbury has no ownership in the complex, it sets the rate and includes the rental fees on student bills. FY 2021 will be the 2nd year for this contractual agreement and it is reviewed and signed annually. Turning to the board rates, Regent Attman noted that the change in rates ranged from no change at UMES to 4.3% at Frostburg.

The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2021 as set forth in the presented document.

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

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

2. Proposed Amendment to USM VIII-2.01—Policy on Tuition

Regent Attman provided an overview of the item. During the last few years, three USM institutions—UMD, TU, UMB—have been granted an exception to the Board Policy on Tuition-VIII 2.01 as permitted in Section II.B.1 of the policy. This exception allows a university to charge a tuition differential for select high-cost undergraduate academic programs. Each institution’s proposal included expected outcomes following the full implementation of the differential tuition phased-in practice. During the discussion and consideration of these requests, several Regents voiced their interest in the reporting of outcomes based on the institutions’ requests. The proposed amendment seeks to codify the Board’s reporting expectation.

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

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

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

3. Proposed Board of Regents Policy VIII-22.00—Policy on Service Contracts

Regent Attman began by noting that the proposed policy is the result of a legislative requirement that the Board adopt a policy to implement statutory language relating to the outsourcing of state jobs, in statute referred to as “service contracts.” The legislation was originally passed in 2015, and in 2016 the General Assembly adopted language that specifically applied the law to the System. Regent Attman explained that the institutions and the System Office have been working for a couple of years to strike the right balance between meeting the intent of the legislation, and providing enough flexibility for the institutions to take advantage of new strategic opportunities that might better serve students or save resources in the future. Essentially, the law and the policy require that when any institution seeks to outsource an activity (through a competitive procurement) that was previously carried out by state employees, the employees must be given notice of the effort in advance, and be provided an opportunity to discuss the proposal and understand what alternatives have been considered.

The Finance Committee recommended that the Board of Regents approve the proposed Policy VIII-22.00—Policy on Service Contracts, as presented.

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

Vote Count = YEAs: 8 NAYs: 1 Abstentions: 0

4. Salisbury University: Devilbiss Hall Mechanical System Replacement

Regent Attman summarized the item. Salisbury University is seeking approval for an \$8.0 million project to completely replace the heating, ventilation, and air conditioning systems in its oldest science building, Devilbiss Hall. The facility was built in 1967 and underwent a partial renovation in 2003, but no comprehensive replacement of mechanical systems has ever been done. This project would provide extensive upgrades to heating, ventilation and air conditioning in the building. The campus plans to phase the work to minimize impact to classrooms by using modular offices, classrooms, and labs on a temporary basis. The project will be funded using \$8 million of University General Auxiliary Funds and, as noted in the item, SU has applied sufficient contingencies in case of cost overruns or unforeseen conditions. Regent Attman noted that project is before the Committee because the cost exceeds the policy limit of \$5M for internal approval by the Vice Chancellor. Regent Gooden asked if the replacement system would meet the standards with regard to mold. Mr. Berkheimer, SU AVP Facilities and Capital, responded that mold would be addressed as part of the process.

The Finance Committee recommended that the Board of Regents approve for Salisbury University the Devilbiss Hall Mechanical System Replacement project, as described in the agenda item.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0

5. University of Maryland, Baltimore: Establishment of UM New Ventures Initiative, an Affiliated Business Entity for Development of Promising Early Stage Technologies

Regent Attman stated that this item involves the creation of a new, UMB-affiliated and wholly owned entity to manage early stage development of university-owned technology. The new company will be staffed and led by managers selected by the UMB president, including UMB staff. The expectation is that 2-4 technologies will be managed and developed a year. Regent Attman indicated that the intention is that investors will commit to starting new businesses, or business lines, in Maryland using UMB technologies. Mr. Hughes, UMB Vice President for Enterprise and Economic Development, pointed out that the entity would be controlled by the University and added that they are looking to provide a bridge for these initiatives.

The Finance Committee recommended that the Board of Regents delegate to the Chancellor the authority to recognize NVI as an affiliated business entity of the University of Maryland, Baltimore, after review of conflict of interest management arrangements, approvals by the State Ethics Commission as required and organizational documents such as articles of incorporation and by-laws by the University System Office and the Attorney General's office as described in Section 12-113 of the Education Article and Board of Regents Policy VIII-13.00 Policy on Business Entities. The University will be expected to provide any proposed changes to the organizational documents to the System Office and the Office of the Attorney General for review, comment and approval, before adoption.

(Regent Attman moved recommendation, seconded by Regent Wood; unanimously approved)
Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0

6. University of Maryland, Baltimore: Institute of Human Virology (IHV) Building Exterior Upgrades

Regent Attman reviewed the request from the University of Maryland, Baltimore. The University is seeking approval to proceed with a \$6.55 million project to make repairs to the exterior of the Institute of Human Virology Building. He reported that since a limited restoration in 1996, the building has had numerous problems with water infiltration at the roof, penthouse and parapet walls. In 2017, a study of the building recommended replacement of roof membranes, gutters, downspouts and substantial upgrades to the building's façade. Regent Attman indicated that in December of 2018 the campus received approval, per Board policy, from the Vice Chancellor for Administration and Finance for what was then expected to be a \$4.3M restoration project. UMB quickly realized that amount would not fully address the problem and they worked over the last year to redesign the improvements for rebidding. As indicated in the document, the cost of the project, as currently bid, stands at \$6.55 million, including a contingency. Lastly, Regent Attman explained that because the updated project figure now exceeds the \$5M internal approval threshold, the University is required to seek Board approval.

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

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

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

7. University of Maryland, Baltimore: Delegation of Certain Real Property Acquisition Authority to the Chancellor

Regent Attman summarized the item. The University is seeking approval to re-authorize for another five-year period the delegation from the Board of Regents to the Chancellor, to approve certain real property acquisitions that meet specific criteria. This is an on-going initiative that allows properties located in a certain "Property Acquisition Zone" to be acquired if they do not exceed \$750,000 for any single property and the aggregate does not exceed \$7.5 million. Regent Attman directed those on to call to the map included in the materials. Regent Attman pointed out that the prior delegation was for \$500,000 for an individual property with a cap of \$6 million. He recognized that the increase is due to inflation and will provide additional flexibility for the University to acquire real property in an agile manner when they become available. As is the current requirement, the University will continue seek approval of any acquisitions by the Board of Public Works.

The Finance Committee recommended that the Board of Regents delegate to the Chancellor the authority to approve for the University of Maryland, Baltimore the acquisition of real property consistent with the parameters described in the agenda item document, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.

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

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

8. University of Maryland, Baltimore: Dental Student Clinics Management Contract

Regent Attman stated that the next item from the University of Maryland, Baltimore is a request to approve the fourth of five one-year renewal options with U.M. FDSP Associates (FDSP) for the operation of the Student Dental Clinics. The cost of this contract for the renewal term is estimated at \$12.7

million. Regent Attman provided some background on FDSP. The entity was created as a tax-exempt Maryland Corporation in 1985 for the sole purpose of managing the day-to-day operations of the dental clinic. FDSP receives no compensation other than reimbursement for personnel expenses and reasonable out-of-pocket expenses. Regent Gooden inquired about process and contract(s) for the following years. Vice President Rhodes responded that UMB would not go out via an RFP to seek bidders. Since the FDSP exists for this sole purpose, UMB would plan to renegotiate another 5-year contract. Prior to that point, UMB would go out for a proof-of-concept, to see if it could find another service provider. Ms. Rhodes offered that UMB is confident that this operation [FDSP] is the most efficient manner to provide these services. Chancellor Perman added that a previous Board Chair had asked UMB about the availability of other providers for these services; UMB's review of the market and providers at the time found that there were not any who could or would be willing to provide the services basically "at cost." Regent Attman thanked Ms. Rhodes for her comments and specified that going forward, UMB's legal counsel should work together with the OAG on the future contracts and related processes.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, Baltimore's request to exercise the fourth one-year renewal option with U.M. FDSP Associates, P.A. as described in the agenda item.

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

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

9. University of Maryland, College Park: Lease for Earth System Science Interdisciplinary Center

Regent Attman provided an overview of the item. The University of Maryland, College Park is requesting approval to amend and extend an existing lease for 41,500 rentable square feet in UMD's Discovery District for the Earth System Science Interdisciplinary Center or "ESSIC." The University is seeking to extend the term of the contract by an additional five-years, with an option to renew for five additional years. Regent Attman informed the Committee that the University negotiated a lower rent from \$31.04 per square foot to \$30.50. In addition, the landlord will provide the University with a tenant improvement allowance of \$15 per square foot or \$622,500 in order to allow a refresh of the facilities. In response to Regent Wood's question regarding the identity of the landlord, as it was not provided in the item, Mr. Maginnis responded that it was COPT. [Staff indicated this information would be added to the document.]

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park an extension of the lease for ESSIC as described in the agenda item, consistent with the University System of Maryland Policy on Acquisition, Disposition, and Leasing of Real Property.

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

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

10. University System of Maryland: Review of Construction Costs

Regent Attman indicated that at the E&E Workgroup meeting there was an informative discussion with staff about the cost of capital construction. The focus of the discussion centered on *what drives the cost of USM construction projects* and *what solutions can be employed to help reduce costs?* Mr. Beck,

Capital Planning Director, briefly reviewed and offered insight with regard to the latter point. First, institution personnel are working to constantly improve ways to deliver projects. They are looking at innovative technologies, longevity and building quality, and the construction service centers are sharing data and coordinating strategies. The materials provided by Mr. Beck are available online at: https://www.usmd.edu/regents/agendas/20200326_Fin_ConstrCost.pdf

The Finance Committee received the item for information purposes.

11. USM Enrollment Projections: FY 2021-2030

Regent Attman indicated that while the Board would normally review and decide to adopt the enrollment projections, which were originally planned as an action item, however—based on the dynamic changes occurring right now in the world—the projections would instead be reviewed and received for information. He then asked Chad Muntz, head of the System’s Institutional Research, Data & Analytics Office, to take briefly review some of the key points in his presentation. Due to time constraints, Mr. Muntz focused on just a few slides. He pointed out that Maryland is a net-exporter of college students, adding that USM institutions also rely on the enrollment of international students. His research team studied Hurricane Katrina, its impact on campus closures and enrollment—but, he concluded, right now there are just too many unknowns. Mr. Muntz’s full presentation is available online at: https://www.usmd.edu/regents/agendas/20200326_FC_Attachment_Enrollment.pdf

The Finance Committee received the item for information purposes.

12. Convening Closed Session

Regent Attman read the Convene to Close Statement.

“The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Finance will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents and it is posted on the USM’s website.”

The Chancellor recommended that the Committee on Finance vote to reconvene in closed session.

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

Vote Count = YEAs: 10 NAYs: 0 Abstentions: 0

Regent Attman thanked everyone for joining in the meeting.

The public meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



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March 26, 2020
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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 11:40 a.m. via teleconference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Gonella, Mr. Holzapfel, Mr. Neall, Mr. Pope, Mr. Rauch, Mr. Wood, Sec. Bartenfelder, Ms. Johnson, Mr. Leggett, Mr. Malhotra, Mr. Needham, Hon. Schultz, and Ms. Mears. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. Raley, Mr. McDonough, Assistant Attorneys General Bainbridge and Langrill, and Ms. McMann. Ms. Rhodes and Mr. Hickey also participated in part of the session.

1. The committee discussed the awarding of a new contract for parking management services (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 10 NAYs: 0 Abstentions: 0
2. The committee handled administrative matters regarding the financial impact assessment and strategies for USM communications with internal and external stakeholders regarding COVID-19 (§3-103(a)(1)(i)). This was an information item; there were no votes on this item.

Due to time constraints, the update on the performance of the endowment fund investment and discussion of the investment of public funds (§3-305(b)(5)) was postponed.

The session was adjourned at 12:36 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance