



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

December 2, 2021

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Fish welcomed those on the video and teleconference and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:32 a.m.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gill, Mr. Gonella, Mr. Peters, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Assistant Attorney General Langrill, Ms. Mulqueen, Mr. McDonough, Dr. Schatzel, Ms. Amyot, Mr. Danik, Ms. Dettloff, Mr. Donoway, Mr. Lowenthal, Mr. Oler, Dr. Rhodes, Mr. Savia, Ms. Schaefer, Mr. Sergi, Dr. Wormack, Dr. Olmstead, Ms. Johnson, Mr. McCann, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Page, Ms. Skolnik, Ms. West, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Towson University: Facilities Master Plan (action)

Regent Fish reminded everyone of President Schatzel's presentation at the previous meeting. The committee learned that for the first time, the creation of a campus development plan coincided with the concurrent development of the Towson Strategic Plan and the University's Middle States Re-Accreditation process. This provided a unique opportunity to blend ideas, principles, and several key goals across all three plans. In her presentation, the president outlined a number of proposed facilities that would help address the current and projected space deficits, based on State guidelines, in important academic areas. Among the highlights of the presentation, the plan supports the growth of the institution to a category "R2: Doctoral University" by expanding research capabilities; the plan has been developed in close coordination with a wide range of campus and off-campus interests, including student groups, faculty, staff, and local community organizations. Regent Fish noted that she was impressed that Towson had diligently followed its prior plans in terms of campus development, pointing out that a number of projects in the 2015 update had now been nearly or fully completed, among them a major new Science Building, two new residence hall complexes, and an addition to Burdick Hall. Regent Fish also expressed her appreciation for the intense focus Towson placed on renewing and replacing older buildings and specifically, the attention to energy efficiency, and the emphasis that the University placed on building strong relationships with their community. President Schatzel thanked the committee for its support.

The Finance Committee recommended that the Board of Regents approve Towson University's 2020 Facilities Master Plan and materials as presented at the November meeting, in accordance with the Board's two-step approval process. Approval of the Plan Update 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 Wood moved recommendation, seconded by Regent Gill; unanimously approved)

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

2. University of Maryland, Baltimore: Increased Authorization for Bressler Research Building Exterior Upgrades (action)

Regent Fish welcomed Dr. Rhodes, UMB Senior Vice President, and Ms. Graziano, Executive Director Construction & Facilities Procurement. Regent Fish described that UMB is requesting Board approval for an increase in authorization to the previously approved budget for a project to repair the façade of the Bressler Research Building. The Bressler Building was built in 1972 and the façade has been essentially untouched in the years since that time. Regent Fish noted from the photo in the package that repairing the exterior of the building would be a sizable and somewhat precarious job. The work includes repairing and restoring the masonry veneer, including the backing wall systems, replacing joints and seals at all joints—including the windows. She reminded the committee that UMB came to the Board in December of 2019 for authorization of the project. At that time, the project was approved for \$5.7 million. She explained that since that time, the institution had bid out the project twice; however, both attempts were unsuccessful. The current request is to approve a new budget of \$10.2 million and is based upon an acceptable bid which was received by the University in October. The project will be funded with institutional funds. Regent Fish stated that in addition to changing market conditions for both labor and materials, the institution attributed the increase in the project's total cost to a critical change to project's schedule whereby certain portions of the work would be completed off-hours to minimize disturbances to patients in an adjacent hospital. Dr. Rhodes added that UMB made the decision to place this project on hold for a period, in order to conserve cash during the pandemic, and price escalation had occurred since initial cost estimates.

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

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

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

3. University of Maryland, Baltimore: Extension of Chilled Water Loop to Biomedical Research Facility and Pearl Street Garage (action)

Regent Fish reviewed the item. The University is seeking Board approval to extend an existing chilled water loop to two University owned buildings—the Biomedical Research Building and the Pearl Street Garage. Both of the buildings have systems that have aged beyond their useful life and instead of replacing them, the University has proposed extending an existing chilled water loop to provide service to these facilities. Regent Fish pointed out that the project will create redundancy within the campus' chilled water system and will improve overall energy efficiency, with UMB estimating a 30% energy savings. Completing this work will provide the two buildings with a new source of chilled water. It will also provide expansion capability for new buildings in the future—and importantly, this action will have no negative impact on existing facilities along the loop, given the available capacity within the system. The budget for this project is \$6.195 million, of which \$1.04 million will come from State Capital Facilities Renewal funds, with the remainder being funded with institutional funds. Regent Gooden commended UMB on the project, noting that it is consistent with the USM's climate change goals.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore, the Extension of Chilled Water Loop to Biomedical Research Facility and Pearl Street Garage as described in the agenda item.

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

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

4. University of Maryland, Baltimore: Voluntary Separation Program for Certain Faculty (action)

Regent Fish summarized the request from UMB. The University is seeking approval to offer a Voluntary Separation Program for a limited group of faculty in the School of Pharmacy. The plan was designed to provide the School of Pharmacy with the flexibility to hire faculty to assist in addressing mission critical needs with a continued focus on the School's vision. Regent Fish underscored that this is a voluntary program. She pointed out that faculty who elect to participate and whose application is approved, will receive an incentive payment as calculated under the plan and, must separate from the University no later than June 30, 2022 and release the University from any legal claims related to their separation under the program. The estimate cost of the total incentive payments ranges from \$500,000 to \$1,500,000, with the actual cost dependent on the number of participants and their respective salaries. Regent Fish stated that the Attorney General's Office has approved the plan for legal sufficiency.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the Voluntary Separation Program for the University of Maryland School of Pharmacy faculty as presented.

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

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

5. Review of Finance Committee Charge (action)

Regent Fish stated that the Board's Governance and Compensation Committee has asked that each Board committee review and update its charge as appropriate on an annual basis. She noted that at the meeting last month there had been a discussion about the Finance Committee continuing to receive ICA-related financial data from the new Committee on Intercollegiate Athletics and Student-Athlete Health and Welfare. As initially amended, the reporting language would have been removed. Regent Fish read the proposed language specific to letter "M." in the list, then opened the floor to discussion. Regent Wood indicated that a report was recently submitted to the legislature as required by the McNair Act and stated that it did not come to the Finance Committee. He inquired if the proposed language would cover the aforementioned reporting flowing through the Finance Committee. In response, Regent Gooden stated that such reporting was the responsibility of the new standing committee. She suggested that the chairs of the three committees—Finance, EPSL, and ICAS-AHW—work together to determine appropriate language for each of the charters and return for review during the next meeting cycle.

There was no action taken on the item.

6. University System of Maryland: Amendment of the Nonexempt Salary Structure (action)

Regent Fish provided an overview of the item. The Chancellor is recommending an adjustment to the USM Nonexempt Salary Structure in order to establish a minimum wage of \$15 per hour for all pay ranges. The beginning salary of ranges 2, 3, 4 and 5 will be increased to implement this change, as

detailed in the proposed Nonexempt Salary Structure in the material. The adjustment would be effective the first full pay period beginning in January. Pay adjustments will be provided to employees whose current pay falls below the new \$15 per hour minimum. She noted that the item stated that the exclusive representatives for employee bargaining units had been notified of this action and may request to engage in collective bargaining over this change. The fiscal impact of the action is estimated to be \$1.8 million, not including the cost of fringe benefits. Regent Fish indicated that existing practices would be followed to examine whether future structure adjustments are recommended to address any salary compression issues that may result from the new structure. In response to several questions, Ms. Skolnik, USMO HR Associate Vice Chancellor stated that this action applies to nonexempt regular status and hourly paid employees. Recognizing that this action to set a new minimum rate will cause compression, which will need to be addressed, the HR classification and compensation group will study and analyze the issue and return to the committee with a recommendation for an amendment to the structure. Regent Gooden added that this is an evolving process and a multi-step commitment.

The Finance Committee recommended that the Board of Regents approve the adjustment to the Nonexempt Salary Structure as reflected in Attachment A of the agenda item, which supersedes all previously approved structures.

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

7. Salisbury University: Ward Museum of Wildfowl Art Financial Sustainability Plan (information)

Regent Fish recognized Dr. Wormack, Vice President, and Dr. Olmstead, Provost and Senior Vice President for Salisbury University. Regent Fish provided background on the topic. In October 2019 the state's Office of Legislative Audits issued a report. Included in its findings was the point that Salisbury University did not obtain the Board's approval for advancing more than \$1.1 million of funds to the Ward Museum to construct an addition, with the advanced funds to be repaid from fundraising. The fundraising campaign did not generate enough to cover the costs of the improvements, and as a result approximately \$379,000 was left unpaid. Last April, the Board of Regents approved Salisbury's request to retroactively authorize a loan from the University to the Ward Foundation and forgive the amount of the loan that remained outstanding and unpaid. The University, which annually provides about \$400,000 of support to the Ward Museum, determined that the Museum was not in a financial position to repay the balance of the advance. As a condition of the Finance Committee's recommendation, the University was asked to take a hard look at the Ward Museum and see what steps could be taken to enhance the operation's long-term financial sustainability. Regent Fish noted that the financial sustainability plan was provided in the material. Before turning to Dr. Wormack and Dr. Olmstead, Regent Fish added that she had a very good conversation with them about the report, talking about selecting key areas to measure for success. Dr. Wormack thanked Regent Fish for her guidance and support. She explained that the Ward Museum has come back very strong, with an emphasis on community partnership. They started a virtual program—which expanded the Museum's reach during pandemic—and have seen improvement in the financials, including cost containment. Salisbury will advocate with the State for greater support of its facility, which houses the Ward Museum, as well. Dr. Olmstead reiterated the long-established relationship with the Museum, the community science opportunities it provides, particularly to underserved communities, and stressed its importance as an asset. As the HVAC system is very expensive to maintain, the campus is looking at a Plan B and prepared to move the collection elsewhere on campus if it were to come to that. Regent Fish lauded the efforts of adding virtual programming and extending the Museum's reach globally. In response to a question from Regent Gooden, Dr. Olmstead responded that is complicated to determine if and when the

Museum could be self-sustaining, as Salisbury University owns both the collection and facility, along with providing pass-through appropriation funding.

The Finance Committee accepted the report for information purposes.

8. University System of Maryland: Report on FY 2021 Procurement Contracts (information)

Regent Fish provided a summary of the report. The USM Policy on Approval of Procurement Contracts requires that a report on procurement contracts between \$1 and \$5 million—and emergency and expedited procurements—be submitted annually to the Finance Committee. During fiscal year 2021 there were 39 contracts that met these terms including 4 emergency contracts that were related to COVID-19. Forty-one percent of the contracts were awarded to Maryland firms and the Minority Business Enterprise participation on these contracts was 8%. Mr. Hickey, USM Director of Procurement and Real Property Initiatives, added that there were 3 institutions that did not have any data to report. In response to a question regarding an in-state preference for Maryland firms, he indicated that the State does not have an in-state preference and if it were to enact one, there is a good chance that other states would do so as well.

The Finance Committee accepted the report for information purposes.

9. Convening Closed Session

Regent Fish 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 Fish moved recommendation, seconded by Regent Pope; unanimously approved)

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

Regent Fish thanked everyone for joining. The public meeting was adjourned at 11:25 p.m.

Respectfully submitted,

Ellen Fish
Vice Chair, Committee on Finance



**UNIVERSITY SYSTEM
of MARYLAND**

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

December 2, 2021
Meeting via Video Conference

Minutes of the Closed Session

Regent Fish called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 11:27 p.m. via video conference.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gill, Mr. Gonella, Mr. Peters, Mr. Pope, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Mr. McDonough, Assistant Attorney General Langrill, Mr. Hickey, Ms. West, and Ms. McMann. Mr. Lowenthal and Ms. Johnson also participated in part of the session.

1. The committee discussed the awarding of a contract for housekeeping services (§3-305(b)(14)). (Regent Fish moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0
2. The committee discussed the proposed FY 2023 Operating Budget submission and potential adjustments to the submission (§3-305(b)(13)).
This item was presented for information purposes; there were no votes on this item.

The session was adjourned at 12:10 p.m.

Respectfully submitted,

Ellen Fish
Vice Chair, Committee on Finance