



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

June 9, 2022

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Attman 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 10:36 a.m.

Regents participating in the session included: Mr. Attman, Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Neall, Mr. Peters, Mr. Pope, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Assistant Attorney General Bainbridge, Mr. McDonough, Ms. Aughenbaugh, Mr. Bitner, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Donoway, Mr. Lockett, Mr. Lowenthal, Mr. Oler, Mr. Primus, Mr. Savia, Dr. Wormack, Mr. Cohen, Mr. Jost, Mr. Davis, Mr. Maginnis, Mr. Hollingsworth, Mr. Mullineaux, Ms. Watson, Ms. Peartree, Ms. Gillette, Ms. Jamison, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Ms. Norris, Mr. Page, Ms. Skolnik, Mr. Acton, Ms. Bucko, Ms. Roxas, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: FY 2023 Operating Budget Update

Regent Attman stated that this item represents the operating budget as approved by the Legislature during this session, and it includes the tuition, fee, room and board rates that the Board approved in April. The budget is required to be approved by the Board of Regents prior to July 1. He reminded everyone that throughout the year Chancellor Perman and Vice Chancellor Herbst had done a thorough job of keeping the Board informed on the strategic direction and progress of the budget. Referring to the material, Regent Attman specified that the total USM budget of \$6.8 billion contained a state funding increase of 26.8% against the FY 2022 budget. He touched on a few highlights including an appropriation of \$223.6 million to fund COLA and merit salary and fringe benefit increases, noting that non-state and auxiliary divisions must self-fund these increases, a full reinstatement of FY 2021 Board of Public Works cut totaling \$93.8 million, \$22.3 million related to the HBCU Lawsuit Settlement, \$20 million in need-based Financial Aid for Maryland undergraduate and graduate students, and campus initiatives totaling \$13.6 million.

The Finance Committee recommended that the Board of Regents approve the FY 2023 operating budget as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be in consultation with and reported back to the Board.

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

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

2. FY 2023 System Funded Construction Program Request

Regent Attman explained that this item concerns the recommendation for the FY 2023 System-Funded Construction Program, which includes funding from USM Auxiliary Bonds and cash funding by institutions as outlined in the attachments to the item. If the Board approves the SFCP at its June meeting, the budget would be “live” and effective on July 1. Regent Attman reminded the Committee that the approval is for the single, asking-year budget; however, a full five-year plan is required by Board policy.

The Finance Committee recommended that the Board of Regents approve the FY 2023 System Funded Construction Program request with the conditions listed (and within the attached materials) and authorize the Chancellor to make appropriate changes consistent with existing Board policies and guidelines. Any such changes will be reported to the Committee on Finance.

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

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

3. University System of Maryland: 44th Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

Regent Attman stated that the resolution authorizes the issuance of Revenue Bonds to finance \$50,896,000 of academic and auxiliary facilities projects. Ms. Norris, USM’s debt manager, confirmed the authorization amount and annual debt service increase of 3.\$4 million for 20 years. Included in the resolution are three academic project authorizations including facilities renewal and three auxiliary project authorizations that the Committee just recommended for approval in the SFCP. Regent Attman reported that during the legislative session, the USM successfully increased its legislative debt cap by \$400 million, for a total of \$1.7 billion. This action will not impact the USM credit rating. There is currently \$1.2 billion of outstanding debt subject to this cap. For context, System debt is increasing at the rate of approximately \$20 to \$30 million per year; annually issuing approximately \$115 million and retiring around \$90-100 million. In response to a question from Regent Wood regarding the impact of the recent rise in interest rates, Vice Chancellor Herbst stated that this was not having an impact at the current time, however there would likely be an impact the next time that the System goes to the market.

The Finance Committee recommended that the Board of Regents approve the 44th Bond Resolution.

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

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

4. University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects

Regent Attman explained that sometimes the System will spend its cash to cover project costs with the intention of reimbursing itself with bond funds when the next issuance closes. The item before the Committee satisfies an IRS requirement that governing boards actively assert that they intend to reimburse cash-balances used for projects funded with Revenue Bond proceeds.

The Finance Committee recommended that the Board of Regents approve the Official Intent Resolution as described, to enable the spending of System cash balances on revenue bond authorized projects to be reimbursed from the proceeds of the next bond issue.

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

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

5. Proposed Amendment to USM Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes

Regent Attman recognized Dr. Boughman and Ms. Jamison, of the Office of Academic and Student Affairs. Dr. Boughman explained that this item involves a minor amendment, to be in compliance with a change in federal code. The amendment is with respect to tuition for individuals using benefits through the Survivors' and Dependents' Educational Assistance Program. It states that public colleges and universities that receive GI Bill benefits must offer in-state tuition rates for students using the DEA Program. Dr. Boughman indicated that all of the campuses had been made aware of this new requirement. In response to a question about the fiscal impact from Regent Wood, Dr. Boughman stated that there are not a large number of students in the program, and as a result she believes that the stated change will not result in a large financial implication.

The Finance Committee recommended that the Board of Regents approve the proposed amendment to USM's Policy on Student Classification for Admission and Tuition Purposes, as presented.

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

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

6. Proposed Amendment to USM Policy VIII-2.50—Policy on Student Tuition, Fees, and Charges

Regent Attman offered that this item also involves a minor yet important amendment to current policy. At the Chancellor's request, a workgroup of student leaders, campus and USM Office staff were convened to explore student concerns related to the student fee consultation process. Regent Attman pointed out that the referenced dialogue plays an important role in the shared governance process. Following several meetings of the workgroup, they concluded with a recommendation for a technical adjustment to the policy to provide more clarity on the consultation process so that students will be consulted annually on all fees and charges, even if the amounts are not increasing. Previously, if there was no change to a rate, a discussion might not take place. This amendment resolves that issue providing the opportunity for engagement and information sharing.

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

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

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

7. Adjustment to the Biennial Exempt Salary Structures for Fiscal Years 2023 and 2024

Regent Attman recognized Ms. Skolnik, USM Office of Human Resources, and proceeded to summarize the item. He explained that the Systemwide Human Resources Compensation and Classification Committee completed its Biennial Exempt Market Salary Survey, which was included as part of the item. The purpose of the study is to consider whether adjustments to the exempt salary structures should be recommended to maintain salary competitiveness in the external job market. Based on its review of labor market data and trends, a 4.4% increase to the salary structures is recommended. Employees who

fall below the new minimum of their pay range will receive a salary increase that will bring them up to the new minimum. Regent Attman stated that the adjusted structures are expected to be in place for at least two years, with an estimated implementation cost of \$961,000.

The Finance Committee recommended that the Board of Regents approve a 4.4% increase to the current exempt salary structures for FY 2023 and FY 2024, as presented.

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

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

8. Nonexempt Salary Structure Adjustments and Compression Wage Increases

Regent Attman again recognized Ms. Skolnik, USM Office of Human Resources, and summarized the item. This item is a follow-up to the Board's approval in December of an adjustment to the Nonexempt Pay Structure, which brought all pay grades up to a \$15 minimum wage. That adjustment erased previous distinctions in the minimum pay of grades 2 through 5. The Compensation and Classification Committee reviewed the resulting pay compression issue and recommended an adjustment to the Pay Structure to provide increases in the minimum pay of grades 3 through 5 to differentiate the starting pay in those grades, as well as increase the minimum pay in grades 6 through 17 by 3.6%. Additionally, potential salary compression experienced by employees in pay grades 2 through 5 will be addressed by increasing those employees' hourly wage, based on their length of service at the institution, ranging from \$0.30 per hour to \$1.30 per hour. The estimated cost to implement the pay structure adjustment and the described compression pay increases at all USM institutions is \$1.8 million.

The Finance Committee recommended that the Board of Regents approve the proposed nonexempt salary structure adjustments and endorse the compression wage increases effective July 1, 2022 as presented.

(Regent Attman moved recommendation, seconded by Regent Peters; approved)

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

9. University of Maryland, Baltimore County: Lease of Real Property to Maryland Department of Health

Regent Attman recognized Ms. Dettloff, UMBC's vice president for administration and finance. He noted that after many decades of working on this effort, President Hrabowski, with some help from Regent Neall, achieved the goal of having the Spring Grove Hospital Center transferred to UMBC. The Board of Public Works approved this transfer in May, for a consideration of \$1. Regent Attman explained that the item before the Committee concerned the request for a lease-back to the Maryland Department of Health (MDH) for an initial term of ten years with two five-year renewal options, for a consideration of \$1 per year. The Department of Health will continue operations at Spring Grove during this time, while UMBC will be updating its Master Plan in 2023 to provide the framework for the University's long-range plans for the property. In response to a question from Regent Wood regarding the maintenance of the facilities/property during this period, Ms. Dettloff indicated that MDH would be responsible for the maintenance during the lease period, not UMBC. She noted that the University would have access to the site for surveying and similar during this time.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, Baltimore County to lease the Spring Grove Hospital Center to the Maryland Department of Health as

described, consistent with the University System of Maryland Policy on Acquisition, Disposition and Leasing of Real Property.

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

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

10. University of Maryland, College Park: Contract Extension for Just-in-Time Non-Food Paper Products for Dining Services

Regent Attman announced that he was recusing himself from participation in the item. He indicated that he was walking away from the computer screen/Zoom, leaving the room, and asked that Vice Chancellor Herbst text him once they were done.

Regent Fish recognized several representatives of the University of Maryland, College Park, who would be covering the next several items on the agenda—Vice President and Chief Administrative Officer Carlo Colella; Kim Watson, Assistant Vice President Procurement and Business Services; Jeffrey Hollingsworth, Vice President and CIO; and Ed Maginnis, Assistant Vice President Real Estate. Turning to the item, Regent Fish explained that this is a request to extend a contract for non-food paper products for dining services, by two years. The University's current contract for just-in-time non-food paper products with ACME Paper and Supply Company for Dining Services has been in place since 2012. The University is seeking approval to extend the term from June 30, 2022 to June 30, 2024. Given the current market conditions and their volatility, it was determined that a contract extension would be more financially beneficial than re-soliciting for these products during this volatile time. The estimated cost for the contract extension is approximately \$3.1 million. Regent Fish asked Mr. Colella if he would like to provide any comments. Mr. Colella thanked Regent Fish for the summary and added that the series of contracts on the agenda had previously been competitively procured. He stated that these are cost-plus arrangements, and that given the volatility in the market and the uncertainty about RFP responses, it made the most sense to extend the current contracts in place. Mr. Colella added that he was also joined by Mr. Mullineaux, Senior Associate Director of Dining Services, if there were any further questions.

The Finance Committee recommended that the Board of Regents approve the extension of the current contract with ACME Paper & Supply Company through June 30, 2024.

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

Vote Count = YEAs: 7 NAYs: 0 Abstentions: 1 – Regent Attman recused himself from this item and left the room.

11. University of Maryland, College Park: Contract Extension for Just-in-Time Food Products, Chemical Products, and Non-Food Products for Dining Services

Regent Attman summarized the item. The University is seeking an extension of a contract for food products, chemical products, and non-food products for the University's dining services. Again, due to current market conditions, it is in the best interest of the University to extend the current contract for these products and to conduct a new procurement when markets hopefully normalize. The estimated cost of this extension is approximately \$15 million. Regent Attman pointed out that the University provided exhibits demonstrating the inflationary pressures as part of its item.

The Finance Committee recommended that the Board of Regents approve the extension of the current contract with US Foodservice through June 30, 2024.

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

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

12. University of Maryland, College Park: Contract Extension for Cloud based Infrastructure, Storage, Server Access, Application Access, and Website Hosting

Regent Attman stated that the University is seeking a five-year extension for Cloud based IT services including infrastructure, storage, expanded server access and application, and website hosting. They have had a contract with Amazon Web Services for seven years and there are numerous mission critical applications utilizing this contract. The cost of the contract extension is \$19.9 million over five years and contains an improved discount structure.

The Finance Committee recommended that the Board of Regents approve the extension of the current contract with Amazon Web Services through July 31, 2027.

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

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

13. University of Maryland, College Park: Subdivision by Deed

Regent Attman summarized the information item, which is a subdividing of a 9.5-acre parcel of university-owned land, and not a sale. The property was formerly part of the now-paused Western Gateway project. As the County rezones land around the nearby new Purple Line Station at Adelphi Road, the University is seeking to subdivide its parcel such that the more environmentally sensitive areas of the land could be zoned accordingly. Mr. Colella added that the County prefers not to split zone a parcel, so this action to subdivide facilitates the plan to more appropriately zone the environmentally sensitive areas.

The item was accepted for information purposes.

14. USM Early Capital Pilot: Fund Balance Allocation and Investment

Regent Attman summarized the item. The EDTC had encouraged the leadership and staff to explore how to better support a diversity of entrepreneurs and ventures broadly across USM, generally at an earlier stage than at which the Momentum Fund invests. This item is for a pilot project, where small amounts of capital will be deployed as grants, for an allocation of up to \$200,000 per year, over 3 years. Any funding dedicated toward the pilot would be offset by a reduction to the Momentum Fund allocation, which was just approved to be up to \$2 million per year over 3 years. In response to a question from Regent Wood concerning preventing conflicts, Vice Chancellor Herbst responded that there is a review for an appropriate tie to a university faculty member, employee, etc. and that there is already an established process [with the Momentum Fund] in place to address conflicts of interest. In closing, Regent Attman acknowledged and thanked Lindsay Ryan, who was unavailable for the meeting, together with Regent Leggett, for all of their effort on this initiative.

The Finance Committee recommended that the Board of Regents approve the proposal to allocate up to \$600,000 over 3 years in the USM Early Capital Pilot, as described in the agenda item.

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

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

15. Amendment to FY 2022 and Proposed FY 2023 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

Regent Attman recognized Mr. Bitner, Vice President of Finance and Auxiliary Services; Ms. Peartree, Senior Associate Dean and Chief Operating Officer of the School of Medicine; and Ms. Gillette, Vice President and General Counsel, representing UMB. Regent Attman explained that Section 13-306 of the Education Article of the State of Maryland requires that the annual contract be submitted to the Board of Regents, upon recommendation of the UMB president, for consideration, any modification, and approval. The contract text has been reviewed by the Office of the Attorney General for form and legal sufficiency. Chancellor Perman stated that the contract had been considered and approved unanimously by the UMMS Board on the prior day. Regents Fish, Peters, and Pope serve as members on the UMMS Board of Directors.

The Finance Committee recommended that the Board of Regents authorize the President of UMB to execute the amendment of the FY 2022 Annual Contract and to execute the FY 2023 Annual Contract.

(Regent Attman moved recommendation, seconded by Regent Peters; approved)

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

16. 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 Pope; approved)

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

Regent Attman thanked everyone for joining. The public meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

June 9, 2022

Meeting via Video Conference

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 11:42 a.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Neall, Mr. Peters, Mr. Pope, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Mr. McDonough, Assistant Attorney General Bainbridge, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Hickey, Mr. Page, and Ms. McMann. Mr. Primus, Mr. Davis, Mr. Savia, and Mr. Jost participated for a portion of the session.

1. The committee discussed the awarding of a contract for food services (§3-305(b)(14)).
(Regent Attman moved recommendation, seconded by Regent Pope; approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0
2. The committee discussed the awarding of a contract for housekeeping services (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Pope; approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0
3. The committee discussed the proposed FY 2024 Capital Budget submission (§3-305(b)(13)).
(Regent Attman moved recommendation, seconded by Regent Peters; approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

The session was adjourned at 11:59 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance