



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

October 26, 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 10:31 a.m.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gonella, Mr. Peters, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Dr. Masucci, Mr. Raley, Assistant Attorney General Bainbridge, Assistant Attorney General Salsbury, Dr. Abel, Mr. Atkins, Ms. Aughenbaugh, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Lockett, Mr. Lowenthal, Mr. Oler, Ms. Rehn, Dr. Rhodes, Mr. Sergi, Ms. Michel, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Muntz, Ms. Norris, Ms. Skolnik, Mr. Acton, Ms. Walker, Mr. Dahl, Ms. Bucko, Mr. Brown, Mr. Lurie, Mr. Thomas, Mr. Patterson, Ms. Johnson, Mr. Jones, Mr. Baldwin, Mr. Steen, Ms. McMann, and other members of the USM community and the public.

1. Coppin State University: Facilities Master Plan (action)

At the previous meeting, President Jenkins and his colleagues from Coppin State University presented the institution's Facilities Master Plan. Regent Attman stated that Dr. Jenkins laid out a strong, comprehensive Plan based on a process of inclusion, data gathering, and stakeholder engagement. The Committee heard that Coppin's unique location and mission enhance the Plan's groundbreaking strategies and recommendations. As an anchor institution in West Baltimore, Coppin works hard to foster connections within and outside of its campus community, to the neighborhoods surrounding the institution. Regent Attman reminded everyone of the Board's two-part approval process for master plans and that the approval of the plan does not imply approval of capital projects or funding. He added that the master plan helps guide capital decisions by underscoring the intended priority of a proposed project for a particular campus. Regent Fish indicated that she would like to see more analysis of the proposed residence halls and student enrollment.

The Finance Committee recommended that the Board of Regents approve the Coppin State University Facilities Master Plan 2022, as presented at the Committee's previous meeting, for approval to the Board of Regents, 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 Pope; approved)

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

2. University System of Maryland: Proposed Amendment to USM Policy VIII-10.10—Policy on Facilities Renewal for Auxiliary and Non-Auxiliary Capital Assets (action)

Regent Attman summarized the item. The Committee is asked to recommend an amendment of an existing Board policy. This request is based on legislative capital budget analysis, during the 2022 session, which suggested the policy be updated to reflect current practices. Senior Vice Chancellor Herbst and her team led the charge to build consensus among campus leaders to amend and improve the policy. The changes address three primary issues: first, the policy needed more emphasis on outputs, or the outcome of campus spending on maintenance and how effective that spending was in helping curb the deferred maintenance problem. Second, the spending target as currently stated in the policy does not capture all of the funds directed toward the reduction of the deferred maintenance backlog every year. Lastly, it is unclear in the existing policy how it relates to the non-State or auxiliary facilities on each campus. The revised policy will require the calculation and reporting of a Facility Condition Index (FCI) for each institution that can be tracked over time. Further, the amended policy will allow the reporting of all appropriate related capital (e.g., renovation, replacement) and operating maintenance expenditures as part of the 2% of replacement value annual spending goal, while the current policy focused primarily on operating maintenance. In response to a question, Mr. Beck pointed out that for consistency with the current method of allocating capital renewal funding, the revised policy will also include, in the definition of “replacement value” in the calculation, only those buildings older than ten years. The revised policy will require two separate annual reports—one for spending on State-funded facilities and one for auxiliary facilities. Regent Attman acknowledged and thanked Regent Wood as an author of the existing policy and for his contributions to the effort.

Regent Attman communicated revisions to the language in Section 5 of the policy as follows:

After approval of the **OPERATING** budget request by the Board, the request for State operating funds to the Governor shall **INCLUDE** not less than the average of the previous three fiscal years **OF RENEWAL EXPENDITURES**, unless there are System-wide funding constraints. The Chancellor may recommend to the Board an institution's one-time only exception from **THIS** policy or may recommend amendments to an institution's budget request to meet the facilities renewal policy, following recommendations by the President.

The Finance Committee recommended that the Board of Regents approve the proposed amendment to USM Policy VIII-10.10—Policy on Facilities Renewal for Auxiliary and Non-Auxiliary Capital Assets, with modified language in Section 5, as presented.

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

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

3. University System of Maryland at Southern Maryland: Lease of Building 1 to Kennedy Krieger Institute (action)

Regent Attman welcomed Dr. Abel, executive director of USMSM, and described the exciting proposal. USMSM is seeking approval of a lease of Building 1 to the Kennedy Krieger Institute (KKI). KKI is a non-profit organization located in Baltimore that supports the developmental needs of children with severe neurological or rehabilitative conditions through day and outpatient programs, research, and education. The addition of a location in Southern Maryland will help countless families. The term of the lease is fifteen years with two 5-year renewal options. The lease cost is \$14 per assignable square foot, considered fair market value for the Southern Maryland region and for a not-for-profit agency. KKI will be responsible for the capital improvements to the building to facilitate its use. They will also be

responsible for utilities, information technology and phone service. Regent Attman indicated that USMSM will be responsible for the roof replacement that is estimated at \$500,000 and will provide security and janitorial services as part of the lease. Chancellor Perman enthusiastically shared his firsthand experience with KKI. He said that what KKI will bring to the children and families of Southern Maryland is so worthy of the resources of the USM. He added that the missions of the USM and KKI are consistent with each other and there will be opportunities for training and collaborative offerings. Dr. Abel expressed her appreciation to Chancellor Perman for his support and praised Senior Vice Chancellor Herbst's team and Ms. Salsbury for being so instrumental in this transaction.

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

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

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

4. Fall 2022 Enrollment Update and FY 2023 Estimated FTE Report (presentation and information)

Regent Attman introduced the enrollment report, recognized Senior Vice Chancellor Boughman, and invited Regent Fish, chair of the Board's Enrollment Workgroup, to make a few remarks. Regent Fish indicated that the group has transitioned to EWG 2.0 and shifted to a student-centered focus. The Workgroup is scheduled to meet on November 9. Regent Attman then turned to Assistant Vice Chancellor Muntz, who provided a brief presentation of enrollment trend information. While the total enrollment for the University System decreased for the fourth straight year, this year's enrollment was the smallest decline. On a positive note, there was an increase in the number of first-time, full-time new undergraduates at several institutions with most of that increase attributed to new student enrollment at the HBCUs. While the total number of graduate students decreased, there was a notable improvement in full-time graduate students. Mr. Muntz explained that USM enrollment is following the national trends, and with sustained enrollment improvements in the years to come, USM total enrollment would rebound to pre-pandemic enrollment levels. Regent Attman thanked Mr. Muntz for his highly informative presentation.

The Finance Committee accepted the report for information purposes.

5. University System of Maryland: Report on FY 2022 Procurement Contracts (information)

Regent Attman 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 2022 there were 44 contracts that met these terms. There were no reports of emergency or expedited contracts. Fifteen percent of the contracts were awarded to Maryland firms and the Minority Business Enterprise (MBE) participation on these contracts was 7%. Mr. Hickey, 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 the MBE goals, he indicated that there is a statewide aspirational goal of 29% MBE participation; however, most of the MBE contracted work occurs on the capital side which is not covered in this report.

The Finance Committee accepted the report for information purposes.

6. 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 11:24 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



**UNIVERSITY SYSTEM
of MARYLAND**

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

October 26, 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 11:26 a.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gonella, Mr. Peters, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Dr. Perman, Ms. Herbst, Ms. Wilkerson, Dr. Masucci, Assistant Attorney General Bainbridge, Ms. Denson, Mr. Hickey, Mr. Acton, and Ms. McMann. Mr. Raley, Mr. Steen, Mr. Lowenthal, Ms. Johnson, Mr. Jones, and Mr. Baldwin also participated in part of the session.

1. The committee discussed the awarding of a contract for marketing and advertising services (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Gooden; approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0
2. The committee discussed the investment of the Common Trust Fund (§3-305(b)(5)).
This item was presented for information purposes; there were no votes on this item.

The session was adjourned at 12:14 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance