



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

February 2, 2023

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. Masucci, Mr. McDonough, Assistant Attorney General Bainbridge, Assistant Attorney General Palkovitz, Dr. Jarrell, Ms. Aughenbaugh, Mr. Bitner, Mr. Bobart, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Donoway, Mr. Lockett, Mr. Lowenthal, Mr. Namazie, Mr. Oler, Dr. Rhodes, Mr. Sergi, Dr. Wormack, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Ms. Norris, Mr. Acton, Ms. Bucko, Mr. Mowbray, Mr. Maginnis, Mr. Trujillo, Mr. Gagnon, Mr. Eshleman, Ms. McMann, and other members of the USM community and the public.

1. University of Maryland, Baltimore: Facilities Master Plan (information and presentation)

Regent Attman welcomed President Jarrell, who then recognized and introduced Dr. Rhodes and Mr. Mowbray.

In his opening remarks, Regent Attman shared that he was impressed with how diligently the University had followed its prior plans in terms of campus development, noting that in the past few capital budget years, UMB had focused the bulk its capital requests on renewing and replacing older buildings. He pointed out that UMB had done all this with an eye toward its unique community setting—improving the campus and being a positive benefit to their neighbors. Regent Attman commended the campus for utilizing its internal staff resources to complete the update.

Before turning President Jarrell for the presentation, Regent Attman reminded the members of the Committee of the two-part approval process for master plans. The plan is presented for information, and then the item will return at the following meeting for recommendation to the full Board for approval. He also added that approval of the plan does not imply approval of capital projects or funding, as these items are reviewed through the normal procedures of the capital and operating budget processes.

President Jarrell and his colleagues from the University of Maryland, Baltimore discussed the progress the institution has made following the roadmap outlined in the 2017 FMP. During this time, UMB has opened the 439,000 GSF LEED Gold Health Sciences Research Facility III, renovated a historic building for

a Community Engagement Center, and completed significant utilities improvements related to campus electrical service. The University also extended and reinforced the campus boundaries with strategic property purchases and related infrastructure and neighborhood improvements. These efforts are supportive of the Lexington Market revitalization project and are emblematic of UMB's ongoing role as an anchor institution in the City of Baltimore.

The 2022 FMP Update builds on the future development framework and principles established in the 2017 FMP and aligns with and supports the UMB Strategic Plan. It is the culmination of many ideas generated through a rigorous planning process that involved a diverse range of stakeholders. The 2022 FMP Update identifies current and projected physical space needs for the University and provides a general strategy and recommendations for future development of the campus. The recommendations suggest building footprints, program locations, landscape and open space networks, circulation, and development phasing.

Regent Attman thanked President Jarrell and his colleagues for their engaging presentation. Dr. Rhodes indicated yes, in response to a question regarding the incorporation of AI robotics in the planning. Regent Attman invited Committee members to provide him with any further questions, comments, or feedback following the meeting, that he would relay to the institution and the USM Office.

The Finance Committee received the item for information purposes.

2. University of Maryland, Baltimore: Davidge Hall Roof Repair (action)

Regent Attman stated that UMB is seeking Board approval for a project to replace the existing roof on Davidge Hall. The historic facility was originally constructed in 1812 and is the nation's oldest building continuously used for medical education. The building is the symbol of the University and is registered as a National Historic Landmark. Given the unique shape of the roof and the historically correct materials that must be used, the cost is somewhat higher than a typical re-roofing project. Regent Attman reviewed a breakdown of the \$6.4 million project cost, as contained in the item. In response to a question about the project cost, UMB initially indicated that an RFP had been let and a contractor selected. [For the record, this point was later clarified; the design estimate contained in the item was based on the design completed and paid for by the School of Medicine's alumni association. No contract has been awarded and an RFP will be issued soon.] Due to the historic nature of the project, UMB has incorporated a 20% contingency into the project cost.

The Finance Committee recommended that the Board of Regents approve the Davidge Hall Roof Repair project, with a budget of \$6,464,000, as described in the agenda item.

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

Vote Count YEAs: 8 NAYs: 0 Abstentions: 0

3. University System of Maryland: FY 2024 Capital Budget Update (information)

Regent Attman introduced the informational update on the FY 2024 capital budget. The results are quite favorable and will help address a number of critical needs. Sr. Vice Chancellor Herbst reported that the Governor's FY 2024-28 Capital Improvement Program totaled \$998.94 million and included a number of added project funds, as well as consideration for cash flows and market adjustments over the five years. Projects added by the Governor include the UMCP Health and Human Sciences Complex, planning for TU's New Student Services Building, and the UMES Agricultural Research and Education Center among others. A detailed chart accompanies the summary.

The Finance Committee received the item for information purposes.

4. University System of Maryland: FY 2023 & FY 2024 Operating Budget Update (information)

Regent Attman introduced the informational update on the operating budget. He again turned to Sr. Vice Chancellor Herbst, who reviewed the FY 2023 deficiency funding included in the Governor’s Budget Bill, which included \$2.6 million to partially offset salary increases for several institutions. She explained that the typical COLA money provided in the budget is for personnel on “state funded lines.” However, the USM has a number of auxiliary program employees, like dining hall staff, and also researchers, who are state employees yet for whom state funding is not provided to cover the COLA. Sr. Vice Chancellor Herbst examined the FY 2024 Governor’s Allowance, which includes revenue from state appropriations, tuition and fees, auxiliary services, federal and other contract and grants, and other revenues for a total budget of \$6.7 billion. Of the \$204.6 million increase in state funding, she explained that \$102.8 million and \$68 million were in support of COLA and fringe benefits adjustments, respectively. HBCU institutions will receive a \$36.2 million increase as the result the HB 1 legal settlement.

Sr. Vice Chancellor Herbst stated that tuition increases are assumed at no more than 2% for resident undergraduate students and no more than 5% for nonresident undergraduate students. She noted that the universities will submit, and the Board will vote on proposed tuition rates in the spring. The tuition rates are subject to Board review and approval. Sr. Vice Chancellor Herbst reminded everyone that the funding proposed for the USM is still under consideration by the Maryland Legislature; the USM community continues to work with the elected officials throughout the legislative session.

The Finance Committee received the item for information purposes.

5. Proposed Amendments to BOR VIII-13.00—USM Policy on Business Entities (action)

Regent Attman summarized the item. The Committee is asked to recommend an amendment of an existing Board policy in order to establish clear guidelines for institutions establishing, operating, financing or investing in business entities. These amendments follow extensive consultation with the USM institutions and the Maryland Attorney General’s Office. Regent Attman explained that they are designed to meet the Board’s need for accountability and oversight, while providing business entities with sufficient flexibility and independence to accomplish the affiliated institution’s goals. As a result of these revisions, affiliated foundations that engage in activities other than fundraising and related activities will now be required to comply with the Policy on Business Entities.

Regent Attman highlighted some of the more significant amendments proposed: the institution president is now required, rather than permitted, to request Board approval prior to establishing or operating a business entity; the institution must specifically address matters under the Maryland Public Ethics Law; and an institution may not use a business entity for the principal purpose of circumventing law, USM procurement requirements, or any other Board policy. Regent Attman further noted that the policy also adds additional reporting and information requirements, including reports that must be submitted to the Chancellor annually. The Board may revoke its approval of the business entity for failure to comply with this policy. Sr. Vice Chancellor Herbst referenced the affiliated entities presentation to the Board in December and reminded the group that the policy covering fundraising foundations was also going through the approval process this cycle. She affirmed that for each policy, there was great deal of outreach to the institutions. Sr. Vice Chancellor Herbst offered her praise and thanks to a number of people involved in the effort, including Ms. Skolnik and Ms. Denson of the USM Office, Mr. Palkovitz of the OAG, Mr. Rose of UMB, and Ms. Gartner of UMCP.

The Finance Committee recommended that the Board of Regents approve the proposed amendments to the BOR VII-13.00—USM Policy on Business Entities, as described in the agenda item.

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

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

6. FY 2022 Audited Financial Statements and USM Financial Planning (information and presentation)

Regent Attman stated that this information item concerns the System’s annual audit of its financial statements for the year that ended June 30, 2022. He explained that the financial affairs team would review the key takeaways from the audited financial statements, and then take the committee members through a discussion about financial planning in the System, the current state of the USM’s financial strength, and how the rating agencies see and assess the System.

Sr. Vice Chancellor Herbst first offered a great headline—the USM received an unmodified opinion once again, this in spite of a major accounting standard change regarding the recognition and treatment of leases. Turning to the System’s Audited Financial Statements, she explained that the statements are important to investors and the financial community, potential partners, as well as the Board and USM leadership in assuring effective and responsible financial management.

She then recognized Ms. Denson, AVC Financial Affairs; Mr. Acton, Director of Financial Reporting and Comptroller; and Ms. Norris, Director Financial Planning and Analysis. Mr. Acton reviewed key takeaways from the audited financial statements and walked the group through the financial charts provided with the meeting materials. Mr. Acton and Ms. Norris presented a series of slides covering the System’s financial statements, inputs and processes critical to financial health, financial planning metrics, debt management, and bond issuances and ratings. The presentation is available online at <https://www.usmd.edu/regents/agendas/20230202-FC-PublicSession.pdf>

The Finance Committee received the item for information purposes.

7. University of Maryland Global Campus: Transfer of 2.22 acres of Land to the University of Maryland, College Park (action)

Regent Attman welcomed UMGC’s Mr. Sergi, SVP and COO; Mr. Lockett, VP and CFO; Mr. Trujillo, AVP of facilities management; and Mr. Maginnis, AVP of real estate from UMCP. Regent Attman summarized the item. UMGC seeks to transfer a 2.22-acre parcel to the University of Maryland, College Park. The property is located at the southwest corner of Adelphi Road and Campus drive across the street from UMGC. UMGC has used this property in the past as an overflow parking lot; however, because of the hybrid work environment now in place, they no longer need this property. Each university obtained an appraisal of the property—one valued the property at \$5.8 million and the other at \$5.4 million. Because part of this property will be conveyed to the Maryland Transit Administration as part of the Purple Line light rail project, the negotiated sales price was determined at \$5,121,586. UMCP plans to enhance the property with signage as with the impending Purple Line, this will mark a prominent gateway entrance to the University. The property may also be developed in the future.

The Finance Committee recommended that the Board of Regents approve the transfer of the 2.22-acre property as described in the agenda item from UMGC to UMCP for the consideration of \$5,121,586, consistent with USM Policies and Procedures for the Acquisition and Disposition of Real Property.

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

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

8. University System of Maryland: Review of Capital Improvement Projects (information)

Regent Attman reviewed the status report, as prepared by the Capital Planning Office, on the major projects underway System-wide. Included are contract awards, completions, and detailed project schedules. The report reflects activity for the twelve-month period starting December 1, 2021 and ending November 30, 2022. As of November 30, 2022, there are a total of seventy-four major projects System-wide either pending design, or in design or construction, that are managed by the service centers or delegated to the institutions. Regent Attman noted that the information attached to the item includes schedules and project data for ongoing activities, including a list of new projects and a list of completed or cancelled projects. A summary page highlights a number of important facilities' metrics for the System last year. Regent Attman reported that over the last decade more than 80 USM projects had been certified by the US Green Building Council as LEED Silver, Gold, or higher. He added that during the same period institutions had made significant progress toward reductions in energy use and had logged nearly a 40% reduction in greenhouse gas emissions. Mr. Beck reported that Towson launched a major renovation of Smith Hall, a former science building, UMCP will fit out approximately 141,000 GSF of shelled space in the former Cole Fieldhouse, and Salisbury will renovate its former library, Blackwell Hall, to become a student services center.

The Finance Committee received the item for information purposes.

9. 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: 6 NAYs: 0 Abstentions: 0

Regent Attman thanked everyone for joining. The public meeting was adjourned at 12:17 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



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**BOARD OF REGENTS
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February 2, 2023
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 12:19 p.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Peters, Mr. Pope, and Mr. Wood. Also participating were: Ms. Herbst, Ms. Wilkerson, Dr. Masucci, Assistant Attorney General Bainbridge, Mr. Hickey, and Ms. McMann. Dr. Rhodes, Mr. Bitner, Mr. Gagnon, and Mr. Eshleman also participated in the session.

1. The committee discussed the awarding of a contract for scientific supplies and equipment (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Pope; approved)
Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0
2. The committee discussed the awarding of a contract for scientific supplies and equipment (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Gooden; approved)
Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

The session was adjourned at 12:26 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance