



UNIVERSITY SYSTEM  
*of* MARYLAND

**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

September 7, 2023

Meeting via Video and Conference Call

Minutes of the Public Session

---

Regent Fish welcomed those on the video and teleconference to the first meeting of the year and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:33 a.m. She took the opportunity to introduce and welcome several new members to the Committee, starting with Regent Hasan, a former chairman of the Maryland Higher Education Commission, who specializes in water and infrastructure systems and chaired the Governor's transition teams focusing on water, transportation, infrastructure, and sustainability. Regent Helal is the Board's returning Student Regent. She is an undergraduate in the Honors College at UMBC, completing dual degrees in Political Science and Global Studies. Lastly, Regent Sibel, a graduate of the Maryland School of Law and a veteran of the real estate industry. Regent Sibel was unable to attend due to a long-standing commitment.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gonella, Ms. Helal, Mr. Hasan, Mr. Peters, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Masucci, Mr. McDonough, Dr. Wrynn, Assistant Attorney General Bainbridge, Dr. Pines, Mr. Atkins, Ms. Aughenbaugh, Mr. Bitner, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Donoway, Mr. Lockett, Mr. Lowenthal, Mr. Oler, Dr. Rhodes, Mr. Sergi, Dr. Olmstead, Mr. Keeney, Mr. Bass, Ms. Zhang, Mr. Phillips, Mr. Mowbray, Ms. Graziano, Mr. McCann, Dr. Varshney, Dr. Bista, Dr. Gladwin, Dr. Maron, Ms. Jurczak, Mr. Rose, Mr. Trierweiler, Ms. McWeeney, Ms. Barry, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Ms. Norris, Ms. Kasdan, Ms. McMann, and other members of the USM community and the public.

Turning to the first item on the agenda, Regent Fish welcomed President Pines and his team from the University of Maryland, College Park. Joining President Pines were Mr. Colella, vice president and chief administrative officer; and Mr. Phillips, director of facilities planning.

1. University of Maryland, College Park: 2023 Campus Facilities Plan (presentation and information)

In her opening remarks, Regent Fish commented that the Campus Facilities Plan captures the long-term vision and the strategic priorities of the University's leadership and community. She pointed out that the Plan incorporates a number of physical planning principles that are intended to guide efficient facilities development into the future.

Before turning President Pines for the presentation, Regent Fish shared with the members of the Committee the two-part approval process for campus facilities plans. A plan is first presented for information and discussion, and then it will be placed on the agenda at the following meeting for

recommendation to the full Board for approval. Regent Fish 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.

Regent Fish turned to President Pines and his colleagues from the University of Maryland, College Park to present their 2023 Campus Facilities Plan for information. Dr. Pines introduced Mr. Phillips, the campus planning director, to present the elements of the Plan via a PowerPoint presentation. Mr. Phillips noted the correlation between the vision and framework for the future development of campus in the new plan and the established values and principles of the University's Mission and 2022 Strategic Plan.

The Plan outlines locations for new buildings, investment in existing buildings, upgrades and resilient infrastructure systems, and enhanced connections within and to adjacent communities. The Plan accepts the placement of the Purple Line Metro as a positive impact on campus, creating a unique and highly effective backbone for a transportation network that includes the free movement of people from east to west, linking it with electric bus systems, and bike and pedestrian paths that radiate to the north and encircle the campus. Parking is not increased by the new plan but is relegated to peripheral areas.

In response to several Regents' detailed questions about the electrification of the fleet, Mr. Colella described a \$40 million grant the campus received from the Federal Government to begin implementation of this initiative. Regents hoped this would encourage a sustainable, zero-emissions movement of people on and through the campus into the future. Another question was asked about whether the increase in student housing beds, as detailed in the Plan, would be matched with renovation of existing residential facilities. Campus officials confirmed that this was also part of the planning—a combination of new housing and renovation. They described work with the residential life and student affairs staff to get feedback on the preferences of modern students. Mr. Colella added that in looking at the surrounding community, there is good amount of private housing in close proximity to the campus.

Regent Fish offered her appreciation to President Pines and his colleagues. She invited the committee members to provide her with any further questions, comments, or feedback following the meeting, that she would relay to the institution and the USM Office.

**The Finance Committee received the item for information purposes.**

2. University System of Maryland: Debt Policy Discussion (presentation and information)

Regent Fish introduced the next item on the agenda, a presentation covering the Board's Policy on Debt Management. PFM, the USM's financial advisors, was invited to share their thoughts on areas where the USM might consider amending or perhaps adding to its policy, in an effort to reflect the current economic and regulatory climate. She then turned to Sr. Vice Chancellor Herbst for a few comments. Sr. Vice Chancellor Herbst explained that the System issues revenue bonds on behalf of the institutions to fund capital projects and facilities renewal. She emphasized that only the System issues debt and holds the credit rating; this does not occur at the institutional level. She shared that this is just one facet of debt management, as there are other areas to consider, including both "direct" and "indirect debt." It is important to understand and acknowledge that transactions such as leases, Public Private Partnerships (P3s), and other "debt-like" financing arrangements may have an impact on the System's debt capacity. Sr. Vice Chancellor Herbst explained that the current policy has been in place since April of 2018, and that the USM financial team is just beginning to examine what changes should be

incorporated into the updated debt management policy. She shared that the presentation would cover the current debt policy, the rating agency environment, and the USM's financial position.

Sr. Vice Chancellor Herbst introduced Mr. Bass and Ms. Zhang from PFM. Mr. Bass has worked with the System Office for over a decade and is a managing director who heads the firm's higher education group. He works with colleges and universities nationally and advises clients on a broad range of services including capital structure evaluation, governance, risk analysis, debt capacity and transaction execution. Ms. Zhang is a senior analyst and collaborates with the USM on structuring its debt issuances as well as assessing the System's debt capacity and credit. They were joined by two members of the System's financial team—Ms. Denson, associate vice chancellor of financial affairs; and Ms. Norris, director financial planning and analysis.

Mr. Bass provided a thorough presentation. He first reviewed the current debt policy and its objectives, which include maintaining at least a AA+ debt rating from all three of the major rating agencies, limiting risk, and managing the portfolio to take advantage of refundings. Some of the key parameters include annual debt service of direct debt not exceeding 4.0% of operating revenue and state appropriations; available resources must be at least 90% of direct debt; and indirect debt shall not exceed 50% of direct debt. Mr. Bass reviewed the objectives for revision of the current policy, including modernization in recognition of rating agency and accounting changes; updating of key ratios to be more in line with current trends; more specificity about criteria for capital project approval; and a reassessment of the importance of maintaining a rating in the AA+ category. Mr. Bass reviewed the sources of funding and noted that regardless of how a project is financed, the System's credit will be impacted. He described how the credit rating agencies approach alternate delivery, or P3, projects.

There were several slides in the presentation that displayed detailed information on the credit outlook for higher education, important financial and performance ratios, comparison to peers, indicative pricing, and the impact of additional debt. In response to a question from Regent Gooden regarding the comparison to peer medians on slide 9, Sr. Vice Chancellor Herbst confirmed that the System tracks EBITA and is aware of where it stands against its peers. She stressed that in spite of some of the financials, the USM earns its rating based on the stability and strength of its leadership and management. There was a brief discussion regarding the expansion of debt and its implications. Regent Gooden indicated that it would be important to understand the impact of different ratings and interest rates. Regent Fish asked Ms. McMann to provide the Committee members with the current list of systems and institutions who hold the same rating as the USM, as well as those in the lower rating category group. Regent Wood asked how an expanded debt capacity might be allocated. Sr. Vice Chancellor Herbst explained that the Board approves the SFCP and the CIP, and within each of the approved budgets, the financial team works with the institutions to determine the best mix of funding for the projects. There is no "up front" allocation made to the institutions. In response to a question regarding long-term lease treatment, Sr. Vice Chancellor Herbst stated that the USM does not have any guidance yet on leases. Ms. Denson added that views on P3s and leases continue to evolve.

The presentation is available online: <https://www.usmd.edu/regents/agendas/>

**The Finance Committee received the item for information purposes.**

3. Review of the Finance Committee Charge, Role, and Responsibilities (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. In accordance with the Board's bylaws, the Committee on Finance performs all necessary business to help ensure the long-

term financial health of the University System. The Committee considers, reports, and makes recommendations to the Board on numerous matters concerning financial affairs; capital and operating budgets; facilities, student enrollment; investments; real property transactions; business entities; procurement contracts; human resources; tuition, fees, room, and board charges; and the overall long-range financial planning for the University System.

Members of the Committee are appointed annually by the Chairperson of the Board and as required by statute, there must be at least one member with financial expertise and experience. On that point, Regent Fish indicated that the Committee was well-qualified, counting among its ranks an accomplished banking executive, a retired executive of a Fortune 500 company; a president/owner of real estate firm with a business, finance and banking degree; a former State Senator with an MBA who most recently served as Majority Leader and Chair of Capital Budget; and an attorney with B.S. in Economics. The Committee typically meets six times annually. Regent Fish noted one technical change, indicated by redline, and referenced the financial cycle chart provided in the material along with the tentative work plan for the Committee.

**The Finance Committee recommended that the Board of Regents approve the charge of the Committee as presented.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

4. University of Maryland, Baltimore: School of Dentistry Ambulatory Surgery Center and Building Renovations (action)

Regent Fish recognized Dr. Rhodes, Mr. Mowbray, and Ms. Graziano of the University of Maryland, Baltimore and proceeded to summarize the item. The University is seeking approval for a project to complete selective renovations to the School of Dentistry Building. The project includes the renovation of the heavily used clinic and simulation suites, building circulation enhancements, and the creation of a state-of-the-art ambulatory surgery center. The budget for this project is \$29.5 million. The project will be funded with \$700,000 from the Legislature, with the remainder coming from the School of Dentistry. The General Assembly also pre-authorized a \$2 million General Obligation Bond appropriation for the 2024 session. The funds, if appropriated as anticipated, will be used to reimburse, or replace planned institutional fund spending. Regent Fish stated that a project cost summary is included with the material.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the \$29,516,000 project for renovations to the School of Dentistry Building and the creation of an ambulatory surgery center, as described in the agenda item.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

5. University of Maryland, Baltimore: Replace Energy Recovery Units and Exhaust Fans in Bressler Research Building (action)

Regent Fish summarized the University's second request. The University is seeking approval for a project to complete the lifecycle replacement of the heat recovery system for the Bressler Research Building. The facility is the second largest medical research building at the University and includes approximately 130,000 assignable square feet of medical research space. The heat recovery system is a

critical component of the building's HVAC as it recovers heat from conditioned air to reduce total energy expenditures. She noted that the budget for this project is \$14.8 million, an increase from an earlier submission of the item. The project will be funded with approximately \$1.6 million in Capital Facilities Renewal funding, with the remainder coming from institutional funds. A project cost summary is included in the material. Regent Fish turned to Dr. Rhodes for comment. Dr. Rhodes stated that the process for the initial project estimate was flawed, based on 50% completed drawings, and that it would have been preferable to wait. The new cost is based off of 100% construction documents. She added that items were simply missed in the process, for example an appropriate crane lift for a 14-story building, during the initial estimate that should have been included. Dr. Rhodes added that this project will address \$9.4 million of the campus' deferred maintenance.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the \$14,769,000 project to replace the energy recovery units and exhaust fans in the Bressler Research Building, as described in the agenda item.**

(Regent Fish moved recommendation, seconded by Regent Peters; approved)  
Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

6. Towson University: Albert S. Cook Library HVAC Replacement (action)

Regent Fish recognized Mr. Lowenthal and Mr. McCann, and summarized the item. The University is seeking approval for a project to upgrade/replace the HVAC system within the Cook Library and Campus Data Center. A study was completed in 2022 evaluating various options for the replacement of the existing Cook Library system. This study included cost estimates as well as a Life Cycle Cost Analysis. The cost of the project is \$16.5 million. To fund the project, the University will use Capital Facilities Renewal and Institutional cash, as detailed in the item. The building will remain occupied throughout construction. Regent Fish asked Mr. Lowenthal to comment on rising costs and the contingency amount listed in the project cost summary. Mr. Lowenthal stated that he was confident in the contingency figure. He explained that there is a little extra funding built into the line items and as such, the overall contingency is closer to 14%.

**The Finance Committee recommended that the Board of Regents approve for Towson University the \$16.5 million project to upgrade/replace the HVAC within the Albert S. Cook Library and Campus Data Center, including the reconfiguration of space, as described in the agenda item.**

(Regent Fish moved recommendation, seconded by Regent Helal; approved)  
Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

7. University of Maryland, College Park and University of Maryland, Baltimore: Lease Request for the Institute for Health Computing (action)

Regent Fish recognized Mr. Colella, Dr. Varshney, Dr. Bista, Dean Gladwin, and Dr. Maron. She explained that this is a joint request from the University of Maryland, College Park and the University of Maryland, Baltimore to enter into a sub-lease of office space in a Class A building located in North Bethesda. This is part of the strategic partnership between the two institutions, known as MPower. MPower has entered into an exciting collaboration with the University of Maryland Medical System, Montgomery County, the Universities at Shady Grove, and UMBC to create the University of Maryland Institute for Health Computing. The Institute seeks to leverage recent advances in artificial intelligence and computing to create a premier learning health care system. This system will evaluate de-identified and secure digitized medical data to diagnose, prevent, and treat diseases in patients all across the State. The

Institute will occupy the leased property, which is in close proximity to several federal healthcare partners. Dean Gladwin reiterated that this was a major collaboration—a real “game changer” echoed Dr. Varshney. Chancellor Perman joined in the praise of the joint venture, adding, “this pleases me to no end.”

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park and the University of Maryland, Baltimore a lease for UM-IHC as described in the agenda item, consistent with the University System of Maryland Procedures on Acquisition, Disposition and Leasing of Real Property.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

8. University of Maryland Global Campus: Modification to Digital Advertising Media Buying Services Contracts (action)

Regent Fish welcomed Mr. Sergi, Mr. Trierweiler, Ms. McWeeney, and Ms. Berry of UMGC. She explained that in 2018, the Board of Regents approved two major marketing and advertising contracts for UMGC— one for digital media buying services and the other for “offline” or traditional media buying services. Each of these contracts contained a not to exceed amount of \$250 million. This is one of two requests from the University, this one seeking to modify the digital media buying services contracts. In addition to the \$250 million limit, this contract was set up with not to exceed amounts for each vendor. The contract modification will require the approval of the Board of Public Works. Mr. Sergi addressed the Committee. He stated that this was an administration function, with the University seeking to reallocate the approved spending dollars among vendors. In response to a question from Regent Gooden, Mr. Sergi confirmed that UMGC has the stats on which vendors and approaches are yielding results, and is constantly testing and monitoring the data. Mr. Trierweiler added that this information is what has driven UMGC to utilize these particular agencies.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland Global Campus a modification to the digital advertising media buying services contracts to reallocate the funds for the remainder of the 6-year contract term. The cumulative amount shall remain as not to exceed \$250 million.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

9. University of Maryland Global Campus: Modification to Offline Advertising Media Buying Services Contracts (action)

Regent Fish noted that this was the complementary request from UMGC to modify the offline media buying services contracts.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland Global Campus a modification to the offline advertising media buying services contracts to reallocate the funds for the remainder of the 6-year contract term. The cumulative amount shall remain as not to exceed \$250 million.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

10. Salisbury University: Disaffiliation of the Ward Foundation, Inc. (action)

Regent Fish recognized Dr. Olmstead, provost emerita. Salisbury University is seeking to formally disaffiliate from the Ward Foundation and revoke its recognition as an affiliated foundation. The Ward Foundation is a 501(c)(3) non-profit organization that previously staffed and operated the Ward Museum of Wildfowl Art. The Museum is owned by the University. Regent Fish conveyed that the University intends to display the current collection with other forms of folk art and regional heritage in a new location, which will appeal to a larger audience and also meet budgetary goals. The University has taken steps to ensure that the collection will be made available. Sr. Vice Chancellor Herbst added that the Foundation received an audit in 2020 that indicated substantial doubt about the Foundation's ability to continue as a going concern. Importantly, since the Ward Foundation is no longer engaged in philanthropic fundraising on behalf of the University, it no longer fits within the standards of the Board's recently revised Policy on Affiliated Philanthropic Support Foundations (Policy IX-2.0).

**The Finance Committee recommended that the Board of Regents approve Salisbury University's request to formally disaffiliate from the Ward Foundation and revoke its recognition as an affiliated foundation. Furthermore, the Committee recommended the removal of "The Ward Foundation, Inc." (Item 14) from Attachment 1 of USM BOR Policy IX-2.01 – Recognition of Affiliated Foundations.**

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

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

11. 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 Helal; approved)

Vote Count = Yeas: 7                      Nays: 0                      Abstentions: 0

Regent Fish thanked everyone for joining. The public meeting was adjourned at 12:24 p.m.

Respectfully submitted,

Ellen R. Fish  
Chair, Committee on Finance



UNIVERSITY SYSTEM  
*of* MARYLAND

**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

September 7, 2023  
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 12:25 p.m. via video conference.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gonella, Ms. Helal, Mr. Hasan, Mr. Peters, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Wrynn, Mr. McDonough, Assistant Attorney General Bainbridge, Mr. Li, and Ms. McMann.

1. The committee discussed the proposed FY 2025 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 12:44 p.m.

Respectfully submitted,

Ellen R. Fish  
Chair, Committee on Finance