



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

October 30, 2024

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Fish called to order the first meeting of the year of the Finance Committee of the University System of Maryland Board of Regents at 10:32 a.m., welcoming participants joining via video and teleconference.

Regents participating in the session included: Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Hasan, Mr. Mirani, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Mr. Raley, Dr. Wrynn, Dr. Masucci, Ms. Wilkerson, Assistant Attorney General Langrill, Assistant Attorney General Palkovitz, Assistant Attorney General Stover, Ms. Amyot, Ms. Aughenbaugh, Mr. Donoway, Mr. Henley, Mr. Lockett, Mr. Lowenthal, Ms. Michels, Mr. Oler, Mr. Reuning, Dr. Rhodes, Mr. Sergi, Mr. Keeney, Ms. Owens, Mr. Clarke, Mr. McCann, Mr. Eigenbrot, Mr. Maginnis, Mr. Modlin, Ms. Treber, Mr. Berkheimer, Mr. Mohammadi, Mr. Neitzey, Mr. Steen, Mr. Gilbert, Ms. Salisbury, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Ms. Norris, Ms. Roxas, Mr. Acton, Ms. Hess, Ms. Sule, Mr. Brown, Ms. Kasden, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

Turning to the first item on the agenda, Regent Fish welcomed Ms. Amyot, advisor to the president for strategic initiatives and Ms. Aughenbaugh, CFO and vice president for business affairs for the University of Baltimore.

1. University of Baltimore Facilities Master Plan 2024-2034 (action)

Regent Fish opened the discussion by noting that President Schmoke and his colleagues from the University of Baltimore presented their 2024-2034 Facilities Plan at the Committee's September meeting. The updated "100th Anniversary Edition" highlights UBalt's legacy as a hub for career-focused education, with a diverse student body and a mix of modern and aging campus facilities. While newer buildings, such as the law and business schools, provide updated resources, several older facilities require significant renovation or replacement.

The primary goals of the Facilities Plan include reducing total campus square footage to "right-size" the campus, improving spaces for teaching, learning, and work, addressing deferred maintenance, and renewing or replacing underperforming buildings. A key element of the plan involves acquiring the adjacent property at 101 Mount Royal Avenue to support the replacement of the Academic Center, while scaling down the planned facility to reduce overall project costs.

During the meeting, committee members raised questions regarding environmental health and safety in campus buildings, swing space planning during the Academic Center replacement, and build-versus-buy considerations for both the Academic Center and 101 Mount Royal Avenue. The UBalt team addressed these questions and provided follow-up documentation, which was shared with the Board for reference.

Regent Fish reminded attendees that approval of the Facilities Plan does not constitute approval of specific capital projects or funding. Such matters will be reviewed through the established capital and operating budget processes. However, the Facilities Plan serves as a guide for future capital decisions, prioritizing proposed projects for the campus.

The Finance Committee recommended that the Board of Regents approve the University of Baltimore 2024 Ten-Year Facilities Master Plan. 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 Fish moved recommendation, seconded by Regent Pope; approved)

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

2. University of Maryland Eastern Shore: Increase in Authorization for Athletic Fields Renovation (action)

Regent Fish recognized Ms. Owens, vice president for athletics and recreation, and Mr. Clarke, assistant director, UMCP Service Center, who were available to answer questions regarding the item. The University requested approval to increase the funding authorization for the athletic fields renovation project by \$2.4 million, raising the total project cost from the originally approved \$4.9 million to \$7.3 million, as outlined in the System-Funded Construction Program approved by the Board in June.

The additional funding is necessary to address disparities identified by the Office of Civil Rights, focusing on gender equity, safety, and alignment with industry standards. The project includes significant upgrades to the existing softball and baseball fields, with the scope expanded during the design phase to address additional elements required under Title IX. All funding for the project will come from University System of Maryland Auxiliary Bonds, with UMES responsible for servicing the debt.

The Finance Committee recommended that the Board of Regents approve the University of Maryland Eastern Shore's request to increase the project budget authorization to a total of \$7.3 million for the Athletic Fields Renovation, as outlined in the item.

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

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

3. Towson University: Fieldhouse Renovation and Addition (action)

Regent Wood noted a typographical error in the first line of the item, where the requested funding amount for the renovation and expansion of the Fieldhouse was stated as "\$19,250,00" instead of the correct figure of "\$19,250,000." The error was acknowledged, and it was confirmed that the recommendation reflected the correct amount. It was also noted that the typo would be corrected in the materials provided to the full Board.

Regent Fish recognized Mr. Lowenthal, senior vice president for finance and CFO; Mr. McCann, director of facilities planning; and Mr. Eigenbrot, athletic director, who were present to answer questions regarding this item. Towson University requested authorization for \$19,250,000 to renovate and expand the Fieldhouse, funded through a mix of institutional cash and state funds.

The project includes a 12,920-square-foot addition and a 10,000-square-foot renovation to consolidate the University's Athletics Academic Achievement Program into a single facility, improving operational efficiency and addressing space limitations. The Academic Achievement Center provides critical support for student-athletes' academic success, leadership development, and career preparation. The project also includes renovations to the Athletic Sports Medicine Facility, which serves student-athletes' medical needs. Funding will include \$3.5 million from State General Obligation Bonds allocated in FY 2024, with the remainder provided by institutional cash.

Regent Fish pointed out that the facilities program for this project will require approval from the state's Department of Budget and Management, and any resulting contracts will require the approval of the Board of Public Works. Regent Hasan inquired about the project's 10% contingency budget, expressing concern that it appeared low. Mr. McCann responded that Towson was confident in this contingency amount, as the project does not involve foundation work or other complexities typically associated with going into the ground.

The Finance Committee recommended that the Board of Regents approve the \$19,250,000 Fieldhouse Renovation and Addition Project for Towson University, as outlined in the item.

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

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

4. Towson University: Towson Center Renovation Project (action)

Continuing with Towson, Regent Fish stated that the University had requested authorization for \$5.75 million to renovate and expand the athletic training facility within the Towson Center, funded through institutional cash. The Towson Center serves as the primary training hub for multiple sports, including basketball, volleyball, softball, soccer, gymnastics, tennis, and golf. Planned enhancements will expand and modernize the athletic training facility to 7,200 square feet. With these upgrades, Towson Sports Medicine will be better equipped to address the growing needs of its athletes, focusing on injury prevention, rehabilitation, and optimizing performance. It was noted that any resulting contracts will require the approval of the Board of Public Works.

Regent Fish inquired about the firmness of the project's cost estimates, to which Mr. Lowenthal responded that the estimates were considered firm. Regent Hasan expressed concern that the 5% escalation factor appeared low and questioned why a higher rate was not used. In response, Regent Fish requested a follow-up to include additional due diligence on prior years' actual escalation rates.

The Finance Committee recommended that the Board of Regents approve the \$5,750,000 Towson Center Renovation Project for Towson University, as described in the item.

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

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

5. University of Maryland, Baltimore: Allied Health Air Handler System (action)

Regent Fish recognized Dr. Rhodes, chief business and finance officer and senior vice president for administration and finance, who was present to answer questions. The University of Maryland, Baltimore requested approval for \$5.967 million to replace and upgrade the air handling system in the 84,000-square-foot Allied Health Building, which houses teaching labs, wet lab research space, and School of Medicine offices. The project includes replacing three air handling units, rooftop fans, valves, and piping, along with installing new digital controls. Work will be completed in three phases to maintain facility operations. Funding includes \$469,000 from the FY 2024 Capital Facilities Renewal program, supported by Academic Revenue Bonds, with the remainder covered by institutional resources as part of UMB's maintenance program. Approval by the Board of Public Works is not required, as no state funding is involved in this maintenance project.

Dr. Rhodes was asked about the contingency figure for the project. She explained that the contingency budget is approximately 11% of construction costs, with contingencies built into the costs, with contractor's pricing, at 100% design.

The Finance Committee recommended that the Board of Regents approve the Allied Health Building Air Handler Replacements and Control Upgrades project for the University of Maryland, Baltimore, as outlined in the item.

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

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

6. University of Maryland, College Park: Ground Lease of Property for Second Phase Development of Flex Research and Development Project in Riverdale Park (action)

Regent Fish began by acknowledging the recent retirement of Mr. Carlo Colella, the long-time vice president for administration at the University, and noted his dedicated service to the institution and its mission. She then welcomed Mr. Reuning, interim vice president and chief administrative officer, and Mr. Maginnis, assistant vice president for real estate, who were present on behalf of the University.

The University requested approval for a 99-year ground lease for a joint venture with an affiliate of St. John Properties. This lease covers approximately 6.4 acres in Riverdale Park and represents the second phase of a successful development partnership between the University and St. John Properties. The first phase included the establishment of the College Park Academy, a charter school, and 111,240 square feet of fully leased flex research and development space. The second phase will add 57,960 square feet of flexible R&D space across two buildings, with potential plans for a gymnasium or multi-purpose space to support the Academy. The new space will be versatile, designed to serve businesses in sectors such as engineering, data analytics, earth sciences, virtual reality, cybersecurity, quantum computing, linguistics, additive manufacturing, e-commerce, robotics, aerospace, and biotechnology.

Regent Fish then invited the university representatives to address a few initial items before opening the floor to questions. She asked whether there were any other interested parties for the new flex space beyond the College Park Academy. Mr. Maginnis responded that while there were no in-depth negotiations with tenants underway, demand for flexible space is high. He noted that the first phase of the project was leased up in 18 months and emphasized that this is largely maker space which is in demand.

On the matter of project risk, Regent Fish asked if the University and St. John Properties shared risk equally or if there was no risk to the University. Mr. Maginnis explained that there is no risk of capital calls, as outlined in the operating agreement. However, the primary risks to the University include the long-term encumbrance of the property and the possibility that the land will not generate the projected revenue. He emphasized the strong track record established in the first phase. Finally, Regent Fish inquired about the calculation supporting the \$7.4 million valuation, including the lease rate. Mr. Maginnis explained that the University looked at the income from the first phase, which is averaging more than \$1 million per year, providing a solid track record. He noted that the base rent for the second phase will depend on tenant improvements.

Following the discussion, Regent Fish announced that she would abstain from the vote due to St. John Properties being a client of her employer. A motion to approve the University's request was made by Regent Pope, seconded by Regent Gooden, and approved by the Committee, with Regent Fish abstaining.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, College Park's request to enter into a real property ground lease, as described in the item, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.

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

Vote Count = Yeas: 6 Nays: 0 Abstentions: 1 – Regent Fish

7. Salisbury University: Real Property Exchange with Wicomico County (action)

Regent Fish greeted Mr. Modlin, chief of staff; Ms. Treber, general counsel; and Mr. Berkheimer, associate vice president for facilities and capital management, who were present to address this item. Salisbury University requested approval for a real property exchange with Wicomico County.

The proposed exchange involves the University acquiring the property at 122 South Division Street, which includes a 55,045-square-foot library on 0.74 acres, from the County, while transferring University-owned property at 909 South Schumaker Drive, consisting of the former Ward Museum to the County. Each property will be exchanged for a nominal consideration of \$1.00. Once approved by the Board of Regents and the BPW, the library property will officially become State of Maryland property. To demolish the state-owned library, the University will need to complete the Clearinghouse review process and obtain separate BPW approval.

As part of the transition, the County Library will continue to occupy the library building until renovations on the former Ward Museum property are completed, which is anticipated by mid to late 2026. During this period, the University will lease the library back to the County. The lease agreement, currently being drafted with the Office of the Attorney General, will clarify operational and maintenance responsibilities, with the University aiming to limit its obligations during the lease-back period given the planned demolition.

SU was asked about the next steps in the process. Mr. Berkheimer explained that after Clearinghouse approval, SU will seek BPW approval. Looking ahead, the University intends to request capital funds to demolish the library and construct a performing arts center on the site.

Regent Sibel inquired about parking considerations. Mr. Modlin explained that the library currently uses an existing downtown Salisbury parking garage. There is also a parking garage deal in process with the City. The City Council has contracted a developer to build a new parking facility. Regent Mirani asked about the appraisal process for the property exchange. Mr. Berkheimer responded that SU follows a process using multiple appraisers in the Salisbury area, rotating among them for procurement compliance and diverse perspectives. He noted that SU evaluates appraisers based on their expertise and market knowledge and confirmed that two appraisals were obtained for each property, as required.

The Finance Committee recommended that the Board of Regents approve Salisbury University's request for a real property exchange, as described in the item, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.

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

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

8. Proposed Amendments to Exempt and Nonexempt Staff Policies on Annual Leave, Personal Leave, Holidays, and Sick and Safe Leave (action)

Regent Fish introduced the next agenda item, a proposed set of amendments to several human resources policies. In August, the USM Office of Human Resources completed a comprehensive review of current Board policies affecting exempt and nonexempt staff. This review included a comparison with the terms and conditions of employment outlined in labor relations memorandums of understanding across the System, aimed at identifying potential amendments from both an equity and administrative perspective.

As a result of this review, five key changes were recommended for amendment across four Board policies. The proposed changes include increasing the annual leave accrual rate for nonexempt staff from 11 days per year to 14 days, while exempt staff would continue to accrue 22 days from hire. Employees would also be allowed to carry over 60 days of annual leave each year, an increase from the current 50 days, though payout provisions would remain unchanged. An extra personal day would be added in leap years, and an additional holiday would be introduced beginning in 2026, with the specific date to be determined by each institution's president. Finally, the proposed amendments would permit institutions to create employee leave donation or leave bank programs. The changes are not expected to result in direct cost increases; however, some indirect productivity costs are anticipated due to increased leave usage.

Regent Pope inquired about the number of staff affected by the proposed changes. Ms. Roxas, senior director of labor relations, responded that there are approximately 18,000 regular exempt and nonexempt staff. She added that feedback from staff has been positive. It was also confirmed that there would be no direct costs associated with the changes, as the leave payout cap remains in place.

The Finance Committee recommended that the Board of Regents approve the proposed amendments to the policies.

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

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

9. Proposed Amendments to Policy VIII-2.01—Policy on Tuition (action)

Regent Fish introduced the next item, noting its significance as one of the Board's most impactful financial policies. The proposed amendments stem from a comprehensive review conducted over the past 18 months by a USM team led by Mr. Muntz, in partnership with Huron Consulting Group. This review assessed the current policy against national benchmarks, evaluated institutional tuition models, and explored how the policy could advance the Board's long-term strategic goals.

The team engaged in extensive outreach, holding over a dozen meetings and conducting surveys with institutional and shared governance leaders to identify opportunities for policy modifications that would provide flexibility for innovative, market-based tuition approaches. Drawing on best practices and stakeholder feedback, the team developed revisions aimed at enhancing flexibility, fostering innovation, and increasing transparency for both institutions and students.

Key elements of the policy that remain unchanged include the Board's authority to approve tuition rates, the expectation that institutions prioritize Maryland residents to ensure affordability and access, and accountability through periodic reports to the Board. A major update is the introduction of a new "Special Criteria for Differential Rates" section, which streamlines the process for institutions to request Board approval for tuition rates that differ from standard provisions, replacing the previous case-by-case exception process. Additionally, the policy's structure has been comprehensively revised to improve usability and clarity.

Regent Fish then invited Mr. Muntz to provide an overview of the proposed changes. He acknowledged his colleagues—Ms. Auburger, Dr. Foster, Ms. Hess, and Ms. McMann—and expressed gratitude to Huron Consulting Group and all members of the working group for their partnership and contributions. He described the team's efforts, which included prework with Huron to assess national systems and peer institutions, feedback from approximately a dozen systemwide groups, real-time meetings, and a survey. These engagements emphasized the importance of accountability, transparency, ease of use, and flexibility, all of which informed the revised policy.

During the discussion, Regent Wood asked whether the legislature was involved in the process. Senior Vice Chancellor Herbst clarified that the proposed amendments do not represent a tuition change, which is still subject to the Board's annual vote. She confirmed that the state relations team was engaged continuously throughout the process. She emphasized that the amendments were designed to create flexibility for institutions and to modernize the policy in support of the Board's values and principles as outlined in the strategic plan.

Regent Mirani inquired about the content of the policy. Mr. Muntz explained that the scope of the policy is purposely limited to tuition and does not, for example, extend to residency or funding decisions. Regent Hasan asked about the potential for a charge differential for students taking additional credit hours beyond a certain limit. Mr. Muntz responded that, for transparency purposes, if an institution were to implement such charges, they would need to be clearly stated and publicly posted.

Chancellor Perman emphasized that this policy reflects the deliberate thought and care devoted to decisions about tuition, underscoring the importance of the team's comprehensive approach. Following those remarks, Regent Fish thanked Mr. Muntz and the team for their deep understanding of campus dynamics and their dedicated work on the policy update.

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

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

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

10. Fall 2024 Enrollment Update and FY 2025 Estimated FTE Report (presentation and information)

Regent Fish introduced the annual Preliminary Enrollment and FTE Report, which provides the first official enrollment figures for the fall semester. She explained that the report offers an early view of enrollment following the registration period, capturing institutions' preliminary estimate numbers after the final add/drop deadline. While the enrollment figures will be finalized shortly, this preliminary report has historically aligned closely with the final numbers. Regent Fish noted that, for the second consecutive year, the report includes positive news and invited Mr. Muntz, associate vice chancellor for decision support and chief analytics officer, to present the update on enrollment trends.

Mr. Muntz began his presentation with an overview of the enrollment update. Fall 2024 USM enrollment stands at 171,396, a 2.8% increase over Fall 2023, exceeding projections. He highlighted a record-setting cohort of 15,478 first-time, full-time new freshmen. The credit-hour Full-Time Equivalent (FTE) estimate is 131,944, an increase of over 4,130 FTE compared to FY 2024, providing a key fiscal outlook for the financial management cycle.

He then reviewed subsequent slides, touching on the annual cycle of inputs into financial management, including the fall enrollment report and the spring projections. He detailed the USM's enrollment trajectory since 2011 and changes by institution since fall 2019, using graphical data. He also presented updated USM enrollment projections that incorporated actual fall figures compared to projections. Additional slides focused on first-time, full-time undergraduate enrollment by institution, comparing pre-pandemic (2019), pandemic (2020), and current figures. On a chart comparing national trends against a USM summary, Mr. Muntz noted that while first-time enrollment has declined by 5% nationally, USM has seen a 3% increase in first-time enrollment.

During the discussion, Mr. Muntz was asked how Towson's overall enrollment could be down when its first-time freshman enrollment was up. He explained that community college enrollment has declined significantly, leading to fewer transfer students—a traditional source of enrollment for institutions like Towson.

Regent Hasan referenced the earlier discussion on the tuition policy and raised concerns about the relationship between credit hours and timely graduation. He noted that with 12 credits set as the minimum, students may struggle to graduate on time. Senior Vice Chancellor Wrynn clarified that while 12 credits is the minimum required for full-time status, most students typically take 15 credit hours per semester. She added that at Coppin State University, students who complete 30 credits during the fall and spring semesters can apply to earn up to 6 additional credits over the summer without paying tuition.

Regent Gooden commended Mr. Muntz and his team for the accuracy of their enrollment projections, noting the importance of such precise forecasting to the System's planning efforts.

The Finance Committee received the item for information purposes.

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 Wood; approved)

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

Regent Fish thanked everyone for joining. The public meeting was adjourned at 12:16 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance



**UNIVERSITY SYSTEM
of MARYLAND**

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

October 30, 2024
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 12:18 p.m. via video conference.

Regents participating in the session included: Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Hasan, Mr. Mirani, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Mr. Raley, Dr. Masucci, Ms. Wilkerson, Assistant Attorney General Langrill, Assistant Attorney General Palkovitz, Assistant Attorney General Stover, Mr. Acton, Ms. Denson, Mr. Neitzey, Mr. Steen, Mr. Gilbert, Ms. Salsbury, and Ms. McMann.

1. 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 12:39 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance