



UNIVERSITY SYSTEM
of MARYLAND

Board of Regents
Committee on Finance

January 31, 2019
Towson University

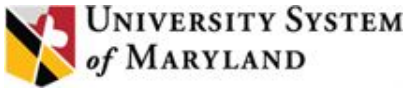
AGENDA FOR PUBLIC SESSION

Call to Order

Chairman Pevenstein

1. [Convening Closed Session \(action\)*](#)
2. [University System of Maryland: Summary of Intercollegiate Athletics Workgroup Review of Program Finances \(information\)](#)
3. [Discussion of FY 2018 USM Audited Financial Statements \(information\)](#)
4. [Review of USM Affiliated Entities: Affiliated Foundations, Business Entities, and High Impact Economic Development Activities \(information\)](#)
5. [Revisions to USM Real Property Policies and Procedures \(action\)](#)
6. [University System of Maryland: Report on FY 2018 Procurement Contracts \(information\)](#)

**Please note: the first item action occurs at 10:00 a.m., prior to the start of the closed session.*



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: The Open Meetings Act permits public bodies to close their meetings to the public in special circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Board of Regents Finance Committee will now vote to reconvene in closed session. As required by law, the vote on the closing of the session will be recorded. A written statement of the reason(s) for closing the meeting, including a citation of the authority under §3-305 and a listing of the topics to be discussed, is available for public review.

It is possible that an issue could arise during a closed session that the Committee determines should be discussed in open session or added to the closed session agenda for discussion. In that event, the Committee would reconvene in open session to discuss the open session topic or to vote to reconvene in closed session to discuss the additional closed session topic.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact.

CHANCELLOR’S RECOMMENDATION: The Chancellor recommends that the Board of Regents Committee on Finance vote to reconvene in closed session.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



UNIVERSITY SYSTEM
of MARYLAND

STATEMENT REGARDING CLOSING A MEETING
OF THE COMMITTEE ON FINANCE
OF THE USM BOARD OF REGENTS

Date: January 31, 2019
Time: 10:00 a.m.
Location: Towson University

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
 - (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - (ii) Any other personnel matter that affects one or more specific individuals.
- (2) To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) To consider the investment of public funds.
- (6) To consider the marketing of public securities.
- (7) To consult with counsel to obtain legal advice on a legal matter.
- (8) To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10) [] To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
- (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) [] To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) [] To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) [] To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) [] Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- (15) [] To discuss cybersecurity, if the public body determines that public discussion would constitute a risk to:
- (i) security assessments or deployments relating to information resources technology;
 - (ii) network security information, including information that is:
 1. related to passwords, personal identification numbers, access codes, encryption, or other components of the security system of a governmental entity;
 2. collected, assembled, or maintained by or for a governmental entity to prevent, detect, or investigate criminal activity; or
 3. related to an assessment, made by or for a governmental entity or maintained by a governmental entity, of the vulnerability of a network to criminal activity; or
 - (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- [] Administrative Matters

TOPICS TO BE DISCUSSED:

An acquisition of property in the City of Salisbury.

REASON FOR CLOSING:

To maintain confidentiality of discussions of a potential property acquisition prior to BOR approval (§3-305(b)(3)).



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University System of Maryland: Summary of Intercollegiate Athletics Workgroup Review of Program Finances

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: The Board of Regents Policy V-2.10 – Policy on Reports on Intercollegiate Athletics, establishes financial and academic achievement progress reporting requirements for USM institutions with intercollegiate athletics programs.

Since fiscal year 2013, a Board workgroup has reviewed the materials submitted under the policy to evaluate the adequacy of the Board policy, in addition to assessing compliance with Board of Regents fiscal, academic, and other considerations of importance.

On an annual basis, a report summarizing the academic progress and performance of student-athletes is presented to the Board of Regents Committee on Education Policy and Student Life.

The accompanying annual summary of financial results and ICA program fund balances includes information collected from the five Division I institutions (UMCP, TU, UMBC, CSU, and UMES) during the reporting cycle for fiscal year 2018, which consists largely of financial information for the period ended June 30, 2017.

Preliminary results for the year ended June 30, 2018 are also included and will be a part of the comprehensive review of the Board workgroup during fiscal year 2019.

ALTERNATIVE(S): This item is presented for information purposes.

FISCAL IMPACT: This item is presented for information purposes.

CHANCELLOR’S RECOMMENDATION: This item is presented for information purposes.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



**Board of Regents
Committee on Finance Report
January 31, 2019
BOR Workgroup on Intercollegiate Athletics Fiscal Summary**

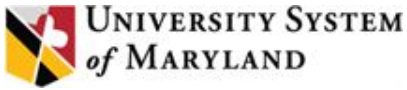
Financial expectations of ICA programs from Board of Regents Policy

- Intercollegiate athletics programs are to be managed on a self-supporting basis (*complete FY 2018 results and other fiscal information's considered at mid-year interviews conducted in December, and at the Board of Regents Workgroup on Intercollegiate Athletics meeting in March 2019*)
- Intercollegiate athletics programs that end a fiscal year with an operating deficit after taking into account approved use of other self-support activity revenues or resources, or have an accumulated deficit, are to record and reflect these amounts as liabilities back to the self-support activity that funded the deficit, and are to develop and adopt an operating plan to eliminate the accumulated deficit and return the program to a self-supporting operating basis. (*UMCP is working from a longer term plan shared with the workgroup and chancellor annually, to repay amounts borrowed and provide liquidity for the payback of BIG funds advanced*)

Key financial results and balances from materials submitted during the past year for fiscal year 2017 by USM Division I institutions (amounts in thousands):

Institution	Net income (loss) FY 17	Ending ICA Program Fund Balance 6/30/2017	*Total Debt and Amounts Due Institution 6/30/2017	Net income (loss) FY 18 (preliminary)
University of Maryland College Park	\$(230)	\$1,027	\$116,743	\$475
Towson University	17	530	-0-	177
University of Maryland Eastern Shore	(781)	(1,241)	-0-	342
Coppin State University	(1,025)	(10,849)	-0-	(732)
University of Maryland Baltimore County	150	(238)	6,294	150

**excludes fund deficit at June 30, 2017 – includes advance funding used currently for UMCP*



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Discussion of FY 2018 USM Audited Financial Statements

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: This item covers a brief review of the audited University System of Maryland basic financial statements for the year ended June 30, 2018, for which SB & Company—the USM’s independent accountants—provided an unqualified opinion.

A set of key points to be taken from the System’s financial statements appears on page one. The balance sheet, along with the statement of revenues, expenses, and changes in net position follows on pages two and three.

The fourth page titled “Financial Snapshot” summarizes the System’s key financial health ratio used by rating agencies, available resources to debt outstanding, using the figures reflected in the financial statements, to provide a comparison between June 30, 2017 and 2018. The bottom part of the Financial Snapshot displays adjustments to the publicly reported balances for Board-approved claims and authorizations not yet expended or reflected in the financial statements to arrive at a “true” financial health ratio for internal management and decision-making purposes.

NOTE: The comprehensive Financial Statements and Supplemental Schedules for FY 2018 can be viewed online at <http://www.usmd.edu/usm/adminfinance/finafair/fsssch.html>

ALTERNATIVE(S): This item is presented for information and discussion.

FISCAL IMPACT: This item is presented for information and discussion.

CHANCELLOR’S RECOMMENDATION: This item is presented for information and discussion.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



**Financial Statements
Years ended June 30, 2018 and 2017**

Key Points Associated with FY 2018 Financial Statements:

1. The Total net position (the technical term for fund balance) increase of \$338.4M (see **A**) is comprised of an increase of \$118.8M (see **B**) in unrestricted net position and \$228.0M (see **C**) increase in net invested in capital assets and a decrease in restricted net position of \$8.4M (see **D**)
2. The increase in unrestricted net position reflects an increase from operating activities of more than \$377M offset by cash-funded spending on capital projects of \$176.6M and allocated expense associated with the state's pension liability of \$81.8M.
3. The following institutions report the largest increases in unrestricted net position: UMB \$23M, UMCP \$23M, TU \$15M, BSU \$13M, and UMUC \$16M. All institutions, except UMES, have met the President's fund balance goal for fiscal year 2018.
4. In FY15, USM implemented GASB #68 "Accounting and Financial Reporting for Pensions." The net pension liability for FY18 and FY17 is \$1,130M and \$1,216M (see **E**), respectively. The overall decrease in the statewide pension liability is due to investment results for FY17. The allocation of the pension liability is based on USM's contribution to the pension plan in relation to total contributions made statewide. USM's share of the statewide pension liability of 5.54% is based on total contributions paid by USM relative to all state agencies.
5. As shown on the "**Financial Snapshot**," the financial statements report an improvement in the key Balance Sheet strength ratio used by the rating agencies. Balance Sheet strength, defined as the ratio of "available resources" (USM unrestricted net position + pension related amounts + USM accrued leave liability + affiliated foundation unrestricted net assets) to debt outstanding, increased from 168% at June 30, 2017 to 185% at June 30, 2018 (see **F**). Adjusting for Board-approved commitments and authorizations to spend not yet reflected in the financial statements, FY18 resulted in an overall increase in 'true' financial standing, with the ratio of available resources to debt outstanding on an adjusted basis improving to 126% from 119% in FY17 (see **G**).

UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEETS
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,333,139,133	\$ 2,173,087,940
Accounts receivable, net	292,311,191	275,273,036
Notes receivable, current portion, net	6,521,332	8,647,499
Inventories	9,216,939	10,659,675
Prepaid expenses and other	18,440,579	14,037,560
Total current assets	<u>2,659,629,174</u>	<u>2,481,705,710</u>
Noncurrent assets:		
Restricted cash and cash equivalents	95,885,066	100,060,603
Endowment investments	328,770,327	264,216,610
Other investments	16,813,151	11,087,345
Notes receivable, net	36,687,107	41,911,500
Capital assets, net	6,465,263,867	6,270,469,058
Total noncurrent assets	<u>6,943,419,518</u>	<u>6,687,745,116</u>
Total assets	9,603,048,692	9,169,450,826
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings of debt	16,987,930	19,798,069
Deferred changes in pension expense	469,773,028	583,358,819
Total assets and deferred outflows of resources	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 268,551,512	\$ 269,144,379
Accrued workers' compensation, current portion	4,405,800	4,440,600
Accrued vacation costs, current portion	105,995,954	104,818,549
Revenue bonds and notes payable, current portion	97,913,227	93,370,871
Obligations under capital lease agreements, current portion	1,548,767	1,450,296
Unearned revenues	278,896,782	239,825,944
Total current liabilities	<u>757,312,042</u>	<u>713,050,639</u>
Noncurrent liabilities:		
Accrued workers' compensation	24,966,200	25,163,400
Accrued vacation costs	109,544,405	108,424,668
Revenue bonds and notes payable	1,182,297,867	1,196,953,524
Obligations under capital lease agreements	4,497,360	6,046,126
Net pension liability	1,130,058,957	1,216,808,542 E
Total noncurrent liabilities	<u>2,451,364,789</u>	<u>2,553,396,260</u>
Total liabilities	<u>3,208,676,831</u>	<u>3,266,446,899</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred service concession arrangement receipts	288,931,472	307,287,513
Deferred financing inflow, pension liability	123,312,342	68,382,401
Total deferred inflows of resources	<u>412,243,814</u>	<u>375,669,914</u>
NET POSITION		
Unrestricted	1,238,497,382	1,119,703,242 B
Net investment in capital assets	4,998,212,194	4,770,197,890 C
Restricted:		
Nonexpendable:		
Scholarships and fellowships	16,541,068	16,488,037
Research	5,024,979	4,266,455
Other	16,872,175	16,870,629
Expendable:		
Scholarships and fellowships	36,949,109	35,299,757
Research	76,936,727	75,456,300
Loans	50,552,708	59,618,603
Capital projects	2,284,150	6,351,336
Other	27,018,513	26,238,652
Total net position	<u>6,468,889,005</u>	<u>6,130,490,901 A</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>

**UNIVERSITY OF SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017**

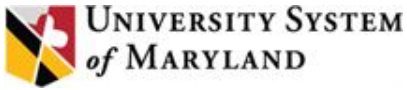
	<u>2018</u>		<u>2017</u>	
OPERATING REVENUES:				
Tuition and fees	\$ 1,710,962,609		\$ 1,628,712,485	
Less: scholarship allowances	<u>(322,828,367)</u>	\$ 1,388,134,242	<u>(295,368,216)</u>	\$ 1,333,344,269
Federal grants and contracts		717,304,312		677,154,092
State and local grants and contracts		210,117,713		205,676,639
Nongovernmental grants and contracts		229,646,315		233,649,313
Sales and services of educational departments		328,787,009		344,781,319
Auxiliary enterprises:				
Residential facilities	197,159,431		195,806,549	
Less: scholarship allowances	<u>(11,583,970)</u>	185,575,461	<u>(11,150,722)</u>	184,655,827
Dining facilities	131,941,768		130,336,470	
Less: scholarship allowances	<u>(5,830,948)</u>	126,110,820	<u>(6,381,458)</u>	123,955,012
Intercollegiate athletics	137,466,663		131,608,613	
Less: scholarship allowances	<u>(6,237,079)</u>	131,229,584	<u>(5,662,790)</u>	125,945,823
Bookstore	16,695,599		18,113,990	
Less: scholarship allowances	<u>(1,587,569)</u>	15,108,030	<u>(1,421,595)</u>	16,692,395
Parking facilities	43,666,133		44,068,363	
Less: scholarship allowances	<u>(139,226)</u>	43,526,907	<u>(207,745)</u>	43,860,618
Other auxiliary enterprises revenues	150,706,520		149,037,183	
Less: scholarship allowances	<u>(29,142)</u>	150,677,378	<u>(29,633)</u>	149,007,550
Other operating revenues		<u>75,666,057</u>		<u>76,997,357</u>
Total operating revenues		<u>3,601,883,828</u>		<u>3,515,720,214</u>
OPERATING EXPENSES:				
Instruction		1,341,989,472		1,304,339,999
Research		1,048,328,939		1,006,751,565
Public service		162,474,866		159,815,026
Academic support		467,594,558		451,797,952
Student services		268,680,489		242,660,746
Institutional support		531,306,794		507,673,901
Operation and maintenance of plant		373,714,746		353,917,522
Scholarships and fellowships		120,668,204		110,187,780
Auxiliary enterprises:				
Residential facilities		170,631,162		164,714,199
Dining facilities		119,195,039		116,287,542
Intercollegiate athletics		125,176,052		121,791,690
Bookstore		17,948,666		18,098,762
Parking facilities		32,884,807		31,198,308
Other auxiliary enterprises expenses		127,136,782		122,364,240
Hospital		<u>211,215,158</u>		<u>207,609,768</u>
Total operating expenses		<u>5,118,945,734</u>		<u>4,919,209,000</u>
Operating loss		<u>(1,517,061,906)</u>		<u>(1,403,488,786)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		1,328,645,088		1,295,338,118
Pell grants		162,894,822		147,457,189
Gifts		63,976,147		50,652,089
Investment Income	69,665,122		65,280,437	
Less: investment expense	<u>(1,054,520)</u>	68,610,602	<u>(714,292)</u>	64,566,145
Interest on indebtedness		(41,485,749)		(42,826,529)
Other revenues, (expenses), gains and (losses)		<u>8,157,291</u>		<u>13,326,667</u>
Total nonoperating revenues		<u>1,590,798,201</u>		<u>1,528,513,679</u>
Income before other revenues		<u>73,736,295</u>		<u>125,024,893</u>
OTHER REVENUES:				
Capital appropriations		228,607,790		208,834,385
Capital gifts and grants		35,240,920		21,435,670
Additions to permanent endowments		<u>813,099</u>		<u>297,575</u>
Total other revenues		<u>264,661,809</u>		<u>230,567,630</u>
Increase in net position		338,398,104		355,592,523
Net position - beginning of year		<u>6,130,490,901</u>		<u>5,774,898,378</u>
Net position - end of year		<u>\$ 6,468,889,005</u>		<u>\$ 6,130,490,901</u>



Financial Snapshot
As of June 30, 2018 Compared with 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
From the June 30, 2018 and 2017 audit financial statements		
USM Unrestricted Net Position	\$ 1,238,497,382	\$ 1,119,703,242
Unfunded pension amounts	783,598,271	701,832,124
USM Accrued Leave	215,540,359	213,243,217
Affiliated foundations unrestricted net assets	<u>145,876,086</u>	<u>143,632,009</u>
Available funds	<u><u>\$ 2,383,512,098</u></u>	<u><u>\$ 2,178,410,592</u></u>
Debt Outstanding	\$ 1,286,257,221	\$ 1,297,820,817
Ratio of Available Resources to Debt Outstanding Per Financial Statements	185%	168% F
Claims against the June 30 available resources not reflected in financial statements:		
Available funds per financial statements	\$ 2,383,512,098	\$ 2,178,410,592
Cash-funded capital projects not fully spent at June 30,	(258,622,512)	(249,419,018)
Future years cash-funded capital projects committed but not yet authorized	(197,250,000)	(191,475,000)
Noncapital cash-funded projects not yet authorized	<u>(89,321,699)</u>	<u></u>
Adjusted available funds	<u><u>\$ 1,838,317,887</u></u>	<u><u>\$ 1,737,516,574</u></u>
Debt outstanding per financial statements	\$ 1,286,257,221	\$ 1,297,820,817
Revenue bond-funded projects authorized but debt not yet issued	<u>168,041,595</u>	<u>168,376,186</u>
Adjusted total debt outstanding	<u><u>\$ 1,454,298,816</u></u>	<u><u>\$ 1,466,197,003</u></u>
Ratio of Available Resources to Debt Outstanding, Adjusted	126%	119% G

While rating agencies base their assessments based on financial statement balances, the System manages the ratio of available funds to debt outstanding to not fall below 1:1 ratio to ensure that financial health does not fall below medians for Aa1 rating category.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Review of USM Affiliated Entities: Affiliated Foundations, Business Entities, and High Impact Economic Development Activities

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: The University System of Maryland has relationships with several types of separate, distinctly governed organizations that satisfy specific needs not reasonably possible through the activities of the USM institutions.

There are Board of Regents policy requirements and authority associated with the various categories of affiliated entities. The financial strength, and any obligations, of affiliated foundations are considered by credit rating agencies in assessing the System’s bond rating.

The purpose of the presentation is to review the different categories of affiliated organizations, briefly review the financial status of each, and discuss the oversight issues and concerns that may arise with each category of affiliated organization.

ALTERNATIVE(S): This item is presented for information purposes.

FISCAL IMPACT: This item is presented for information purposes.

CHANCELLOR’S RECOMMENDATION: This item is presented for information purposes.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:


SUBMITTED BY: Ellen Herbst (301) 445-1923

**Overview of USM
Affiliated Entities
and Oversight
Controls**

Vice Chancellor for Administration and Finance
Ellen Herbst


Associate Vice Chancellor, Administration and
Finance
Robert Page

January 31, 2019



Types of Affiliated Entities

Affiliated Foundations (19)
Business Entities (4)
**High-Impact Economic Development Activity
Entities (4)**
Other (1)

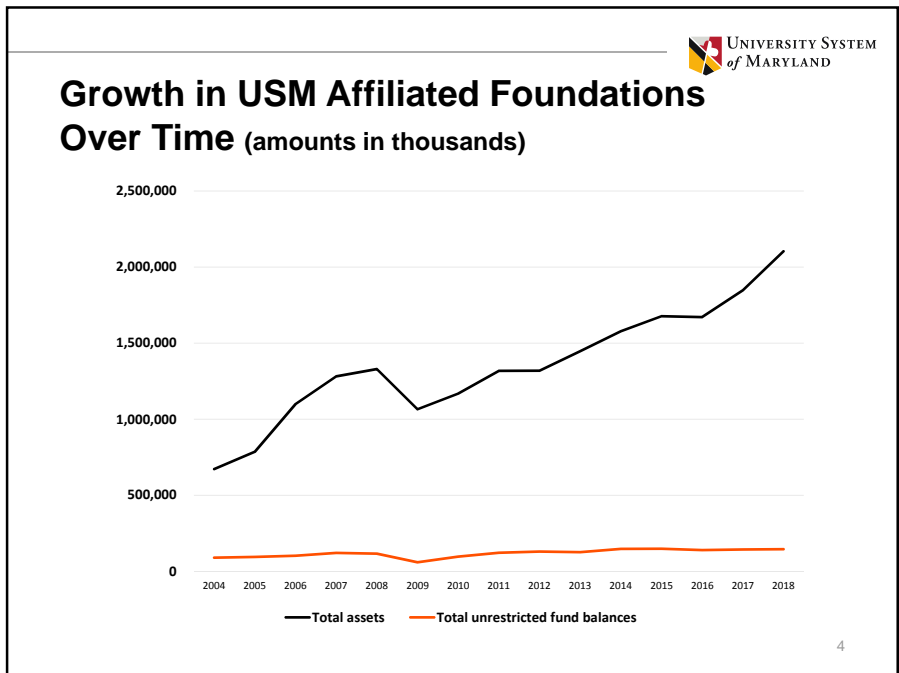




BOR-recognized Affiliated Foundations

1. University System of Maryland Foundation (investment management, fundraising)
2. University of Maryland College Park Foundation (fundraising, development)
3. University of Maryland Baltimore Foundation (fundraising)
4. Medical Alumni Association of the University of Maryland, Inc. (fundraising)
5. M Club Foundation, University of Maryland, Inc. (fundraising)
6. The Robert H. Smith School of Business Foundation, Inc. (fundraising)
7. Harry R. Hughes Center for Agro-Ecology, Inc. (agricultural research and advocacy)
8. Bowie State University Foundation, Inc. (fundraising)
9. Towson University Foundation, Inc. (fundraising)
10. Frostburg State University Foundation, Inc. (fundraising)
11. Coppin State University Development Foundation, Inc. (fundraising)
12. University of Baltimore Foundation, Inc. and University Properties, Inc. (fundraising)
13. Salisbury University Foundation, Inc. (fundraising)
14. The Ward Foundation, Inc. (duck decoy museum)
15. The Maryland 4-H Foundation, Inc. (agricultural education)
16. The Maryland Center @ Bowie State University, Inc. (economic development)
17. University of Maryland, Baltimore County Research Park Corporation, Inc. (research park)
18. Maryland Hawk Corporation (economic development)
19. Towson University Public Media, Inc. (radio station and fundraising)

3





Financial info for Affiliated Foundations – FY 2018

- ‘Major’ and ‘Non-major’ component units - USM recognized affiliated foundations
(amounts in thousands)

Entity	Assets	Endowments	Revenues
USMF*	\$451,301	\$285,509	\$52,277
UMCP Foundation	658,448	355,272	197,672
UMB Foundation	328,467	204,804	55,271
Non-majors	337,176	239,945	59,301
Totals	\$1,775,392	\$1,085,530	\$364,521

**Asset and endowment amounts exclude Common Trust Fund assets/endowments
Fiscal year 2018 info from USM audited financial statements*

5




‘Non-major’ Fundraising Affiliated Foundations – FY 2018

(amounts in thousands)

Entity	Assets	Endowments	Revenues
Medical Alumni Assoc. of UMB*	\$2,824	\$1	\$3,506
M Club Foundation	2,824	2,776	239
Robert H. Smith School Found.	8,749		3,051
Bowie State Univ. Foundation	9,329	8,329	2,010
Towson Univ. Foundation	80,654	74,964	12,186
Frostburg State Univ. Foundation	27,451	23,149	4,590
Coppin State Dev. Foundation	11,994	8,228	3,559
UB Foundation	70,911	49,001	7,561
Salisbury University Foundation	89,345	68,084	13,865
Totals	\$304,081	\$234,532	\$50,567

**endowments exclude \$80M of separately held and reported endowments*

6




‘Non-major’ Non-fundraising Affiliated Foundations – FY 2018

(amounts in thousands)

Entity	Instit.	Focus/Purpose	Assets	Revenues
Harry R. Hughes Agro-ecology	UMCP	Agric. Research	\$190	\$233
TU Public Media	TU	Radio station	682	2,824
Maryland Hawk Corporation*	UMES	Econ. Develop.	11,530	1,035
Ward Foundation	SU	Duck decoy mus.	829	1,583
Maryland 4-H	UMCP	Agric. advocacy	5,890	1,438
Maryland Center at BSU	BSU	Econ. Develop.	250	305
UMBC Research Park Corp.	UMBC	Res. Park mgmt.	13,723	2,613
Totals			\$33,094	\$10,031

**assets include \$12M of student housing project (and debt of close to same)*

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- ### Affiliated Foundations
- Points about oversight and expectations**
- BOR Policy IX-2.00 Policy on Affiliated Foundations
 - Separately incorporated 501 (c) 3 organizations established to encourage and accept private donations or to foster university-related research or commercialization activities
 - Fiduciary responsibility rests with each foundation’s board of directors and its priorities should be aligned with the university
 - 1999 legislation allows institution presidents to establish foundations, and simply notify BOR (e.g. M Square Foundation)
 - Must comply with Board of Regents policies, state and national regulations, and undergo audits
 - Cannot offer educational programs, or compete for contract and grant funding
 - Financial information included in USM audited financial statements, and considered in rating agency assessments
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Affiliated Foundations

Major reporting and compliance obligations under BOR policy

- Annual agreement between foundation and institution
- Audited financial statements
- Agreed-upon procedures reporting on use of funds by President
- Agreed-upon procedures reporting on transfers to institution
- Report on payments by foundation to USM employees
- List of officers and directors
- List of state and federal contracts and grants
- Requirement that employees performing foundation functions be foundation employees generally
- Requirement that if foundation uses state employees for back-office operations that foundation disbursements be processed through institution processes
- Non-compliance with BOR Policy can result in revocation of license to use university name in fund-raising

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Affiliated Foundations

Oversight Issues

- Ensuring governing boards assert responsibility and control balanced with need to protect USM financial strength
- Conflicts of interest from use of institutional employees to perform administrative functions
- Current policy consequences geared towards fund-raising entities rather than economic development or research
- Small size of some affiliated foundations limits ability to independently operate organization with its own resources
- History of highly public instances of negative scrutiny:
 1. Bowie State University Foundation
 2. Salisbury State University Foundation
 3. Frostburg State University Foundation
 4. Maryland Hawk Corporation

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Business Entities

Current roster

1. MGIC (UMB) – performs research in several African nations
2. UMB Research Park Corporation - research park development
3. UMBC Training Centers, LLC – computer training services
4. *Maryland Hawk Corporation (UMES) – economic development

**has status as both an affiliated foundation, and a business entity*

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Business Entities

Points about oversight and expectations

- BOR Policy VIII-13.00 – Policy on Business Entities
- Section 12-113 of the Education Article of Maryland
- legislation enacted in 1999 to facilitate UMUC University One initiative (now abandoned)
- intent of Section 12-113 is to insulate the State and the USM institution from liability and risks associated with business entities established under its provisions
- enables System institutions to establish separate, for-profit, business entities in order to accomplish objectives consistent with the institutional mission
- requires the System to submit an annual report to the state legislature that provides information on entities established under the provisions of the legislation
- BOR advance approval required for creation of new business entity

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Business Entities

Major reporting and compliance obligations under BOR policy

Within 120 days after fiscal year end:

- a) the business entities established by the institution in accordance with Section 12-113 and this policy;
- b) the funds invested in, or financing provided by the institutions or any affiliated foundation to business entities in accordance with Section 12-113 and this policy;
- c) ownership interests acquired by an institution in a business entity in accordance Section 12-113 and with this policy; and
- d) the current status of the business entities.

The President shall submit with the report an annual audited financial statement, if available, and an updated five-year plan for each business entity, including an evaluation of whether the entity met the performance indicators recommended to or adopted by the Board of Regents.

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High-impact Economic Development Activities

Current roster

1. Collaborative Solutions Maryland, Inc. (USM-wide) - provides leading edge and cost saving technologies to all educational and public service sectors within the state of Maryland
2. Maryland Development Center, LLC (UMCP / UMB) - commercialize university-owned intellectual property, creating startup companies based on the technologies
3. Helio-campus (UMUC) – provides data analytics services to UMUC and other higher education institutions nationally
4. UMUC Ventures (UMUC) – intended to hold and develop assets that will support UMUC and potentially other higher education institutions

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High-impact Economic Development Activities

Points about oversight and expectations

- **2012 legislation provides expanded opportunities for institutions to commercialize and develop intellectual property assets through conflict of interest management, and procurement flexibility in activities intended to produce new additional jobs, new USM revenues, or new additional economic benefit to the State.**
- BOR Policy VIII – 15.00 Policy on High-Impact Economic Development Activities
- Chancellor ‘certifies’ HIEDA activities and reports to BOR
- Annual reporting to assess progress towards producing jobs, more USM revenues, or economic benefit to State
- If entity does not attain projected level of new jobs, revenues, or economic benefit within 5 years, HIEDA status can be revoked

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Other – M Square

- M Square Research Park Foundation (UMCP) – manages development of research park through interests in joint ventures created to develop and manage individual buildings
- Treated as an aggregated investment on UMCP’s Balance Sheet representing the M Square ownership interest in the value of the joint ventures as reported annually
- This structure was developed to ensure that the USM did not have to record proportionate amounts of the underlying debt associated with the development activity – the accounting principle is laid out in Financial Interpretation FIN 46R – otherwise, one-half of project debt would have to be reported on UMCP/USM Balance Sheet.

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TOPIC: Revisions to USM Real Property Policies and Procedures

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: The Board of Regents has requested that USM staff periodically review all policies and procedures and make appropriate updates as necessary. The policies and procedures related to real property were last updated in 2001. USM staff formed a workgroup to review these policies and procedures with representation from the University of Maryland, College Park; University of Maryland, Baltimore; Towson University; University of Maryland, Baltimore County; and two representatives from the Office of Attorney General.

The majority of the proposed changes are stylistic in nature and reflect the goal of making the policies and procedures more understandable and easier to use and to improve efficiency. The proposed amendments are to the USM Policy on Acquisition, Disposition & Leasing of Real Property (VIII-4.00) and USM Procedures on Acquisition and Disposition of Real Property (VIII-4.01).

Attached to this document are both “clean” and red-lined versions of each policy, as well as a summary chart of the proposed changes.

The major substantive changes include:

- In the Definition section on page one, the word “license” was inserted to allow an institution the ability to grant a license such as space on a communications tower, an ATM in a university facility or other use of space.
- With regard to Board review, the threshold for when an institution is a tenant has been increased from \$500,000 to \$1 million in any year, inclusive of renewal options set forth in the original lease. Correspondingly, the ten-year aggregate amount increases from \$2 million to \$10 million. These amounts were recommended based on an adjustment for inflation.
- With regard to Board review, the threshold for when an institution is a landlord, the amount is deleted entirely and therefore any lease, regardless of dollar value, requires Board approval if the term, including any renewal options set forth in the original lease, exceeds ten years. The workgroup felt that with critical space needs on campuses of the USM that the Regents should have to approve any long-term lease regardless of the lease cost.
- Language was modified regarding approval of real property transactions to deem to delegate to the Chancellor to execute all documents. This is consistent with current practice.
- Language was modified to allow Presidents to sign documents related to easements, rights of way and rights for first refusal. The Chancellor would continue to sign these documents for USM owned properties. This will make the process more efficient.

- New language was added to authorize Presidents to sign utility connection easements related to larger construction/development projects that have already been approved by the Board of Regents. The Chancellor would continue to sign documents for USM owned properties.
- New language was added to authorize Presidents to sign temporary rights of entry without review and approval of the Board, the Chancellor or the Office of Attorney General provided that such rights of entry: a) have terms no longer than four years and 2) obligate the grantee to provide indemnification and insurance commensurate with the risk created by the entry. This change is to acknowledge and memorialize existing practice under which institutions may grant temporary construction, inspection, access or other limited real property use rights.
- New language was added to authorize Presidents to sign, as may be required under leases: a) Estoppel certificates and other similar certificates and b) Subordination, not-disturbance and attornment agreements that conform to a form approved by the Office of Attorney General.
- With regard to proceeds from the sale of real property, replaced the word “may” with “shall” to conform with statutory language in the State Education Article.

The USM Vice Presidents for Administration and Finance were briefed on the recommended changes at their November 13, 2018 meeting. The Council of University System Presidents reviewed the proposed changes at their January 7, 2019 meeting.

ALTERNATIVES: The USM Real Property Policies and Procedures could remain unchanged.

FISCAL IMPACT: Although there is no direct fiscal impact, it is believed that these revisions will (a) result in efficiencies in costs, productivity and business processes and (b) be consistent with current best methods and business practices.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the revised USM Real Property Policies and Procedures as presented.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

VIII-4.00 Policy on Acquisition, Disposition, & Leasing of Real Property Final Proposed Substantive Revisions - 2018

DEFINITIONS:

Stylistic= Changes made to clarify meaning, ensure coherence and flow, or refine the language.

Substantive= Changes made to reflect current practices.

Section	Page #	Recommendation	Rationale/Comment
II. Definitions	1	II. A. Deleted the names "CES & UMBI"	Stylistic
	1	II. A. Inserted the word "System"	Stylistic
	1	II. B. Replaced the phrase "Paragraph 4" with "Section II.D."	Stylistic
	1	II. B. Replaced the phrase "Paragraph 5" with "Section II.E."	Stylistic
	1	II. B. Replaced the phrase "Paragraph 5" with "Section II.E."	Stylistic
	1	II. C. Inserted the word "license"	Substantive: Added the ability to grant a license (e.x.: cell phone tower, ATM, or other use of space within an institutional facility).
	1	II. C. Replaced the phrase "paragraph 4" with "Section II.D"	Stylistic
	1	II. C. Replaced the phrase "Paragraph 5" with "Section II.E."	Stylistic
	2	II. D. Inserted the phrase "...transaction that creates System or State debt. Examples of such transactions include..."	Stylistic
	2	II. D. Inserted the letter "s" after the following words: lease- lease back," sale-lease back," and "ground lease"	Stylistic
	2	II. D. 3. Replaced the word "lessee" with "tenant"	Stylistic
	2	II. D. 4. Replaced the word "lessee" with "tenant"	Stylistic
	2	II. D. 4. Inserted the word "and"	Stylistic

VIII-4.00 Policy on Acquisition, Disposition, & Leasing of Real Property Final Proposed Substantive Revisions - 2018

Section	Page #	Recommendation	Rationale/Comment
II. Definitions, cont'd.	2	II. E. Inserted the word "licenses"	Substantive: Added the ability to grant a license
III. Policy	2	III. A. Replaced the word "lessee" with "tenant"	Stylistic
	3	III. C. 1. Replaced the word "lessee" with "tenant"	Stylistic
		III. C. 1. Replaced the number "\$500,000" with "\$1,000,000"	Substantive: Adjusted amount for inflation
	3	III. C. 1. Deleted the word "initial" and added the phrase "(including renewal options set forth in the original lease)"	Substantive: Clarifies that the renewal options have to be part of the original lease.
	3	III. C. 1. Replaced \$2 million with \$10 million	Substantive: The \$10 million amount is consistent with new \$1 million annual threshold. The \$10 million threshold also limits our exposure from a financial planning perspective.
	3	III. C. 1. Inserted the word "or"	Stylistic
	3	III. C. 2. Replaced the word "lessor" with "landlord"	Stylistic
	3	III. C. 2. Deleted the phrase "(i) the consideration is expected to exceed \$500,000 in any year, or (ii)"	Substantive: Deleting reference to a dollar threshold when an Institution is a landlord allows for any lease, regardless of dollar value, to require Board approval if the term, including any renewal options set forth in the original lease, exceeds ten years.
	3	III. C. 2. Inserted the word "tenant"	Substantive: In these cases, adding the term "tenant" clarifies that only renewal options effective through the tenant's sole exercise of a right to renew or extend are counted for purposes of calculating term length. Options requiring mutual tenant and landlord consent are not.
	3	III. C. 2. Inserted the phrase "(set forth in the original lease)"	Substantive: Clarifies that the renewal options have to be part of the original lease.

VIII-4.00 Policy on Acquisition, Disposition, & Leasing of Real Property Final Proposed Substantive Revisions - 2018

Section	Page #	Recommendation	Rationale/Comment
III. Policy, cont'd.	3	III. D. 1. Deleted the phrase "or the"	Stylistic
	3	III. E. Changed "Upon approval of an Acquisition, Disposition, or Lease by the Board, it may delegate to the Chancellor" to "Approval of an Acquisition, Disposition, or Lease by the Board shall be deemed to delegate to the Chancellor"	Substantive: Reflects current practice.
	3	III. F. Changed "The Board delegates to the Chancellor the authority to..." to "The Board delegates to the Chancellor (for System-owned properties) and the Presidents of the Institutions (for their respective properties) the authority to..."	Substantive: Made the process more efficient by authorizing Presidents to sign these documents as opposed to only the Chancellor.
	3	III. F. 1. Changed "Grant or accept easements, rights-of-way, and rights of entry without review and approval by the Board, if in the Chancellor's judgment, the proposed agreement is not of such significance as to warrant Board review..." to "Grant or accept easements and rights-of-way without review and approval by the Board, if in the Chancellor's or President's judgment, with the advice of the Office of the Attorney General, the proposed grand and related agreement is not of such significance as to warrant Board review..."	Substantive: Authorized the either Chancellor for USM properties or the Presidents for Institution properties to enter into these agreements.
	3	III. F. 2 Inserted the phrase "to the extent provided for in Section II.E. of BOR VIII-4.01 'Procedures for the Acquisition and Disposition of Real Property.'"	Stylistic
	3	III. G. 1. Added this section: "Grant and sign utility easements that are ancillary to or connected with development projects previously approved by the Board, with the Office of Attorney General approving the form and legal sufficiency of such easement documents;"	Substantive: To expedite the execution of mandatory and customary utility connection easements related to larger construction/development projects already approved by the Board, with such utility easements subject to Office of Attorney General approval.
	4	III. G. 2. Added this section: "Grant and sign temporary rights of entry without review and approval by the Board,	Substantive: To acknowledge, and memorialize, existing practice under which Institutions may grant temporary

VIII-4.00 Policy on Acquisition, Disposition, & Leasing of Real Property Final Proposed Substantive Revisions - 2018

Section	Page #	Recommendation	Rationale/Comment
III. Policy, cont'd		<p>the Chancellor or the Office of Attorney General, provided that such rights of entry:</p> <p>a) Have terms no longer than four (4) years; and</p> <p>b) Obligate the grantee to provide, for the benefit of the Institution, the System and the State, indemnification (except for public entities that may not lawfully indemnify) and insurance in amounts commensurate with the risk created by the entry;"</p>	<p>construction, inspection, access or other limited real property use rights on a more streamlined basis.</p>
	4	<p>III. G. 3. Added this section:</p> <p>"Sign, as may be required under leases:</p> <p>a) Estoppel certificates and other similar ancillary certificates; and</p> <p>b) Subordination, non-disturbance and attornment agreements that conform to a form approved by the Office of Attorney General; and"</p>	<p>Substantive: To confirm that these documents—secondary to already-approved transactions, and confirmatory in nature—may be signed by the Institutions, subject to appropriate approval by the Office of Attorney General.</p>
	4	<p>III. G. 4. Added this section: "4. Enter into license agreements that are not subject to Board review and approval under Sections III.C. above."</p>	<p>Substantive: To confirm that license agreements, just like leases, may be executed by the Institution, so long as the terms do not require Board approval on account of length of term or monetary thresholds.</p>
	4	<p>III. I. Replaced the word "may" with "shall"</p>	<p>Substantive: To conform with statutory language.</p>
IV. Implementation	4	<p>IV. A. Added the formal BOR policy titles with numbers</p>	<p>Stylistic</p>

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-4.00 – POLICY ON ACQUISITION, DISPOSITION, AND LEASING OF REAL PROPERTY

(Approved by the Board of Regents on February 1, 1989; Amended on March 1, 1989; Amended on February 9, 2001; Amended on _____, 2019).

I. GENERAL

Pursuant to Sections 12-104(b)(6), 12-104(g)(1), and 12-104(h) of the Education Article, the Board of Regents ("Board") may acquire, hold, lease, use, encumber, purchase, sell, transfer, exchange, or otherwise dispose of real property on behalf of the University System of Maryland ("System") and any of its Institutions.

II. DEFINITIONS

- A. As used in this Policy, "Institution" means a constituent institution, ~~CES, UMBI~~, or the University System of Maryland Office ("System Office").
- B. For purposes of this Policy, an "Acquisition" is a conveyance of real property or an interest therein to the State of Maryland for the use of the System or an Institution. Acquisition of real property may occur by gift, purchase, exchange, or other grant or transfer. Acquisition may be accomplished by deed, easement, Capital Lease, (as defined in ~~Paragraph 4~~Section II.D.), right-of-way, right-of-entry, contract (other than a Lease as defined in ~~Paragraph 5~~Section II.E.) giving the System a right of first refusal or option to purchase, or the exercise of any such right or option. If a transaction conveys to the System or an Institution an interest in real property, the transaction is an Acquisition regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Acquisition" does not include entering into a Lease as defined in ~~Paragraph 5~~Section II.E. of this policy.
- C. For purposes of this Policy, a "Disposition" is a conveyance of real property or an interest therein from the State of Maryland for the use of the System or an Institution. Disposition of real property may occur by gift, sale, exchange, or other grant or transfer. Disposition may be accomplished by deed, Capital Lease (as defined in ~~Section II.D. paragraph 4~~), easement, right-of-way, right-of-entry, restrictive covenant, license, or contract giving another party a right of first refusal or an option to purchase. If a transaction conveys from the System or an Institution an interest in real property, the transaction is a Disposition subject to this Policy regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Disposition" does not include entering into a Lease as defined in ~~Paragraph 5~~Section II.E. of this policy.

USM Bylaws, Policies and Procedures of the Board of Regents

D. For purposes of this Policy, a "Capital Lease" is a transaction that creates System or State debt. Examples of such transactions include lease- lease backs, sale-lease backs, ground leases, or any other method of acquiring, disposing of, and/or financing real property (including improvements) ~~that creates System or State debt~~. Any Lease that must be approved by the Board shall be reviewed by the Vice Chancellor for Administration and Finance ("VCAF") to determine whether or not it is a Capital Lease. Capital Leases shall include:

1. A lease pursuant to which the present value of all of the rent payments thereunder is equal to or greater than 90% of the fair market value of the leased property (at the inception of the lease);
2. A lease in which the term of the tenancy equals or exceeds 75% of the estimated economic life of the leased property;
3. A lease in which a bargain purchase option is given to the tenant/lessee;
4. A lease that provides for title to the property to pass to the lessee-tenant without further payment at the end of the lease term; and
- ~~4.~~5. Any other transaction with a structure consistent with the definition of Capital Lease in this Policy.

The VCAF shall determine what transactions are Capital Leases. System financing policies shall apply to the financing of Capital Leases.

E. For purposes of this Policy, a "Lease" is an agreement in which the System or an Institution either grants or receives the exclusive right to use, occupy, or possess real property for a certain, limited period of time in exchange for the payment of money or other consideration provided in such agreement. Capital Leases are not Leases under this Policy. Subleases, licenses, and Lease assignments to and Lease assumptions by the System or an Institution are Leases covered by this Policy. A Lease that includes a provision giving the System or an Institution an option to purchase or right of first refusal to purchase is nevertheless a Lease under this Policy. Any transaction in which the System or an Institution gives an option to purchase or right of first refusal to another party is a Disposition under this policy.

III. POLICY

A. When the System or an Institution is the lessee-tenant of real property, the System or Institution involved shall ascertain, by application of appropriate due diligence, that

USM Bylaws, Policies and Procedures of the Board of Regents

the cost is reasonable and consistent with market values of any comparable leased properties that may be available. Competitive proposals shall be sought if practicable.

B. All Acquisitions and Dispositions shall be reviewed and approved by the Board unless specifically exempted or delegated in this Policy or Board-approved Procedures for the Acquisition and Disposition of Real Property.

A.C. Board review and approval shall be required for the following Leases:

1. Leases in which the System or an Institution is ~~lessee-tenant~~ and the consideration is expected to exceed \$~~500,000~~1,000,000 in any year or the ~~initial~~-term (including renewal options set forth in the original lease) exceeds ten years; and the aggregate rent exceeds \$~~102~~ million;

2. Leases in which the System or an Institution is ~~landlord lessor~~ and ~~(i) the consideration is expected to exceed \$500,000 in any year, or (ii) the term (including tenant renewal options set forth in the original lease) exceeds ten years.~~

D. Leases not requiring Board approval shall be approved and signed:

1. ~~By~~ the Chancellor, if for the System ~~or the~~ Office; or

~~2.~~By the President of the Institution involved.

E. ~~Upon~~ approval of an Acquisition, Disposition, or Lease by the Board, ~~it may shall be deemed to~~ delegate to the Chancellor the authority to negotiate such terms and conditions as are necessary and appropriate to implement such approval consistent with the action of the Board, and sign all documents required following review and approval for form and legal sufficiency by the Office of the Attorney General.

F. The Board delegates to the Chancellor (for System-owned properties) and to the Presidents of the Institutions (for their respective properties) the authority to:

1. Grant or accept easements and rights-of-way, ~~and rights of entry~~ without review and approval by the Board, if in the Chancellor's ~~or President's~~ judgment, with the advice of the Office of the Attorney General, the proposed grant and related agreement is not of such significance as to warrant Board review; and

2. Enter into agreements giving the System or an Institution options and rights of first refusal to acquire real property to the extent provided for in Section II.E. of BOR VIII-4.01 "Procedures for the Acquisition and Disposition of Real Property."

G. In addition, the Board delegates to the Presidents of Institutions the authority to:

USM Bylaws, Policies and Procedures of the Board of Regents

1. Grant and sign utility easements that are ancillary to or connected with development projects previously approved by the Board, with the Office of Attorney General approving the form and legal sufficiency of such easement documents;
 2. Grant and sign temporary rights of entry without review and approval by the Board, the Chancellor, or the Office of Attorney General, provided that such rights of entry:
 - a) Have terms no longer than four (4) years; and
 - b) Obligate the grantee to provide, for the benefit of the Institution, the System, and the State, indemnification (except for public entities that may not lawfully indemnify) and insurance in amounts commensurate with the risk created by the entry;
 3. Sign, as may be required under leases:
 - a) Estoppel certificates and other similar ancillary certificates; and
 - b) Subordination, non-disturbance, and attornment agreements that conform to a form approved by the Office of Attorney General; and
 4. Enter into license agreements that are not subject to Board review and approval under Section III.C. above.
- ~~1. enter into agreements giving their respective Institutions options or rights of first refusal to the extent provided for in Section B.5 of the Procedures for the Acquisition and Disposition of Real Property.~~
- ~~B.~~
- ~~H. 12.~~ The Chancellor may, except as otherwise provided by the Board, delegate to other System or Institution officials any duty or responsibility of the Chancellor under this Policy.
- I. Pursuant to Section 12-104(g)(2) of the Education Article, the System ~~may~~shall use the proceeds from the sale of its real property only to purchase or improve real property and facilities.

USM Bylaws, Policies and Procedures of the Board of Regents

J. This Policy does not apply to naming rights or similar sponsorship agreements, signage agreements, student housing agreements, revocable or temporary licenses, or inter-Institution agreements.

I.IV. IMPLEMENTATION

A. Implementation of this Policy shall be consistent with ~~Board-approved~~BOR Policy VIII-4.01 "Procedures for the Acquisition and Disposition of Real Property," and BOR Policy VIII-4.02 "Procedures for Leasing of Real Property."

B. The Chancellor or the Board may require System institutions to provide reports on Acquisitions, Dispositions, and/or Leases at times and in formats determined by the Chancellor or the Board.

C. The Chancellor shall establish due diligence practices appropriate to the execution of this policy.

A.D. This Policy shall be effective upon its approval by the Board and replaces any preceding policy under this Board policy number.

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-4.00 – POLICY ON ACQUISITION, DISPOSITION, AND LEASING OF REAL PROPERTY

(Approved by the Board of Regents on February 1, 1989; Amended on March 1, 1989; Amended on February 9, 2001; Amended on _____, 2019).

I. GENERAL

Pursuant to Sections 12-104(b)(6), 12-104(g)(1), and 12-104(h) of the Education Article, the Board of Regents ("Board") may acquire, hold, lease, use, encumber, purchase, sell, transfer, exchange, or otherwise dispose of real property on behalf of the University System of Maryland ("System") and any of its Institutions.

II. DEFINITIONS

- A. As used in this Policy, "Institution" means a constituent institution or the University System of Maryland Office ("System Office").
- B. For purposes of this Policy, an "Acquisition" is a conveyance of real property or an interest therein to the State of Maryland for the use of the System or an Institution. Acquisition of real property may occur by gift, purchase, exchange, or other grant or transfer. Acquisition may be accomplished by deed, easement, Capital Lease, (as defined in Section II.D.), right-of-way, right-of-entry, contract (other than a Lease as defined in Section II.E.) giving the System a right of first refusal or option to purchase, or the exercise of any such right or option. If a transaction conveys to the System or an Institution an interest in real property, the transaction is an Acquisition regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Acquisition" does not include entering into a Lease as defined in Section II.E. of this policy.
- C. For purposes of this Policy, a "Disposition" is a conveyance of real property or an interest therein from the State of Maryland for the use of the System or an Institution. Disposition of real property may occur by gift, sale, exchange, or other grant or transfer. Disposition may be accomplished by deed, Capital Lease (as defined in Section II.D.), easement, right-of-way, right-of-entry, restrictive covenant, license, or contract giving another party a right of first refusal or an option to purchase. If a transaction conveys from the System or an Institution an interest in real property, the transaction is a Disposition subject to this Policy regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Disposition" does not include entering into a Lease as defined in Section II.E. of this policy.

USM Bylaws, Policies and Procedures of the Board of Regents

- D. For purposes of this Policy, a "Capital Lease" is a transaction that creates System or State debt. Examples of such transactions include lease- lease backs, sale-lease backs, ground leases, or any other method of acquiring, disposing of, and/or financing real property (including improvements). Any Lease that must be approved by the Board shall be reviewed by the Vice Chancellor for Administration and Finance ("VCAF") to determine whether or not it is a Capital Lease. Capital Leases shall include:
1. A lease pursuant to which the present value of all of the rent payments thereunder is equal to or greater than 90% of the fair market value of the leased property (at the inception of the lease);
 2. A lease in which the term of the tenancy equals or exceeds 75% of the estimated economic life of the leased property;
 3. A lease in which a bargain purchase option is given to the tenant;
 4. A lease that provides for title to the property to pass to the tenant without further payment at the end of the lease term; and
 5. Any other transaction with a structure consistent with the definition of Capital Lease in this Policy.

The VCAF shall determine what transactions are Capital Leases. System financing policies shall apply to the financing of Capital Leases.

- E. For purposes of this Policy, a "Lease" is an agreement in which the System or an Institution either grants or receives the exclusive right to use, occupy, or possess real property for a certain, limited period of time in exchange for the payment of money or other consideration provided in such agreement. Capital Leases are not Leases under this Policy. Subleases, licenses, and Lease assignments to and Lease assumptions by the System or an Institution are Leases covered by this Policy. A Lease that includes a provision giving the System or an Institution an option to purchase or right of first refusal to purchase is nevertheless a Lease under this Policy. Any transaction in which the System or an Institution gives an option to purchase or right of first refusal to another party is a Disposition under this policy.

III. POLICY

- A. When the System or an Institution is the tenant of real property, the System or Institution involved shall ascertain, by application of appropriate due diligence, that the cost is reasonable and consistent with market values of any comparable leased properties that may be available. Competitive proposals shall be sought if practicable.

USM Bylaws, Policies and Procedures of the Board of Regents

- B. All Acquisitions and Dispositions shall be reviewed and approved by the Board unless specifically exempted or delegated in this Policy or Board-approved Procedures for the Acquisition and Disposition of Real Property.
- C. Board review and approval shall be required for the following Leases:
 - 1. Leases in which the System or an Institution is tenant and the consideration is expected to exceed \$1,000,000 in any year or the term (including renewal options set forth in the original lease) exceeds ten years; and the aggregate rent exceeds \$10 million;
 - 2. Leases in which the System or an Institution is landlord and the term (including tenant renewal options set forth in the original lease) exceeds ten years.
- D. Leases not requiring Board approval shall be approved and signed:
 - 1. By the Chancellor, if for the System Office; or
 - 2. By the President of the Institution involved.
- E. Approval of an Acquisition, Disposition, or Lease by the Board shall be deemed to delegate to the Chancellor the authority to negotiate such terms and conditions as are necessary and appropriate to implement such approval consistent with the action of the Board, and sign all documents required following review and approval for form and legal sufficiency by the Office of the Attorney General.
- F. The Board delegates to the Chancellor (for System-owned properties) and to the Presidents of the Institutions (for their respective properties) the authority to:
 - 1. Grant or accept easements and rights-of-way without review and approval by the Board, if in the Chancellor's or President's judgment, with the advice of the Office of the Attorney General, the proposed grant and related agreement is not of such significance as to warrant Board review; and
 - 2. Enter into agreements giving the System or an Institution options and rights of first refusal to acquire real property to the extent provided for in Section II.E. of BOR VIII-4.01 "Procedures for the Acquisition and Disposition of Real Property."
- G. In addition, the Board delegates to the Presidents of Institutions the authority to:
 - 1. Grant and sign utility easements that are ancillary to or connected with development projects previously approved by the Board, with the Office of

USM Bylaws, Policies and Procedures of the Board of Regents

Attorney General approving the form and legal sufficiency of such easement documents;

2. Grant and sign temporary rights of entry without review and approval by the Board, the Chancellor, or the Office of Attorney General, provided that such rights of entry:
 - a) Have terms no longer than four (4) years; and
 - b) Obligate the grantee to provide, for the benefit of the Institution, the System, and the State, indemnification (except for public entities that may not lawfully indemnify) and insurance in amounts commensurate with the risk created by the entry;
 3. Sign, as may be required under leases:
 - a) Estoppel certificates and other similar ancillary certificates; and
 - b) Subordination, non-disturbance, and attornment agreements that conform to a form approved by the Office of Attorney General; and
 4. Enter into license agreements that are not subject to Board review and approval under Section III.C. above.
- H. The Chancellor may, except as otherwise provided by the Board, delegate to other System or Institution officials any duty or responsibility of the Chancellor under this Policy.
- I. Pursuant to Section 12-104(g)(2) of the Education Article, the System shall use the proceeds from the sale of its real property only to purchase or improve real property and facilities.
- J. This Policy does not apply to naming rights or similar sponsorship agreements, signage agreements, student housing agreements, revocable or temporary licenses, or inter-Institution agreements.

IV. IMPLEMENTATION

- A. Implementation of this Policy shall be consistent with BOR Policy VIII-4.01 "Procedures for the Acquisition and Disposition of Real Property," and BOR Policy VIII-4.02 "Procedures for Leasing of Real Property."

USM Bylaws, Policies and Procedures of the Board of Regents

- B. The Chancellor or the Board may require System institutions to provide reports on Acquisitions, Dispositions, and/or Leases at times and in formats determined by the Chancellor or the Board.
- C. The Chancellor shall establish due diligence practices appropriate to the execution of this policy.
- D. This Policy shall be effective upon its approval by the Board and replaces any preceding policy under this Board policy number.

VIII-4.01 Procedures for the Acquisition and Disposition of Real Property Final Proposed Substantive Revisions - 2018

DEFINITIONS:

Stylistic= Changes made to clarify meaning, ensure coherence and flow, or refine the language.

Substantive= Changes made to reflect current practices.

Section	Page #	Recommendation	Rationale/Comment
I. General	1	I. A. Changed policy title from "University System of Maryland..." to "BOR..."	Stylistic
II. Acquisitions	1	II. A. Changed "Paragraph B.5" to "Section II.E. of these procedures"	Substantive: Corrected citation.
	1	II. A. 8. Added the word "and"	Stylistic
	2	II. B. Deleted the phrase "...pursuant to Section 17 of the University System of Maryland 'VIII-4.00 Policy on Acquisition, Disposition and Leasing of Real Property."	Stylistic
	2	II. B. & C. Swapped "Due Diligence" and "Approvals-USM" sections.	Stylistic
	2	II. C. Added the word "USM"	Substantive: Clarification
	2	II. D. Added the word "Approvals"	Substantive: Clarification
	3	II. E. Replaced "that is included in its Board-approved acquisition plan or facilities master plan," with "if it is determined that the option or right of first refusal is in the Institution's best interest,"	Substantive: Allows institutions increased flexibility
III. Dispositions	4	III. A. 6. Added the word "and"	Stylistic
	4	III. B. Deleted the phrase "...pursuant to Section 17 of the University System of Maryland 'VIII-4.00 Policy on Acquisition, Disposition and Leasing of Real Property."	Stylistic
	4	III. B. & C. Swapped "Due Diligence" and "Approvals"	Stylistic

**VIII-4.01 Procedures for the Acquisition and Disposition of Real Property
Final Proposed Substantive Revisions - 2018**

III. Dispositions, cont'd.		sections.	
	4	III. D. Inserted the phrase "Prior to seeking Board of Public Works Approval, ..."	Substantive: Clarification

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-4.01 – PROCEDURES FOR THE ACQUISITION AND DISPOSITION OF REAL PROPERTY

(Approved by the Board of Regents on February 9, 2001; Amended on _____, 2019).

I. GENERAL

These procedures are intended to implement portions of ~~University System of Maryland~~ BOR Policy VIII-4.00 “Policy on Acquisition, Disposition, and Leasing of Real Property” (“the Policy”) and shall be interpreted consistent with the provisions of that Policy, including the definitions therein. In case of any inconsistency, the Policy shall govern.

II. ACQUISITIONS

A. Proposal

Subject to ~~Paragraph B.5~~ Section II.E. of these procedures, whenever an Institution or the Office seeks to acquire real property, its president or VCAF shall submit to the Chancellor for review a proposal that includes the following:

1. Description (including improvements) and location of the property;
2. Location map;
3. Anticipated cost based upon most recent appraisals, assessments, and other available information;
4. Source of funds and/or other consideration to be used for the acquisition;
5. If external financing or other form of borrowing is to be used, the expected terms and the source for paying the debt service;
6. If a contract containing an option to purchase or right of first refusal is involved, the terms of the option or right of first refusal;
7. Amount, source, and nature of consideration for Capital Leases;
8. The purpose of the Acquisition; and

USM Bylaws, Policies and Procedures of the Board of Regents

~~4.9.~~ Confirmation that the property is included in the institution's Board-approved acquisition plan or facilities master plan, or an explanation of why it is not.

Review shall include as appropriate the VCAF, the Office of the Attorney General (OAG), and officials of the Institution that submitted the proposal.

B. Due Diligence

~~Appropriate due diligence shall be undertaken with respect to any Acquisition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing Institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Acquisition. The due diligence practices to be applied shall be consistent with those established by the Chancellor. pursuant to paragraph 17 of the Policy on Acquisition, Disposition and Leasing of Real Property.~~

A.C. Approvals- USM

If the Chancellor approves the proposal and Board approval is required, it shall be submitted to the Finance Committee of the Board ("Committee") for its consideration. If the Committee's action is favorable, it shall recommend approval by the Board. Acquisitions shall be considered by the Committee and the Board in executive session, unless otherwise decided by the Board. If the Board approves the Acquisition, it may delegate to the Chancellor authority to negotiate and execute all required documents. However, if during the negotiations the terms of the Acquisition change materially to the detriment of the System or the Institution from those approved by the Board, the Chancellor shall return the matter to the Committee and the Board for further consideration. The OAG shall review and approve all documents for form and legal sufficiency prior to their execution.

~~B.A.—Approvals- Due Diligence~~

~~C.A.—~~

~~D.A.—Appropriate due diligence shall be undertaken with respect to any Acquisition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing Institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Acquisition. The due diligence practices to be applied shall be consistent with those~~

USM Bylaws, Policies and Procedures of the Board of Regents

~~established by the Chancellor pursuant to paragraph 17 of the Policy on Acquisition, Disposition and Leasing of Real Property.~~

E.D. Board of Public Works

All Acquisitions must be approved by the Board of Public Works ("BPW") except:

1. Agreements granting the System or an Institution an option or right of first refusal;
2. Acquisitions by gift; and
3. Easements, rights- of-way, and rights of entry, unless the VCAF, in collaboration both with the Institution receiving such easement, right-of-way, or right of entry and the OAG, determine that special circumstances dictate that the BPW approval should be sought.

BPW agenda items are prepared and submitted to BPW by VCAF staff.

F.E. Option/Right of First Refusal Contracts

An Institution president or the VCAF may, without other approval, enter into a contract giving the Institution an option to purchase or a right of first refusal to acquire real property, ~~if it is determined that the option or right of first refusal is in the Institution's best interest, that is included in its Board approved acquisition plan or facilities master plan,~~ provided that the cost of such option or right of first refusal does not exceed the lesser of:

1. 10% of the most current appraised value (or the current assessed value if more recent appraisals are unavailable) of the property; or
2. \$100,000.

All such contracts shall be reviewed and approved for form and legal sufficiency by the OAG. No option or right of first refusal shall be exercised without prior approval of the Board and BPW in accordance with these Procedures.

H.III. DISPOSITIONS

A. Proposal

USM Bylaws, Policies and Procedures of the Board of Regents

When an Institution or the Office seeks to dispose of real property, its president or the VCAF shall submit to the Chancellor for review a proposal that includes the following:

1. Description (including improvements) and location of the property;
2. Location map;
3. Value of the property based on most recent appraisals, assessments, and available information;
4. Consideration (cash, in-kind, other) to be received;
5. If a contract containing an option to purchase or right of first refusal has been received with respect to the property, the terms of the proposed option or right of first refusal;
6. Purpose of the Disposition; and
7. Confirmation that the Disposition is consistent with the institution's Board-approved facilities master plan, and explanation of any departure from that plan.

Review shall include as appropriate VCAF, OAG, and officials of the institution that submitted the proposals.

B. Due Diligence

Appropriate due diligence shall be undertaken with respect to any Disposition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Disposition. The due diligence practices to be applied shall be consistent with those established by the Chancellor. ~~pursuant to paragraph 17 of the Policy on Acquisition, Disposition and Leasing of Real Property.~~

B.C. Approvals

If the Chancellor approves the proposal and Board approval is required, it shall be submitted to the Committee for its consideration. If the Committee's action is

USM Bylaws, Policies and Procedures of the Board of Regents

favorable, it shall recommend approval by the Board. Dispositions shall be considered by the Committee and the Board in executive session unless otherwise decided by the Board. If the Board approves the Disposition, it may delegate to the Chancellor authority to negotiate and execute all required documents. However, if during the negotiations, the terms of the Disposition change materially to the detriment of the System or institution from those approved by the Board, the Chancellor shall return the matter to the Committee and the Board for further consideration. The OAG shall review and approve all documents for form and legal sufficiency prior to their execution.

C.A. Due Diligence

D.A.

~~E.A. Appropriate due diligence shall be undertaken with respect to any Disposition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Disposition. The due diligence practices to be applied shall be consistent with those established by the Chancellor pursuant to paragraph 17 of the Policy on Acquisition, Disposition and Leasing of Real Property.~~

F.D. State Clearinghouse

~~Prior to seeking Board of Public Works approval, T~~the VCAF shall notify the State Clearinghouse of the State Department of Planning of proposed Dispositions in accordance with applicable law.

G.E. Board of Public Works

All Dispositions must be approved by the BPW₂ except easements, rights-of-way, and rights of entry. The VCAF₂ after consultation both with the Institution granting such easement, right-of-way₂ or right of entry₂ and the OAG, may determine that special circumstances dictate that BPW approval should be sought. BPW agenda items are prepared and submitted to BPW by VCAF staff.

IV. IMPLEMENTATION

These Procedures are effective upon their approval by the Board and replace any preceding policy under this Board policy number.

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-4.01 – PROCEDURES FOR THE ACQUISITION AND DISPOSITION OF REAL PROPERTY

(Approved by the Board of Regents on February 9, 2001; Amended on _____, 2019).

I. GENERAL

These procedures are intended to implement portions of BOR Policy VIII-4.00 “Policy on Acquisition, Disposition, and Leasing of Real Property” (“the Policy”) and shall be interpreted consistent with the provisions of that Policy, including the definitions therein. In case of any inconsistency, the Policy shall govern.

II. ACQUISITIONS

A. Proposal

Subject to Section II.E. of these procedures, whenever an Institution or the Office seeks to acquire real property, its president or VCAF shall submit to the Chancellor for review a proposal that includes the following:

1. Description (including improvements) and location of the property;
2. Location map;
3. Anticipated cost based upon most recent appraisals, assessments, and other available information;
4. Source of funds and/or other consideration to be used for the acquisition;
5. If external financing or other form of borrowing is to be used, the expected terms and the source for paying the debt service;
6. If a contract containing an option to purchase or right of first refusal is involved, the terms of the option or right of first refusal;
7. Amount, source, and nature of consideration for Capital Leases;
8. The purpose of the Acquisition; and

USM Bylaws, Policies and Procedures of the Board of Regents

9. Confirmation that the property is included in the institution's Board-approved acquisition plan or facilities master plan, or an explanation of why it is not.

Review shall include as appropriate the VCAF, the Office of the Attorney General (OAG), and officials of the Institution that submitted the proposal.

B. Due Diligence

Appropriate due diligence shall be undertaken with respect to any Acquisition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing Institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Acquisition. The due diligence practices to be applied shall be consistent with those established by the Chancellor.

C. Approvals- USM

If the Chancellor approves the proposal and Board approval is required, it shall be submitted to the Finance Committee of the Board ("Committee") for its consideration. If the Committee's action is favorable, it shall recommend approval by the Board. Acquisitions shall be considered by the Committee and the Board in executive session, unless otherwise decided by the Board. If the Board approves the Acquisition, it may delegate to the Chancellor authority to negotiate and execute all required documents. However, if during the negotiations the terms of the Acquisition change materially to the detriment of the System or the Institution from those approved by the Board, the Chancellor shall return the matter to the Committee and the Board for further consideration. The OAG shall review and approve all documents for form and legal sufficiency prior to their execution.

D. Approvals- Board of Public Works

All Acquisitions must be approved by the Board of Public Works ("BPW") except:

1. Agreements granting the System or an Institution an option or right of first refusal;
2. Acquisitions by gift; and

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3. Easements, rights- of-way, and rights of entry, unless the VCAF, in collaboration both with the Institution receiving such easement, right-of-way, or right of entry and the OAG, determine that special circumstances dictate that the BPW approval should be sought.

BPW agenda items are prepared and submitted to BPW by VCAF staff.

E. Option/Right of First Refusal Contracts

An Institution president or the VCAF may, without other approval, enter into a contract giving the Institution an option to purchase or a right of first refusal to acquire real property, if it is determined that the option or right of first refusal is in the Institution's best interest, provided that the cost of such option or right of first refusal does not exceed the lesser of:

1. 10% of the most current appraised value (or the current assessed value if more recent appraisals are unavailable) of the property; or
2. \$100,000.

All such contracts shall be reviewed and approved for form and legal sufficiency by the OAG. No option or right of first refusal shall be exercised without prior approval of the Board and BPW in accordance with these Procedures.

III. DISPOSITIONS

A. Proposal

When an Institution or the Office seeks to dispose of real property, its president or the VCAF shall submit to the Chancellor for review a proposal that includes the following:

1. Description (including improvements) and location of the property;
2. Location map;
3. Value of the property based on most recent appraisals, assessments, and available information;
4. Consideration (cash, in-kind, other) to be received;

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5. If a contract containing an option to purchase or right of first refusal has been received with respect to the property, the terms of the proposed option or right of first refusal;
6. Purpose of the Disposition; and
7. Confirmation that the Disposition is consistent with the institution's Board-approved facilities master plan, and explanation of any departure from that plan.

Review shall include as appropriate VCAF, OAG, and officials of the institution that submitted the proposals.

B. Due Diligence

Appropriate due diligence shall be undertaken with respect to any Disposition and shall be conducted collaboratively by staff of the System, the OAG, and the proposing institution. All elements of due diligence need not be completed before submission of a proposal to the Chancellor, the Committee, or the Board. At the discretion of the VCAF, and with the agreement of the Board, the completion of due diligence may follow Board approval, but shall occur before closing of the Disposition. The due diligence practices to be applied shall be consistent with those established by the Chancellor.

C. Approvals

If the Chancellor approves the proposal and Board approval is required, it shall be submitted to the Committee for its consideration. If the Committee's action is favorable, it shall recommend approval by the Board. Dispositions shall be considered by the Committee and the Board in executive session unless otherwise decided by the Board. If the Board approves the Disposition, it may delegate to the Chancellor authority to negotiate and execute all required documents. However, if during the negotiations, the terms of the Disposition change materially to the detriment of the System or institution from those approved by the Board, the Chancellor shall return the matter to the Committee and the Board for further consideration. The OAG shall review and approve all documents for form and legal sufficiency prior to their execution.

D. State Clearinghouse

USM Bylaws, Policies and Procedures of the Board of Regents

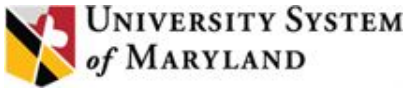
Prior to seeking Board of Public Works approval, the VCAF shall notify the State Clearinghouse of the State Department of Planning of proposed Dispositions in accordance with applicable law.

E. Board of Public Works

All Dispositions must be approved by the BPW except easements, rights-of-way, and rights of entry. The VCAF, after consultation both with the Institution granting such easement, right-of-way, or right of entry, and the OAG, may determine that special circumstances dictate that BPW approval should be sought. BPW agenda items are prepared and submitted to BPW by VCAF staff.

IV. IMPLEMENTATION

These Procedures are effective upon their approval by the Board and replace any preceding policy under this Board policy number.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University System of Maryland: Report on FY 2018 Procurement Contracts

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 31, 2019

SUMMARY: The USM Policy on Approval of Procurement Contracts requires that contracts of \$1 million to \$5 million, and emergency and expedited procurement contracts of \$5 million or more, shall be reported to the Committee on Finance.

Attached is the report of the procurement contracts awarded during Fiscal Year 2018 (July 1, 2017 - June 30, 2018). As provided in the policy, the report does not include construction contracts for capital projects approved by the Board of Regents, sponsored research/education contracts and grants, and contracts pertaining to interests in real property.

Fifty contracts have been awarded that meet the reporting requirements totaling \$113 million. There were not any emergency or expedited procurement contracts of \$5 million or more during the reporting period. Of the total dollars awarded, 32% of the contracts were awarded to Maryland firms. The MBE participation on these contract awards was 12%.

ALTERNATIVES: This is an information item.

FISCAL IMPACT: This is an information item.

CHANCELLOR’S RECOMMENDATION: This is an information item.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

BOR Finance Committee - Public Session

USM Procurements Between \$1 million and \$5 million
For Fiscal Year 2018

<u>Inst.</u>	<u>Description of Procurement</u>	<u>Category</u>	<u>Method</u>	<u>Award</u>	<u>Amount</u>	<u>Fund Source</u>	<u>In- State</u>	<u>% MBE</u>
BSU	Exterior Signage and Wayfinding Program	Construction	Competitive Sealed Proposal	Color-Ad, Inc.	\$1,386,636	Current Unrestricted	No	30%
CSU	Housekeeping Services	Maintenance	Competitive Sealed Proposals	WFF Facilities Services	\$1,703,577	Current Unrestricted	No	20%
TU	Field Hockey Turf Replacement	Maintenance	Cooperative Contract	FieldTurf USA, Inc.	\$2,654,651	Plant Funds	No	10%
TU	Glen Towers Elevator Renovations	Maintenance	Competitive Bid	Action Elevator Company	\$2,103,000	Plant Funds	Yes	10%
TU	Smartnet Renewal	IT Services	Cooperative Contract	DISYS Solutions, Inc.	\$1,307,908	Current Unrestricted	No	0%
TU	Towson Center Air Handling Unit Replacement	Maintenance	Competitive Bid-SBR	Jeffery Brown Contracting LLC	\$1,125,105	Plant Funds	Yes	30%
UMB	Journal Subscriptions	Commodity	Renewal Option	EBSCO Information Services	\$2,025,000	Current Unrestricted	No	0%
UMB	Parking Management Services	Services	Renewal Option	Penn Parking	\$4,020,969	Campus Parking	Yes	100%
UMB	Office Supply Contract	Commodity	Renewal Option	AJ Stationers	\$2,500,000	Various	Yes	30%
				Rudolph's Office Supply			Yes	100%
UMB	Transmission Electron Microscope and accessories	Commodity	Sole Source	FEI Company	\$3,067,932	Various	No	0%
UMB	Orbitrap Fusion Lumos, TSQ-Altis	Commodity	Sole Source	Thermo Electron North America LLC	\$2,495,544	Ins. Claim Clearing Acct	No	0%
UMB	High Field MR Scanner with Accessories	Commodity	Sole Source	Bruker BioSpin Corporation	\$3,257,350	HSFIII SOM Matching Fund	No	0%
UMB	Biograph mMR System, 3 Tesla MRI	Commodity	Sole Source	Siemens Medical Solutions USA, Inc.	\$4,339,455	MCCBL 2016	No	0%
UMB	Replace HS/HSL Cooling Tower	Maintenance	Cooperative Contract	Boland Trane Services, Inc.	\$1,178,146	HS/HSL Cooling tower	Yes	55%
UMB	Automatic Temperature Control/Bldg. Automation	Maintenance	Renewal Option	Siemens Industry LLC	\$1,111,309	Current Unrestricted	Yes	0%
UMBC	Landscape and ground maintenance -renewal	Maintenance	Competitive Sealed Proposal	Lorenz	\$1,006,344	Current Unrestricted	Yes	0%
UMBC	Automatic temperature control	Maintenance	UMB Contract	Siemens	\$1,311,877	Current Unrestricted	Yes	0%
UMBC	Motor coach bus purchase	Commodity	Competitive Sealed Bid	ABC Bus Inc.	\$1,635,000	Current Unrestricted	No	0%
UMBC	IT software license - renewal	IT Services	USM Contract	Oracle America Inc.	\$2,257,438	Current Unrestricted	No	0%
UMBC	Natural gas and electricity	Utility	Sole Source	Baltimore Gas & Electric	\$2,800,000	Current Unrestricted	Yes	0%
UMBC	Journal subscriptions for the library	Commodity	Exempt	EBSCO Information Services	\$3,240,642	Current Unrestricted	No	0%
UMBC	Janitorial services - renewal	Maintenance	Competitive Sealed Proposal	ABM Janitorial Services	\$4,084,513	Current Unrestricted	No	25%
UMCP	Student Health Insurance Premium	Services	Exempt	First Risk Advisors	\$4,985,102	Institutional Funds	No	0%
UMCP	AE Services School of Public Policy	Architectural	Competitive Sealed Proposal	Leo A Daly Company	\$3,807,793	MD Consolidated Capital Bond Loan	No	25%
UMCP	Palo Alto Enterprise Support Agreement, 3 year	Information Technology Software/Hardware	Cooperative Purchase	Daly Computers Inc.	\$3,684,289	Institutional Funds	No	0%
UMCP	3 years of Cisco SmartNET service for all USM campuses	Information Technology Software/Hardware	Cooperative Purchase	DISYS Solutions	\$3,518,251	State Unrestricted	No	0%
UMCP	Maryland Energy Center Agreement	Building Maintenance	Cooperative Purchase	Constellation New Energy	\$3,200,000	Plant Funds - Capital	No	15%
UMCP	FSU- Educ. & Health Sciences Center	Architectural	A/E Act	Ayers Saint Gross Inc.	\$2,997,829	Plant Funds - Non Capital	Yes	25%
UMCP	Mechanical & plumbing Wing III at the Animal Sciences building	Maintenance	Competitive Sealed Proposal	Maryland Mechanical Inc.	\$2,750,000	Plant Funds - Non Capital	Yes	0%
UMCP	Traffic Data for Pennsylvania	Services	Competitive Sealed Proposal	INRIX Incorporated	\$2,705,025	Pennsylvania DOT	No	0%
UMCP	Brendan Iribe Center Capital Equipment	Supplies and Equipment	Preference Purchase (SUI,BISM, etc.)	Maryland Correctional	\$2,485,527	Plant Funds - Capital	Yes	0%
UMCP	Renovations at the Engineering lab Building 089	Construction Related	Competitive Sealed Proposal	Oakmont Contracting LLC	\$1,898,970	Plant Funds - Capital	No	32%
UMCP	HW, SW, maintenance services, and professional install services	IT Services	Purchase Off of State Contract	Sirius Computer Solutions Inc.	\$1,879,376	Institutional Funds	No	0%
UMCP	Vendor Managed Inventory (VMI) contract for housekeeping supplies	Services	Competitive Sealed Proposal	Daycon Products Co.	\$1,700,000	Institutional Funds	No	0%

BOR Finance Committee - Public Session

USM Procurements Between \$1 million and \$5 million
For Fiscal Year 2018

<u>Inst.</u>	<u>Description of Procurement</u>	<u>Category</u>	<u>Method</u>	<u>Award</u>	<u>Amount</u>	<u>Fund Source</u>	<u>In- State</u>	<u>% MBE</u>
UMCP	Design-Build services for the Tenant Fit-Out of the Diamondback Garage	Construction	Competitive Sealed Proposal	Coakley Williams Construction	\$1,653,000	Institutional Funds	Yes	25%
UMCP	Purchase of Panorama multiple collector mass spectrometer	Supplies and Equipment	Sole Source	CAMECA Instruments Inc.	\$1,500,000	NSF and Inst. Funds	No	0%
UMCP	Parking Garage Repairs	Maintenance	Competitive Sealed Proposal	KGS, Inc.	\$1,487,256	Plant Funds - Capital	No	20%
UMCP	Hardware, support, installation for Isilon Refresh Project	IT Services	Cooperative Purchase	Cambridge Computer	\$1,432,452	Institutional Funds	No	0%
UMCP	Charter flights-Athletics	Services	Exempt	Private Jet Services Group Inc.	\$1,260,828	Institutional Funds	No	0%
UMCP	Splunk enterprise term license 2018/2019 conference registrations	IT Services	Purchase Off of State Contract	Blackwood Associates Inc.	\$1,257,904	Institutional Funds	Yes	0%
UMCP	AJC- CARF- Lab Products- Animal Cages	Supplies and Equipment	Sole Source	Hydropac/Lab Products Inc.	\$1,230,955	MCCBL	No	0%
UMCP	Frat 2 Maintenance Project	Maintenance	Cooperative Purchase	Hitt Contracting Inc.	\$1,174,065	Institutional Funds	No	15%
UMCP	Fiber pair from Baltimore to Salisbury via Delaware, Option 3	Maintenance	Competitive Sealed Proposal	Lighttower Fiber Networks, LLC	\$1,140,000	MDREN	No	0%
UMCP	Upgrade McKeldin Library Lighting System	Maintenance	Cooperative Purchase	The Efficiency Network, Inc.	\$1,117,369	Plant Funds - Non Capital	No	30%
UMCP	Replace the Windows at Kirwan Hall	Maintenance	Competitive Sealed Proposal	Kalmia Construction Co. Inc.	\$1,080,005	Plant Funds - Capital	Yes	10%
UMCP	Equipment to replace Wireless Access Points on the campus	IT Services	Cooperative Purchase	DISYS Solutions	\$1,051,917	Institutional Funds	No	0%
UMES	Management of Food Dining Services	Service	Competitive/Contract Renewal	Thompson Hospitality	\$5,000,000	Auxiliary Unrestricted	No	4%
UMES	Utilities/Electrical Energy	Utility	Co-op Purchase/Contract Renewal/State Contract	Washington Gas Energy Services	\$3,400,000	State Unrestricted	No	0%
UMUC	Application Management Support Services	IT Services	USM Contract	Sierra-Cedar, Inc.	\$1,400,504	Current Unrestricted	No	0%
UMUC	Document Management System	IT Services	USM Contract	Sierra-Cedar, Inc.	\$1,545,000	Current Unrestricted	No	0%