



UNIVERSITY SYSTEM
of MARYLAND

Board of Regents
Committee on Finance
June 7, 2023

Zoom Details to be Provided to Committee
Public Listen-Only Access: 301-715-8592; Conference ID: 999 3384 1383; Passcode: 895555

AGENDA FOR PUBLIC SESSION

Call to Order

Chairman Attman

1. University System of Maryland: FY 2024 Operating Budget (action)
2. FY 2024 System Funded Construction Program Request (action)
3. University System of Maryland: Forty-Fifth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds (action)
4. University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects (action)
5. Frostburg State University: Facilities Master Plan 5-year Update (action)
6. Bowie State University: Public-Private Partnership Student Housing (action)
7. University of Maryland, College Park: Public-Private Partnership for Graduate Student Housing (action)
8. UMCP University of Maryland, College Park: Project Authorization for the Basketball Performance Center (action)
9. University of Maryland College Park on behalf of the University System of Maryland and Maryland Education Enterprise Consortium (MEEC): Contract Extension for Microsoft Software Reseller (action)
10. Proposed Amendment to USM Policy X-1.0 —USM Institutional Information Technology Policies, including Functional Compatibility with the State Information Technology Plan (action)
11. Proposed Amendment to USM Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes (action)
12. Adjustment to the Biennial Nonexempt Salary Structures for Fiscal Years 2024 and 2025 (action)
13. Establishment of an up to \$150M Quasi-endowment Fund to Provide Need-Based Student Financial Aid (action)
14. University of Maryland, College Park: Ratification of technical date modifications to the Voluntary Separation Program for Tenured Faculty in Select Academic Areas (action)
15. Proposed FY 2024 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation (action)
16. Convening Closed Session (action)



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University System of Maryland: FY 2024 Operating Budget

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: As required by USM Policy VIII-9.00 – Policy on the Operating Budget, the FY 2024 USM Operating Budget is submitted for consideration and action.

The total budget includes revenue from state appropriations, tuition and fees, auxiliary services, federal grants and contracts, and other revenues for a total budget of approximately \$7.1 billion. The FY 2024 Operating Budget provides new state funding as follows:

- Cost of Living Adjustment (2.0%) – (\$51.5M)
- Merit Increment (2.5%) – (\$62.8M)
- FY 2023 November 2022 4.5% COLA Annualization (\$113.2M)
 - Governor’s Allowance Adjustment (\$102.9M)
 - Supplemental #1 FY 2023 4.5% COLA Annualization Deficiency (\$10.3M)
- Fringe Benefit Increases (\$65.2M)
- HBCU Lawsuit Settlement (\$36.2M)
- PAYGO Funding (\$17.6M)
- Total Proposed Funding for Legislative Mandates (\$8.5M)

The state-supported portion of the budget totals approximately \$4.2 billion. Included in this figure are state appropriations, Higher Education Investment Funds (HEIF) and HBCU settlement funds of approximately \$2.3 billion (an increase of approximately \$372.4 million or 19.8% over the FY 2023 budget base state funds), and tuition and fees of approximately \$1.7 billion.

The non-state-supported portion of the budget totals approximately \$2.9 billion comprised mainly of Auxiliary Revenues of approximately \$746.8 million. Approximately \$1.6 billion of restricted funding is mainly comprised of federal grants contracts (\$890.8 million) and other sources (\$237.9 million).

ALTERNATIVE(S): The budget request could be adjusted to increase/decrease expenditures or to move expenditures from one area to another. However, a balanced budget is required, and revenue must be adjusted to match any change in overall expenditures.

FISCAL IMPACT: The USM budget totals \$7.1 billion.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the FY 2024 operating budget as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be in consultation with and reported back to the Board.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

University System of Maryland
FY 2024 Operating Budget

Table 1

State	Current Unrestricted Funds				Total	Total	Total	Full Time	Full Time Equivalent
	<u>Appropriations</u>	<u>Tuition & Fees</u>	<u>Auxiliary</u>	<u>Other</u>					
UMB	367,788,642	180,333,928	29,578,887	308,486,324	886,187,781	\$696,620,197	1,582,807,978	5,475.34	6,872
UMCP	838,726,850	694,446,980	346,085,750	238,473,365	2,117,732,945	524,436,365	2,642,169,310	9,818.60	34,000
BSU	85,670,480	50,138,193	26,173,269	985,979	162,967,921	30,709,513	193,677,434	664.00	5,041
TU	205,107,319	201,403,316	149,470,232	8,441,080	564,421,947	64,000,000	628,421,947	2,548.00	15,607
UMES	75,209,774	22,770,515	18,682,005	1,267,274	117,929,568	22,895,230	140,824,798	835.87	2,209
FSU	60,696,146	35,763,465	22,174,152	964,375	119,598,138	17,796,400	137,394,538	688.00	3,262
CSU	70,544,723	12,712,085	11,778,466	(290,115)	94,745,159	18,000,000	112,745,159	462.00	1,713
UBalt	62,399,749	51,184,491	5,559,266	3,901,109	123,044,615	26,756,268	149,800,883	623.00	2,420
SU	92,435,558	70,033,383	53,247,739	112,775	215,829,455	14,875,000	230,704,455	1,102.00	6,206
UMGC	66,849,026	363,794,286	1,000	17,404,856	448,049,168	56,917,378	504,966,546	1,012.71	35,818
UMBC	211,007,560	167,018,108	83,299,406	40,303,990	501,629,064	109,089,733	610,718,797	2,224.01	11,388
UMCES	28,447,729	-	-	7,479,198	35,926,927	18,230,003	54,156,930	276.86	0
USMO	26,457,071	-	-	8,749,227	35,206,298	19,562,000	54,768,298	109.00	0
USG	33,962,557	1,640,703	791,500	100,000	36,494,760	1,850,000	38,344,760	88.00	0
Total	2,225,303,184	\$1,851,239,453	\$746,841,672	\$636,379,437	\$5,459,763,746	\$1,621,738,087	\$7,081,501,833	25,927.39	124,536

Table 2

University System of Maryland
FY 2024 State Supported Budget

<u>Institution:</u>	FY 2023 Budget Base State Funds	*FY 2024 Request State Funds	Appropriation Increases			Total Estimated FY24 State Funds
			**EFI & Legislative Mandates	HBCU Lawsuit Increases	Salary & Fringe Increases	
UMB	\$316,825,752	\$315,325,752	\$1,361,750		\$50,596,381	\$367,283,883
UMCP	\$718,895,457	\$727,045,457	(1,182,095)		122,984,404	848,847,766
BSU	\$59,861,210	\$58,361,210	730,507	18,193,432	8,295,774	85,580,923
TU	\$174,042,649	\$174,685,372	885,007		29,206,816	204,777,195
UMES	\$55,804,455	\$55,804,455	2,948,493	9,000,000	7,326,352	75,079,300
FSU	\$53,401,608	\$53,401,608	-		7,190,334	60,591,942
CSU	\$55,616,734	\$55,616,734	-	9,000,000	5,837,316	70,454,050
UBalt	\$52,795,889	\$52,795,889	1,620,894		7,905,066	62,321,849
SU	\$75,631,798	\$79,631,798	(27,500)		12,698,980	92,303,278
UMGC	\$55,545,052	\$55,545,052	974,924		10,217,732	66,737,708
UMBC	\$185,814,992	\$186,214,992	(215,106)		24,724,692	210,724,578
UMCES	\$25,696,521	\$26,005,268	-		2,421,366	28,426,634
USMO	\$24,291,265	\$24,331,265	-		2,102,112	26,433,377
PAYGO		\$0	17,562,000		-	17,562,000
USG	\$24,503,052	\$29,503,052	3,262,847		1,186,124	33,952,023
USM total	\$1,878,726,434	\$1,894,267,904	\$27,921,721	\$36,193,432	\$292,693,449	\$2,251,076,506

For FY2024 there is a GF/HEIF swap of \$10.6M

*Does not include HBCU settlement funding

**EFI is Enrollment Funding Initiative reallocated to USG

Table 3a

SUMMARY OF EXPENDITURES									
UNIVERSITY SYSTEM OF MARYLAND									
	FY 2022 Actual		FY 2023 Appropriation		FY 2024 Allowance		FY 2024 Change		
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	%
Expenditures									
Salaries & Wages	25,435.62	3,669,212,956	25,927.39	4,108,390,923	25,927.39	4,360,736,399	0.00	252,345,476	6.1%
Technical and Special Fees		138,234,720		140,748,615		138,573,834		-2,174,781	-1.5%
Non-Salary Operations & Maintenance		2,437,724,453		2,604,435,326		2,311,737,917		-292,697,409	-11.2%
Facilities Renewal		235,803,390		254,431,727		270,453,683		16,021,956	6.3%
Subtotal Operating Expenses		2,673,527,843		2,858,867,053		2,582,191,600		-276,675,453	-9.7%
Total Expenditures	25,435.62	6,480,975,519	25,927.39	7,108,006,591	25,927.39	7,081,501,833	0.00	-26,504,758	-0.4%
Revenue									
Current Unrestricted Revenue:									
Tuition and Fees		1,774,937,074		1,805,746,594		1,851,239,453		45,492,859	2.5%
State General Funds		1,435,212,133		1,825,297,826		2,069,548,687		244,250,861	13.4%
Higher Education Investment Fund		139,672,260		116,663,755		119,561,065		2,897,310	2.5%
HBCU Settlement General Funds		0		6,342,209		36,193,432		29,851,223	470.7%
HBCU Settlement Special Funds		0		16,000,000		0		-16,000,000	-100.0%
Maryland Energy Innovation		1,500,000		2,100,000		2,100,000		0	0.0%
Federal Grants and Contracts		186,031,149		178,688,639		179,030,604		341,965	0.2%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		26,291,432		2,100,000		0		-2,100,000	-100.0%
Private Gifts, Grants and Contracts		64,637,244		65,052,697		64,944,697		-108,000	-0.2%
State and Local Grants and Contracts		25,962,699		25,665,029		25,550,029		-115,000	-0.4%
Sales and Services of Educational Activities		244,114,012		259,321,169		274,429,901		15,108,732	5.8%
Sales and Services of Auxiliary Enterprises		639,117,972		726,198,211		746,841,672		20,643,461	2.8%
Other Sources		123,641,568		138,144,731		127,059,026		-11,085,705	-8.0%
Transfer (to)/from Fund Balance		-123,757,429		-27,431,211		-36,734,820		-9,303,609	33.9%
Total Unrestricted Revenue		4,537,360,114		5,139,889,649		5,459,763,746		319,874,097	6.2%
Current Restricted Revenue:									
Federal Grants and Contracts		875,469,316		901,050,240		916,260,385		15,210,145	1.7%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		221,880,115		70,678,124		0		-70,678,124	-100.0%
Private Gifts, Grants and Contracts		223,982,987		222,755,761		232,604,755		9,848,994	4.4%
State and Local Grants and Contracts		181,031,200		198,595,770		206,350,307		7,754,537	3.9%
State General Funds (Restricted)		213,203,000		331,367,102		17,562,000		-313,805,102	-94.7%
State Special Funds (Restricted)		9,802,756		13,257,216		11,041,573		-2,215,643	-16.7%
DPA Legislative Priorities (State General Funds)		0		5,625,102		0		-5,625,102	-100.0%
Other Sources		218,246,031		224,787,627		237,919,067		13,131,440	5.8%
Total Restricted Revenue		1,943,615,405		1,968,116,942		1,621,738,087		-346,378,855	-17.6%
Total Revenue		6,480,975,519		7,108,006,591		7,081,501,833		-26,504,758	-0.4%

Table 3b

SUMMARY OF EXPENDITURES									
UNIVERSITY SYSTEM OF MARYLAND - STATE SUPPORTED									
	FY 2022 Actual		FY 2023 Appropriation		FY 2024 Allowance		FY 2024 Change		%
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	
Expenditures									
Salaries & Wages	17,578.56	2,279,022,229	18,085.68	2,579,166,153	18,074.51	2,762,951,641	-11.17	183,785,488	7%
Technical and Special Fees		75,234,940		77,499,942		78,005,572		505,630	1%
Non-Salary Operations & Maintenance		929,764,748		1,366,202,065		1,123,839,114		-242,362,951	-18%
Facilities Renewal		172,391,124		217,390,538		232,230,580		14,840,042	7%
Subtotal Operating Expenses		1,102,155,872		1,583,592,603		1,356,069,694		-227,522,909	-14%
Total Expenditures	17,578.56	3,456,413,041	18,085.68	4,240,258,698	18,074.51	4,197,026,907	-11.17	-43,231,791	-1%
Revenue									
Current Unrestricted Revenue:									
Tuition and Fees		1,604,939,833		1,621,708,825		1,665,687,617		43,978,792	3%
State General Funds		1,435,212,133		1,825,297,826		2,069,548,687		244,250,861	13%
Higher Education Investment Fund		139,672,260		116,663,755		119,561,065		2,897,310	2%
HBCU Settlement General Funds		0		6,342,209		36,193,432		29,851,223	471%
HBCU Settlement Special Funds		0		16,000,000		0		-16,000,000	-100%
Maryland Energy Innovation		1,500,000		2,100,000		2,100,000		0	0%
Federal Grants and Contracts		77,392,476		78,998,621		79,290,586		291,965	0%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		26,188,909		0		0		0	0%
Private Gifts, Grants and Contracts		48,494,545		49,339,441		49,294,441		-45,000	0%
State and Local Grants and Contracts		11,934,535		12,815,443		12,815,443		0	0%
Sales and Services of Educational Activities		12,262,561		15,793,919		15,794,919		1,000	0%
Sales and Services of Auxiliary Enterprises		0		0		0		0	0%
Other Sources		62,105,670		113,029,334		94,123,625		-18,905,709	-17%
Transfer (to)/from Fund Balance		-17,215,451		-1,288,660		-3,920,225		-2,631,565	204%
Total Unrestricted Revenue		3,402,487,471		3,856,800,713		4,140,489,590		283,688,877	7%
Current Restricted Revenue:									
Federal Grants and Contracts		24,991,423		23,701,335		25,433,744		1,732,409	7%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		17,594,451		8,382,332		0		-8,382,332	-100%
Private Gifts, Grants and Contracts		704,847		450,000		1,000,000		550,000	122%
State and Local Grants and Contracts		832,093		1,250,000		1,500,000		250,000	20%
State General Funds (Restricted)		0		330,792,000		17,562,000		-313,230,000	-95%
State Special Funds (Restricted)		9,802,756		13,257,216		11,041,573		-2,215,643	-17%
DPA Legislative Priorities (State General Funds)		0		5,625,102		0		-5,625,102	-100%
Other Sources		0		0		0		0	0%
Total Restricted Revenue		53,925,570		383,457,985		56,537,317		-326,920,668	-85%
Total Revenue		3,456,413,041		4,240,258,698		4,197,026,907		-43,231,791	-1%

Table 3c

SUMMARY OF EXPENDITURES									
UNIVERSITY SYSTEM OF MARYLAND - NON-STATE SUPPORTED									
	FY 2022 Actual		FY 2023 Appropriation		FY 2024 Allowance		FY 2024 Change		
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	%
Expenditures									
Salaries & Wages	7,857.06	1,390,190,727	7,841.71	1,529,224,770	7,852.88	1,597,784,758	11.17	68,559,988	4%
Technical and Special Fees		62,999,780		63,248,673		60,568,262		-2,680,411	-4%
Non-Salary Operations & Maintenance		1,507,959,705		1,238,233,261		1,187,898,803		-50,334,458	-4%
Facilities Renewal		<u>63,412,266</u>		<u>37,041,189</u>		<u>38,223,103</u>		<u>1,181,914</u>	3%
Subtotal Operating Expenses		1,571,371,971		1,275,274,450		1,226,121,906		-49,152,544	-4%
Total Expenditures	7,857.06	3,024,562,478	7,841.71	2,867,747,893	7,852.88	2,884,474,926	11.17	16,727,033	1%
Revenue									
Current Unrestricted Revenue:									
Tuition and Fees		169,997,241		184,037,769		185,551,836		1,514,067	1%
State General Funds		0		0		0		0	0%
Higher Education Investment Fund		0		0		0		0	0%
HBCU Settlement General Funds		0		0		0		0	0%
HBCU Settlement Special Funds		0		0		0		0	0%
Maryland Energy Innovation		0		0		0		0	0%
Federal Grants and Contracts		108,638,673		99,690,018		99,740,018		50,000	0%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		102,523		2,100,000		0		-2,100,000	-100%
Private Gifts, Grants and Contracts		16,142,699		15,713,256		15,650,256		-63,000	0%
State and Local Grants and Contracts		14,028,164		12,849,586		12,734,586		-115,000	-1%
Sales and Services of Educational Activities		231,851,451		243,527,250		258,634,982		15,107,732	6%
Sales and Services of Auxiliary Enterprises		639,117,972		726,198,211		746,841,672		20,643,461	3%
Other Sources		61,535,898		25,115,397		32,935,401		7,820,004	31%
Transfer (to)/from Fund Balance		-106,541,978		-26,142,551		-32,814,595		-6,672,044	26%
Total Unrestricted Revenue		<u>1,134,872,643</u>		<u>1,283,088,936</u>		<u>1,319,274,156</u>		<u>36,185,220</u>	<u>3%</u>
Current Restricted Revenue:									
Federal Grants and Contracts		850,477,893		877,348,905		890,826,641		13,477,736	2%
CARES/CRRSAA/ARPA Federal Direct & Indirect Support		204,285,664		62,295,792		0		-62,295,792	-100%
Private Gifts, Grants and Contracts		223,278,140		222,305,761		231,604,755		9,298,994	4%
State and Local Grants and Contracts		180,199,107		197,345,770		204,850,307		7,504,537	4%
State General Funds (Restricted)		213,203,000		575,102		0		-575,102	-100%
State Special Funds (Restricted)		0		0		0		0	0%
DPA Legislative Priorities (State General Funds)		0		0		0		0	0%
Other Sources		<u>218,246,031</u>		<u>224,787,627</u>		<u>237,919,067</u>		<u>13,131,440</u>	<u>6%</u>
Total Restricted Revenue		<u>1,889,689,835</u>		<u>1,584,658,957</u>		<u>1,565,200,770</u>		<u>-19,458,187</u>	<u>-1%</u>
Total Revenue		<u>3,024,562,478</u>		<u>2,867,747,893</u>		<u>2,884,474,926</u>		<u>16,727,033</u>	<u>1%</u>



SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: FY 2024 System Funded Construction Program Request

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: This is a request for approval of the FY 2024 System Funded Construction Program in the amount of \$55,691,000, that is the first year of the proposed FY 2024-2028 System Funded Construction Program of \$349,882,000, as indicated in the attachment.

The USM Auxiliary Bond portion of the total is \$18,000,000 for FY 2024 and a five-year total of \$252,291,000. Other than those projects already approved by the Board, a few projects for public/private partnership (P3) financing are also being considered this cycle. The P3 projects will be presented separately and are listed in the attachment for information purposes. P3 projects typically impact USM debt capacity.

The SFCP request includes projects that are proposed for planning, construction, and/or equipment funding in FY 2024. While the Board’s approval is for the single, asking-year budget, a full five-year plan is required by Board policy. The plan outlines the intended progression of each project over time and places the current year’s allocation, for the Board’s information, in context with any remaining phases of funding. Some recommendations in the SFCP may be conditional upon satisfactory completion of other projects or activities. These are noted in the attachment or will be part of concurrent discussion with the Board.

Most projects are recommended for funding through external borrowing in whole or in part. Approval is being requested concurrently and/or at a later date for borrowing authority for those specific projects. There may be changes at that time as a result of timing, cost, fee change implications, or other considerations. Each project is a part of an institutional program that will produce the revenue required for repaying the debt.

ALTERNATIVE(S): Each project could be reviewed separately and accepted, modified, or rejected. The institutional requirement and financial viability for each project were evaluated separately.

FISCAL IMPACT: The impact of the program focuses on the effect of each project on the institution’s operating budget and varies with the plan for setting the charges required to repay the debt.

CHANCELLOR’S RECOMMENDATION: That the Committee on Finance recommend that the Board of Regents approve the FY 2024 System Funded Construction Program request with the conditions listed herein (and within the attached materials) and authorize the Chancellor to make appropriate changes consistent with existing Board policies and guidelines. Any such changes will be reported to the Committee on Finance.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

SFCP: DRAFT FOR BOARD CONSIDERATION										
BOARD OF REGENTS FY2024-2028 SYSTEM FUNDED CONSTRUCTION PROGRAM (SFCP) -- '\$000'S										
Revised 5.19.2023							New Requests for FY24			
INST'N	PROJECTS	FUNDING CALENDAR								
		Prior	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028			
USM Auxiliary Bonds										
UMCP	High Rise Residence Halls Reno.: Phased (See Cash Below)	71,730		deferred 1 yr	15,050 PC	37,800 C	54,000 C			360,380
UMCP	South Campus Housing Utility and Infrastructure Upgrade	700 Instn	8,000 PCE	12,000 PCE						20,700
UMCP	South Campus Recreation Center			deferred 2 yrs		9,000 PC	16000 C			25,000
UMCP	New Dining Hall			deferred 2 yrs		10,600 PC	19400 CE			30,000
TU	401 Washington Renovation (See Cash Below)	5,000	10,000 C							15,000
CSU	Student Center & Residential Complex (SCRC) Phase 1*	State*		9,000 C	26,541 CE	2,900 E				56,441
UMBC	The Commons Courtyard Enclosure						22,000 PCE			22,000
Subtotal: USM Bonds/Direct Debt RECOMMENDED			18,000	21,000	41,591	60,300	111,400			
FIVE YEAR SUBTOTAL BONDS (USM DEBT)							252,291			
FOR INFORMATION ONLY: Potential impact on USM Debt of requested Public/Private Partnerships (if/when approved by the Board)										
UMCP	New Graduate Housing (700 beds) \$176M Total Debt +State site work: \$20M		67,000	74,000	35,000					176,000
BSU	Gateway Parcel Project (599 beds) \$84M Total Debt	none	30,000	20,000	34,000					84,000
NEW ANNUAL "BOND" TOTAL INCLUDING ALL IMPACTS ON DEBT			115,000	115,000	110,591	60,300	111,400			
Cash or Institutional Funding										
UMCP	Field Hockey & Lacrosse Complex Expansion	11,100	5,891 CE							16,991
UMCP	Campus Farm Upgrades (formerly Animal Sciences Pavilion)	2,000		13,200 PCE	4,800 PCE	4,900 CE				24,900
UMCP	High-Rise Residence Halls Reno.: Phased (See Bonds Above)	21,700								21,700
UMCP	Indoor Baseball Practice Facility: New	700	5,800 PCE							6,500
UMCP	Soccer and Track Stadium Improvements		5,000 PC	20,000 CE						25,000
TU	401 Washington Renovation (See Bonds Above)	5,000	10,000 CE							15,000
SU	Student Recreation Center		5,000 PC	10,000 CE						15,000
SU	St Martin Residence Hall Renovations	3,000	4,000 PC	7,000 PC						14,000
SU	Arts Center Building M2	2,000	2,000 CE							4,000
Subtotal: USM Cash/Institutional Funds RECOMMENDED			37,691	50,200	4,800	4,900	0			
FIVE YEAR SUBTOTAL (CASH)							97,591			
TOTAL SFCP PROGRAM (BONDS, CASH), EXCL PPP DEBT			55,691	71,200	46,391	65,200	111,400			
FIVE YEAR TOTAL BONDS, CASH (PPP NOT INCLUDED)							349,882			
*State contribution to Coppin Housing project includes: (Prior) \$6.864M + (FY25) \$11.136M = \$18M										
KEY: A = Acquisition; P = Planning; C = Construction; E = Equipment										
END OF SFCP RECOMMENDATIONS										

INST'N	PROJECTS	FUNDING CALENDAR						Total Project Cost '000s	
		Prior	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028		
REQUESTS FOR NEW HOUSING STILL UNDER REVIEW (REQUIRING FURTHER CONSIDERATION)*									
UMCP	New Undergrad Residence Hall (900 - 1,100 beds)	PPP			PPP			0	
UMCP	New Graduate Housing (700 beds)	PPP	State req: \$20M	PPP				0	
BSU	Gateway Parcel Project (599 beds)	PPP		5,500 P	25,500 PC	40,000 CE		71,000	
UMCP	South Campus and Greek Housing Reno.: Phased	Bonds						TBD	
TU	Phase V Housing (500 Beds and 300 parking spaces)	Bonds			7,000 P	13,500 PC	50,000 C	24,615 CE	95,115
UMES	Renovation of 6 Student Apartment Complex	Bonds			600 P	7,700 C		8,300	
SU	New Residence Hall	Bonds			5,000 P	5,000 P	50,000 C	50,000 CE	110,000
Subtotal: Requests for Housing Projects (still under review)				5,500	38,100	66,200	100,000	74,615	
BOND REQUESTS STILL UNDER REVIEW (REQUIRING FURTHER CONSIDERATION):									
UMCP	Parking Garage (3,000 spaces)				33,000 PC		33,000 PC	99,000	
UMES	Nuttle Hall		750 PDC		10,050 C			10,800	
UMES	New Public Safety Building			510 P	4,300 C	600 E		5,410	
CSU	Talon Center (SCRC) Phase 2				1,000 P	11,000 CE		12,000	
SU	Guerrieri Student Union Renovation				2,500 P	7,500 PC	25,000 C	35,000	
SU	New Parking Garage			5,000 P	25,000 C			30,000	
UMBC	The Commons Courtyard Enclosure					24,200 PCE		24,200	
Subtotal: Bond Requests Still Under Review				750	48,560	32,800	76,300	25,000	
CASH REQUESTS STILL UNDER REVIEW (REQUIRING FURTHER CONSIDERATION):									
				None (included above under recommendations)				0	
Subtotal: Cash Requests Still Under Review									
ENERGY PERFORMANCE CONTRACTS (For Information Only)									
UMCP	Energy Upgrades in Multiple Buildings				EPC			TBD	
Subtotal									
<p>*Note: Potential Public/Private Partnership projects are typically brought to the Board individually for consideration. Other housing requests will be evaluated against available debt capacity, financial viability and the potential to leverage private funding.</p>									

The System-Funded Construction Program (SFCP)

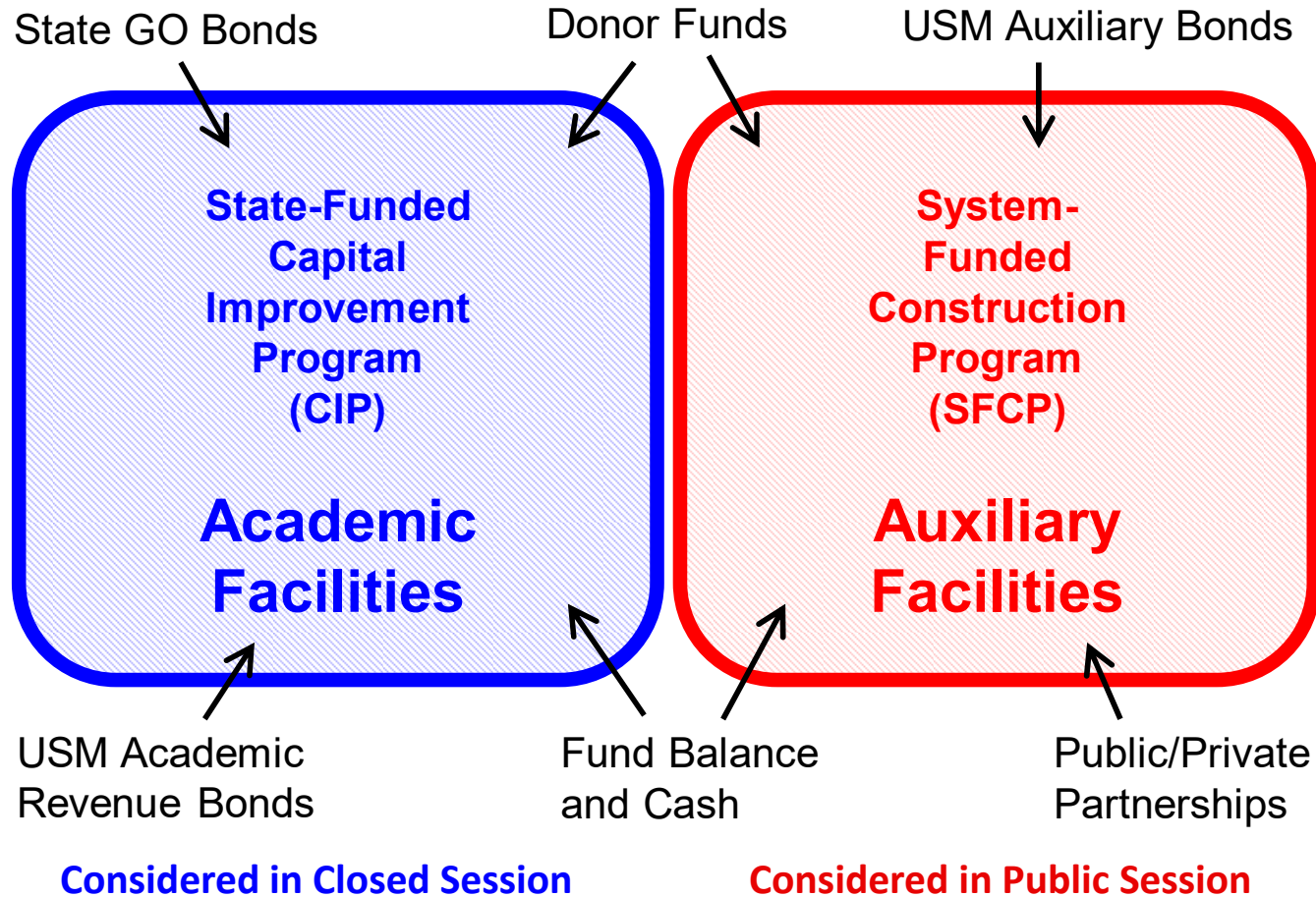




TODAY: The USM Capital Budget Process

March	Institutional Requests
April	Legislative Session Ends
May	USM Working Drafts to Presidents Feedback from Presidents with invitation to discuss individually with the Chancellor
June	Regents' Finance Committee (Consider/Recommend) Board of Regents (Vote) Submit to State
July	Virtual Capital Budget Hearings with DBM
January	Governor releases Capital Budget
March	Legislative Hearings

The Capital Program: Two Parts



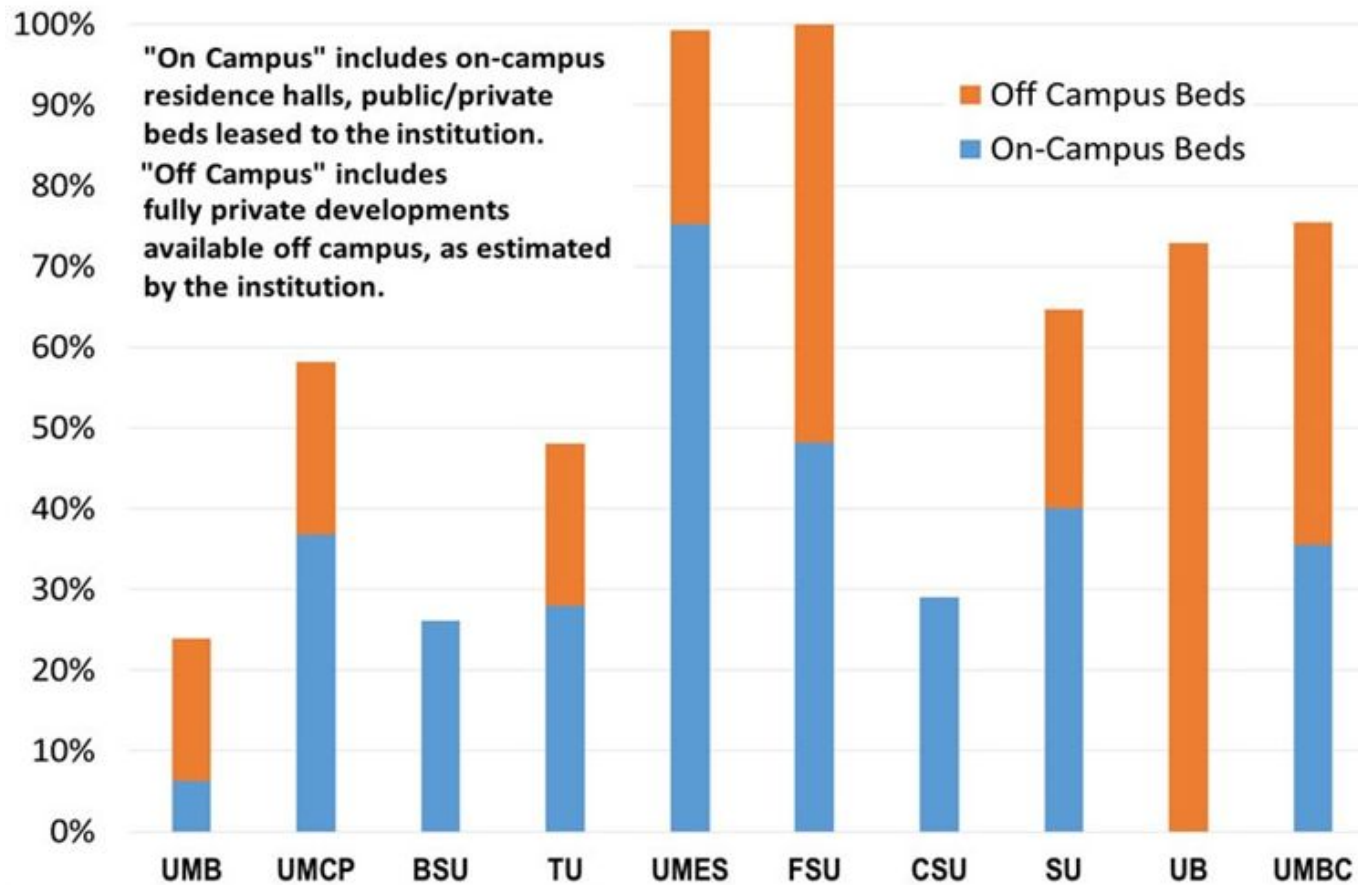


System-Funded Construction Program (SFCP)



SFCP: Priority is Housing to Retain Students and Build Community

Campus Housing as Percentage of FTE Students



SFCP: Key Issues and Decisions –

- Most of recommended priorities (first page) are those that were in prior SFCP five year plans brought to the Board
- SFCP requests (especially Bond-funded) must demonstrate need and financial viability to be considered
- A few changes requested by institutions are shown on the proposed budget sheet
- For any requests appearing on page two, we'll take another year to evaluate and reassess for the next budget cycle
- Requests for new student beds
 - Where possible, leverage the private sector to provide them
 - The Board can review public/private housing development proposals separately at any time during the year



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University System of Maryland: Forty-Fifth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The Board of Regents has previously adopted forty-four bond resolutions, with amendments, authorizing the issuance of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The proposed Resolution authorizes the issuance of Revenue Bonds to finance \$48,000,000 of academic and auxiliary facilities projects.

The Auxiliary Facilities Projects submitted in this Forty-Fifth Bond Resolution may be subject to adjustments in order to align it with the FY 2024 System Funded Construction Program Request to be considered and adopted by the Board on June 16, 2023. Any changes to this Resolution will be reported to the Committee on Finance. The total amount of bonds authorized will not exceed \$48,000,000.

Academic Facilities Projects

- University of Maryland, College Park: Infrastructure Project \$5,000,000
- System-wide Capital Facilities Renewal \$25,000,000

Auxiliary Facilities Projects

- University of Maryland, College Park: South Campus Housing Utility and Infrastructure Upgrade \$8,000,000
- Towson University: 401 Washington Renovation \$10,000,000

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The projects may be delayed without this authorization.

FISCAL IMPACT: Issuance of \$48,000,000 of bonds would result in debt service of approximately \$3.8 million per year for 20 years at 5.0%.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the Forty-Fifth Bond Resolution.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

FORTY-FIFTH BOND RESOLUTION
OF THE BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF MARYLAND
AUTHORIZING THE ISSUANCE AND SALE OF UP TO
\$48,000,000 UNIVERSITY SYSTEM OF MARYLAND
AUXILIARY FACILITY AND TUITION
REVENUE BONDS

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**FORTY-FIFTH BOND RESOLUTION
OF THE BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF MARYLAND
AUTHORIZING THE ISSUANCE AND SALE OF UP TO
\$48,000,000 UNIVERSITY SYSTEM OF MARYLAND
AUXILIARY FACILITY AND TUITION
REVENUE BONDS**

RECITALS

WHEREAS, pursuant to Title 19 of the Education Article of the Annotated Code of Maryland (as the same may be amended or supplemented from time to time, "Title 19"), the University System of Maryland (the "System") is authorized to issue bonds for the purpose of financing or refinancing all or any part of the costs of the acquisition, construction, reconstruction, equipment, maintenance, repair, renovation and operation of one or more "projects," as such term is defined in Title 19, of the System;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted May 3, 1989, the System approved the Original Indenture (as hereinafter defined) providing for the issuance of one or more series of bonds from time to time for the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted June 14, 1995, the System approved the Supplemental Indenture (as hereinafter defined) supplementing and amending the Original Indenture in furtherance of the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, the System desires to issue and sell up to \$48,000,000 aggregate principal amount of its University System of Maryland Auxiliary Facility and Tuition Revenue Bonds on one or more Issuance Dates (as hereinafter defined) in one or more series from time to time, subject to the terms and conditions of this Forty-Fifth Bond Resolution (as amended or supplemented from time to time, this "Resolution" or "Forty-Fifth Bond Resolution") and the Indenture (as hereinafter defined) and secured by and payable from the Trust Estate pledged under the Indenture;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined in the Indenture. Except as provided in Section 1.02, all initially capitalized terms contained in the Indenture when used in this Resolution shall have the same meaning herein as set forth in the Indenture.

Section 1.02. Additional Definitions. In addition to the words and terms defined in the Indenture and elsewhere defined herein, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

“Academic Facilities Projects” means, collectively, those projects constituting “academic facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Accreted Amount” means the principal amount of any Capital Appreciation Bond as of the date of delivery, plus accrued interest (including compounded interest to the immediately preceding Interest Payment Date), if any.

“Arbitrage Compliance Agreement” means each Arbitrage Compliance Agreement (if any) or such other arbitrage or tax certification respecting payment of arbitrage rebate executed with respect to the Forty-Fifth Resolution Bonds issued on any Issuance Date.

“Authorized Denomination” means \$5,000 or any integral multiple thereof, or such greater amount or multiple as may be set forth in a System Order.

“Auxiliary Facilities Projects” means, collectively, the projects constituting “auxiliary facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Bond Resolution(s)” means each and all of the Resolutions of the Board which authorize the issuance of Bonds.

“Bonds” has the meaning given that term in the Indenture.

“Capital Appreciation Bonds” are described in Section 2.02 of this Resolution.

“Current Interest Bonds” are described in Section 2.02 of this Resolution.

“Escrow Deposit Agreement” means each agreement by and between the System and the Trustee executed and delivered in accordance with Section 2.07 of this Resolution.

“Fixed Rate Bond” means a Forty-Fifth Resolution Bond bearing interest at a rate which is fixed to the maturity of such Forty-Fifth Resolution Bond.

“Forty-Fifth Resolution Bonds” means the Bonds of the System authorized by this Resolution.

“Forty-Fifth Resolution Rebate Fund” means the fund established pursuant to Section 6.01 of this Resolution and Section 7.01 of the Indenture.

“Indenture” means the Original Indenture, as supplemented and amended by the Supplemental Indenture and as further amended or supplemented from time to time.

“Interest Payment Date” means April 1 and October 1 of each calendar year or such other date or dates as may be prescribed in a System Order and for any Forty-Fifth Resolution Bond paid in full, the date of payment in full of such Forty-Fifth Resolution Bond.

“Issuance Date” means each date on which all or any portion of the Forty-Fifth Resolution Bonds are exchanged for the purchase price thereof.

“Liquidity Facility” means a Credit Facility which shall provide for the payment of the purchase price of Variable Rate Bonds tendered by the holders thereof for purchase as provided in a System Order regarding the issuance of such Variable Rate Bonds but shall not provide for the payment of the principal due on any such Variable Rate Bond at maturity or earlier redemption.

“Liquidity Provider” means the Person who provides a Liquidity Facility.

“Mandatory Sinking Fund Payment” is defined in Section 3.01 of this Resolution.

“Original Indenture” means the Indenture of Trust, dated as of May 1, 1989, by and between the System and the Trustee as approved by the Board of Regents pursuant to the 1989 Series A Bond Resolution of the System adopted May 3, 1989.

“Projects” means, collectively, the Academic Facilities Projects, the Auxiliary Facilities Projects and any other projects for which the proceeds of the Forty-Fifth Resolution Bonds are authorized to be used.

“Record Date” means (a) with respect to Forty-Fifth Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer, the 15th day of the calendar month immediately preceding an Interest Payment Date, whether or not such day is a Business Day, and (b) with respect to all other Forty-Fifth Resolution Bonds, the Business Day immediately preceding an Interest Payment Date.

“Refunding Bonds” means (i) Forty-Fifth Resolution Bonds of the System authorized by Section 2.06 of this Resolution or (ii) any Bonds issued under the authority of any other Bond Resolution to refund Bonds previously issued to finance any Project or to refund any prior issue of Bonds, including refunding Bonds.

“Sinking Fund Redemption Date” is defined in Section 3.01 of this Resolution.

“Supplemental Indenture” means the First Supplemental Indenture of Trust dated June 14, 1995, by and between the System and the Trustee, which Supplemental Indenture supplements and amends the Original Indenture.

“System Order” means the separate written order with respect to the Forty-Fifth Resolution Bonds issued on any Issuance Date executed by an Authorized System's Representative.

“Variable Rate Bond” means a Forty-Fifth Resolution Bond bearing interest at a rate which is not fixed to the maturity of such Forty-Fifth Resolution Bond.

ARTICLE II

FORTY-FIFTH RESOLUTION BONDS

Section 2.01. Authorized Amount of Forty-Fifth Resolution Bonds; Designation and Series; Purpose; Security.

(a) In order to provide sufficient funds to carry out the purposes described in this Section 2.01, and according and subject to the terms, conditions and limitations established in the Indenture and this Resolution, Forty-Fifth Resolution Bonds in an aggregate principal amount not to exceed \$48,000,000 are hereby authorized to be issued on one or more Issuance Dates from time to time as may be prescribed in a System Order regarding each issuance of Forty-Fifth Resolution Bonds, all of which shall be issued for the purposes of financing the Projects. The Forty-Fifth Resolution Bonds shall consist of Current Interest Bonds or Capital Appreciation Bonds or any combination thereof and may be issued from time to time on any Issuance Date. For the purposes of this Section 2.01, the principal amount of Capital Appreciation Bonds shall be the Accreted Amount as of the Issuance Date of such Capital Appreciation Bonds. Each System Order regarding each Issuance Date of the Forty-Fifth Resolution Bonds shall specify the aggregate principal amount of Forty-Fifth Resolution Bonds to be issued. In addition to the title “University System of Maryland Auxiliary Facility and Tuition Revenue Bonds,” each such System Order may prescribe or the Trustee may add to or incorporate into the general title or numerical designation of any Forty-Fifth Resolution Bonds, any words, figures or letters designed to distinguish Forty-Fifth Resolution Bonds issued on a particular Issuance Date from any other Forty-Fifth Resolution Bonds or any other series of Bonds issued on such Issuance Date.

(b) The proceeds from the issuance and sale of the Forty-Fifth Resolution Bonds shall be used for the purposes of financing or refinancing the cost of the Projects described in Section 2.04 hereof.

(c) The intended source of payment for the Forty-Fifth Resolution Bonds designated for Academic Facilities Projects shall be Tuition Revenues and the intended source of payment for the Forty-Fifth Resolution Bonds not designated for Academic Facilities Projects shall be Auxiliary Facilities Fees; provided, however, such intention as to source of payment shall in no way limit the lien of the Trust Estate or the right of the System to use any other source legally available for payment of any of the Forty-Fifth Resolution Bonds.

(d) The Forty-Fifth Resolution Bonds shall be secured as provided in the Indenture.

Section 2.02. General Terms of Forty-Fifth Resolution Bonds.

(a) The Forty-Fifth Resolution Bonds shall be dated as of the date or dates prescribed in a System Order.

(b) The Current Interest Bonds shall bear interest from their date, until paid, at the rate or rates set forth in, or determined in the manner provided in, a System Order (computed on the basis of (a) a 360-day year, composed of twelve 30-day months, in the case of Forty-Fifth Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer or (b) a 365- or 366-day year, as appropriate, for the number of days elapsed in the case of all other Forty-Fifth Resolution Bonds) payable on each Interest Payment Date, and shall mature on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than thirty-three (33) years from the Issuance Date of the applicable series of Forty-Fifth Resolution Bonds. Interest on the Capital Appreciation Bonds shall accrue from their date of delivery at the rate or rates and in accordance with the method set forth in a System Order, shall be compounded on April 1 and October 1 of each year or as set forth in a System Order and shall be payable at maturity or earlier on any redemption date, or on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than thirty-three (33) years from the Issuance Date of the applicable series of Forty-Fifth Resolution Bonds.

(c) The Forty-Fifth Resolution Bonds shall be issuable as registered bonds without coupons in any Authorized Denomination. The Forty-Fifth Resolution Bonds initially shall be issued only in book entry form and an Authorized System's Representative is hereby authorized to enter into such agreements with a Depository as may be necessary or appropriate to issue the Forty-Fifth Resolution Bonds only in book entry form.

(d) The principal of and premium (if any) on the Current Interest Bonds and the principal of, and premium (if any) and interest due at maturity on, the Capital Appreciation Bonds shall be payable at the principal office or the principal corporate trust office of the Trustee, upon surrender of such Bonds at such principal office.

(e) Interest on the Current Interest Bonds shall be paid on each Interest Payment Date for the period from and including the immediately preceding Interest Payment Date for which interest has not theretofore been paid to but excluding the Interest Payment Date on which such payment is to be made. Subject to the terms of any agreement with a Depository and except as otherwise provided in a System Order, interest on the Current Interest Bonds shall be payable by check drawn upon the Trustee and mailed to the Persons in whose names such Current Interest Bonds are registered on the Bond Register as of the close of business on the Record Date immediately before the relevant Interest Payment Date; provided that the payment of interest on any such Current Interest Bonds in an aggregate principal amount equal to or greater than \$1,000,000 registered in the name of one Bondholder may, at the option of such Bondholder, be paid on any Interest Payment Date by wire transfer in federal reserve funds to any bank in the United States of America specified by such Bondholder, upon receipt by the Trustee of written notice on or before the Record Date immediately prior to the first Interest Payment Date upon which such a wire transfer is to be made. If any Bondholder shall elect to receive payment of interest by wire transfer, such election shall remain effective for all subsequent Interest Payment Dates until written notice revoking such election is received by the Trustee on or before the Record Date immediately prior to the Interest Payment Date for which notice of revocation is to be effective.

(f) As provided in the Indenture, the obligation of the System to pay the principal of, and premium (if any) and interest on, the Forty-Fifth Resolution Bonds, shall be secured by and satisfied solely from the Trust Estate.

Section 2.03. Form of Forty-Fifth Resolution Bonds. The Forty-Fifth Resolution Bonds shall be in the form as may, consistent with the Indenture and this Resolution, be approved in a System Order, and shall be executed and delivered as provided in Section 2.09 of the Indenture. Execution of any Forty-Fifth Resolution Bonds consistent with Section 2.09 of the Indenture shall be conclusive evidence of the System's approval thereof.

Section 2.04. Use of Proceeds; Projects Authorized. The following “academic facilities” and “auxiliary facilities” are hereby approved as projects, the costs of which may be paid from the proceeds from the issuance and sale of Bonds:

(a) up to \$5,000,000 of the Forty-Fifth Resolution Bonds for the costs of the following constituting Academic Facilities Project:

University of Maryland, College Park (Prince George’s County)
Infrastructure Project

(b) up to \$25,000,000 of the Forty-Fifth Resolution Bonds for the costs of those Capital Facilities Renewal Projects identified in the Capital Improvement Program approved by the Board for Fiscal Year 2023, as those Projects, from time to time, may be amended, modified, or supplemented by the Board.

(c) the following auxiliary facilities (the “Auxiliary Facilities Projects”) which are further identified and described in the System Funded Construction Program approved by the Board for Fiscal Year 2023, as those Projects, from time to time, may be amended, modified, or supplemented by the Board:

- (1) University of Maryland, College Park (Prince George’s County)
South Campus Housing Utility and Infrastructure Upgrade
- (2) Towson University (Baltimore County)
401 Washington Renovation

In accordance with Section 102(d) of Title 19, and pursuant to Chapter 123 of the 2013 Laws of Maryland, each of the Academic Facilities Projects specified in subsection (a) and (b) above were approved by the Maryland General Assembly as a project for an academic facility. The aggregate amount of Bonds (of all series) designated for Academic Facilities Projects, as provided in Section 6.03 of the Indenture, shall not exceed the amounts specified in (a) and (b) above for the Academic Facilities Projects specified in such Sections.

Section 2.05. Deposit of Forty-Fifth Resolution Bond Proceeds. The System shall direct the payment of the net proceeds of the Forty-Fifth Resolution Bonds, in the following order:

(a) accrued interest, if any, on those Forty-Fifth Resolution Bonds that are Current Interest Bonds, from their dated date to but excluding the date of delivery thereof, shall be paid to the Trustee and deposited in the Interest Account of the Consolidated Bond Fund;

(b) proceeds of those Forty-Fifth Resolution Bonds designated as CBF Bonds which are Refunding Bonds shall be applied in accordance with Section 2.07 below; and

(c) proceeds of those Forty-Fifth Resolution Bonds designated as CBF Bonds which are not Refunding Bonds shall be deposited in the General Construction Fund, in such accounts as may be designated in a System Order.

Section 2.06. Refunding Bonds.

(a) Authority to Issue Refunding Bonds. In addition to the Forty-Fifth Resolution Bonds authorized pursuant to this Resolution, and pursuant to the authority provided in Section 19-108 of Title 19 and Section 2.07(c) of the Indenture, the System is authorized to issue from time to time on any Issuance Date, additional Forty-Fifth Resolution Bonds, as may be prescribed in a System Order, to refund any Forty-Fifth Resolution Bonds or any other Refunding Bond. The terms and provisions of Section 2.01(a), 2.02 and 2.03 of this Resolution shall govern the terms and provisions of any Refunding Bonds. Proceeds of any Forty-Fifth Resolution Bonds or any other Refunding Bonds may be used for the purpose of paying (i) the principal of, and premium (if any) and interest on any Forty-Fifth Resolution Bonds or any other Refunding Bonds previously issued under authority of this Forty-Fifth Bond Resolution or any other Bond Resolution, and (ii) any costs of issuance of such Forty-Fifth Resolution Bonds or any other Refunding Bonds.

(b) Allocation of Refunding Bonds. Any Refunding Bonds issued pursuant to the authority of this Forty-Fifth Bond Resolution shall be allocated to the Bond Resolution under which such Bonds to be refunded were originally issued without taking into account any premiums or discounts received in connection with the sale of such Bonds or the principal amount of such Refunding Bonds to be applied to pay the principal of, and premium (if any) and interest on any Bonds to be refunded or the costs of issuance of such Refunding Bonds.

Section 2.07. Escrow Deposit Agreements.

(a) On each Issuance Date of Refunding Bonds, the System and the Trustee, if advised by Bond Counsel, may execute and deliver an Escrow Deposit Agreement satisfying the requirements of this Section 2.07 and containing such other terms and conditions as the System may deem necessary or appropriate.

(b) Amounts held by the Trustee pursuant to an Escrow Deposit Agreement shall constitute part of the Trust Estate. If, and to the extent that, any Escrow Deposit Agreement provides for the disbursement of amounts for the purpose of paying the principal of, and premium (if any) and interest on, Forty-Fifth Resolution Bonds being refunded, then such amounts shall not be deemed to be held by the Trustee for the benefit of the Refunding Bonds but only for the benefit of the Forty-Fifth Resolution Bonds being refunded, all at such times and with respect to such amounts as may be specified in such Escrow Deposit Agreement. Except as provided in the preceding sentence, or as may be provided in an Escrow Deposit Agreement, amounts held by the Trustee pursuant to such Escrow Deposit Agreement shall be held for the benefit of only the Refunding Bonds issued on such Issuance Date.

(c) The System, pursuant to an Escrow Deposit Agreement, is hereby authorized to require the Trustee to establish from time to time one or more additional funds, accounts or subaccounts under this Resolution.

(d) Amounts held pursuant to an Escrow Deposit Agreement shall be disbursed

by the Trustee pursuant to the terms of such Escrow Deposit Agreement for the purpose of paying the principal of, and premium (if any) and interest on, Forty-Fifth Resolution Bonds being refunded and Refunding Bonds identified in such Escrow Deposit Agreement, on or prior to the maturity date thereof.

(e) A single Escrow Deposit Agreement may be executed in connection with the issuance of Refunding Bonds and other Bonds of the System, the proceeds of which are to be used to refund Outstanding Bonds under the Indenture.

Section 2.08. Consolidation of Bonds. Refunding Bonds (a) may be designated as CBF Bonds under the Indenture and (b) may be consolidated with, and issued together with, any other Bonds authorized to be issued under the Indenture. The proceeds of any Refunding Bonds may be consolidated and commingled with the proceeds of other Bonds issued to refund Outstanding Bonds under the Indenture as part of any Escrow Deposit Agreement that otherwise complies with Section 2.07 of this Resolution.

Section 2.09. Records for Academic Facilities and Auxiliary Facilities. The System shall maintain such books and records and shall make such allocations of the principal amount of Refunding Bonds and the payment of the principal of, and premium (if any) and interest on, such Refunding Bonds, as may be required from time to time in order to comply with the provisions of Section 19-102(e) of Title 19.

ARTICLE III

REDEMPTION OF FORTY-FIFTH RESOLUTION BONDS

Section 3.01. Redemption Dates and Prices.

(a) The Forty-Fifth Resolution Bonds shall be subject to redemption, in whole or in part at any time, at the option of the System or on such date or dates and at such price or prices as may be set forth in a System Order. The principal value of any Capital Appreciation Bonds as of any date of redemption shall equal the Accreted Amount.

(b) The Current Interest Bonds or certain of such Current Interest Bonds shall be subject to mandatory redemption, on such date or dates as may be prescribed in a System Order (each such date being a "Sinking Fund Redemption Date"), in such principal amount or amounts and at such price or prices as may be prescribed in a System Order (each such amount being a "Mandatory Sinking Fund Payment").

Section 3.02. Redemption Amounts.

(a) The System may reduce the amount of any Mandatory Sinking Fund Payment payable on any Sinking Fund Redemption Date by an amount equal to the principal amount of Current Interest Bonds subject to such Mandatory Sinking Fund Payment that shall be surrendered uncanceled by the System to the Trustee for such purpose not less than sixty (60) days prior to such Sinking Fund Redemption Date.

(b) In the case of any partial redemption of Current Interest Bonds at the option of the System, the System may select for redemption (i) any one or more subsequent maturities of Current Interest Bonds, and (ii) if any maturity of Current Interest Bonds is subject to Mandatory Sinking Fund Payment, any one or more subsequent Mandatory Sinking Fund Payments to be credited as being paid, provided that the System shall have delivered to the Trustee, not less than sixty (60) days before such maturity date or Sinking Fund Redemption Date (or such lesser period of time as the Trustee may allow), a System Request stating its election to redeem such Current Interest Bonds in such manner. In such case, the Trustee shall reduce the amount of Current Interest Bonds to be redeemed on the Sinking Fund Redemption Date specified in such System Request by the principal amount of Current Interest Bonds so purchased or redeemed. In the absence of any such direction, the Trustee shall reduce subsequent maturities and Mandatory Sinking Fund Payments proportionately, in increments of the minimum Authorized Denomination, to the extent reasonably practicable.

(c) Any credit given to any Mandatory Sinking Fund Payments shall not affect any remaining or subsequent Mandatory Sinking Fund Payments which shall remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions hereof.

(d) In the case of any partial redemption of Forty-Fifth Resolution Bonds, the particular Forty-Fifth Resolution Bonds or portions thereof to be redeemed shall be selected by the Trustee in proportion to the principal amount of Forty-Fifth Resolution Bonds then outstanding, to the maximum extent practicable, and in such manner as the Trustee shall deem fair and equitable; provided, however, that so long as the Forty-Fifth Resolution Bonds are registered in book-entry form with a Depository, the particular Forty-Fifth Resolution Bonds or portions thereof to be redeemed shall be selected by the Depository in such manner as the Depository shall determine. If any Forty-Fifth Resolution Bonds to be redeemed are selected by lot, such method shall be conclusively deemed fair and equitable. In the case of any partial redemption of Forty-Fifth Resolution Bonds, in selecting Forty-Fifth Resolution Bonds for redemption the Bond Registrar shall treat each Forty-Fifth Resolution Bond as representing that number of Forty-Fifth Resolution Bonds as is obtained by dividing the principal amount of such Forty-Fifth Resolution Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of the minimum Authorized Denomination of face value represented by any Forty-Fifth Resolution Bond are to be redeemed, then upon notice of intention to effect such redemption, the Holder of such Forty-Fifth Resolution Bond shall forthwith surrender such Forty-Fifth Resolution Bond to the Trustee (i) for payment of the redemption price (including accrued interest thereon on the date fixed for redemption) of the portion thereof called for redemption and (ii) for exchange for Forty-Fifth Resolution Bonds in any Authorized Denomination or Denominations in the aggregate principal amount of the unredeemed portion of such Forty-Fifth Resolution Bond, which shall be issued to the Holder thereof without charge therefor. If the Holder of any such Forty-Fifth Resolution Bond to be redeemed in part shall fail to present such Forty-Fifth Resolution Bond to the Trustee for payment and exchange, as aforesaid, such Forty-Fifth Resolution Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of the minimum Authorized Denomination of principal amount called for redemption (and to that extent only).

ARTICLE IV

CONSOLIDATED BOND FUND; ADDITIONAL FUNDS

Section 4.01. Payments into Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.01(b) hereof, moneys transferred from the Revenue Fund in respect of the Forty-Fifth Resolution Bonds shall be deposited in the order and amount set forth in Section 5.02 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall establish such additional accounts within the Consolidated Bond Fund as shall be directed in a System Order relating to such Variable Rate Bonds. Moneys transferred from the Revenue Fund in respect of any Variable Rate Bonds may be deposited in any such additional accounts established within the Consolidated Bond Fund, and the amounts, times and order of priority of deposits to the Interest Account, the Principal Account and any such additional accounts established within the Consolidated Bond Fund with respect to such Variable Rate Bonds shall be as set forth in such System Order.

Section 4.02. Disbursements from Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.02(b) hereof, the Trustee is hereby authorized and directed to withdraw and disburse moneys in the Consolidated Bond Fund in the order and amount, and for the purposes, set forth in Section 5.03 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall be authorized and directed to withdraw and disburse moneys in the Principal Account, the Interest Account and any additional accounts established pursuant to Section 4.01(b) hereof within the Consolidated Bond Fund in the order and amounts, and for the purposes, set forth in the System Order relating to such Variable Rate Bonds.

Section 4.03. Establishment of Additional Funds or Accounts.

(a) In addition to any accounts established by the Trustee pursuant to Section 4.01(b) and 4.02(b) hereof, there may be established within the Consolidated Bond Fund, pursuant to the System Order regarding the issuance of any series of the Forty-Fifth Resolution Bonds or as requested by the Authorized System's Representative, such additional trust accounts as shall be necessary or convenient in connection therewith and as shall be permitted pursuant to Section 5.01 of the Indenture. Deposits to and payments from such separate funds or accounts shall be as set forth in such System Order, subject in all events to the provisions of the Indenture.

ARTICLE V

GENERAL CONSTRUCTION FUND

Section 5.01. Deposit to General Construction Fund. Upon receipt by the Trustee of the moneys specified in Section 2.05(c) hereof, such moneys shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund, in such amounts as may be specified in a System Order.

Section 5.02. Deposit of Moneys Transferred from the Forty-Fifth Resolution Rebate Fund. Any moneys transferred from the Forty-Fifth Resolution Rebate Fund to the General Construction Fund shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account in such amounts as may be specified in a System Request.

Section 5.03. Disbursements

(a) Proceeds of the Forty-Fifth Resolution Bonds deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund shall be disbursed in accordance with the provisions of Section 6.03 of the Indenture for the Costs of the Projects.

(b) Upon completion of the Projects, any moneys remaining in the General Construction Fund (other than moneys retained to pay costs, expenses and interest not then due and payable) shall be transferred to the Excess Proceeds Account and shall be held and disbursed by the Trustee in accordance with Section 6.04 of the Indenture.

Section 5.04. Additions to and/or Deletions from the Academic Facilities Projects and the Auxiliary Facilities Projects to be Financed.

(a) The System, without the consent of the Trustee or the Holders of the Forty-Fifth Resolution Bonds, may from time to time amend Section 2.04 hereto to include as a Project any “academic facilities” as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of Forty-Fifth Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an approving opinion of Bond Counsel, or to delete from Section 2.04 any Academic Facility Project listed therein; provided, however, that each item shall have been approved by the General Assembly of the State of Maryland pursuant to Section 19-102(d) of Title 19. In connection with any such amendment of Section 2.04, the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an academic facility.

(b) The System, without the consent of the Trustee or the Holders of the Forty-Fifth Resolution Bonds, may from time to time amend Section 2.04 hereto to include as an Auxiliary Facilities Project any other “auxiliary facilities,” as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of Forty-Fifth Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an approving opinion of Bond Counsel or to delete from Section 2.04 auxiliary facility projects listed therein to be acquired or constructed by the System and items of equipment

to be acquired and installed by the System. In connection with any such amendment of Section 2.04 the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an auxiliary facility.

Section 5.05. Authorization for Use of Proceeds of Forty-Fifth Resolution Bonds for Other Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of the Forty-Fifth Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to prior Bond Resolutions and any Projects authorized pursuant to this Forty-Fifth Bond Resolution. In addition, the proceeds of the Forty-Fifth Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to subsequent Bond Resolutions without amending any other Bond Resolution and without the necessity of any amendment to this Forty-Fifth Bond Resolution or the consent of the Trustee or any Holder of the Forty-Fifth Resolution Bonds.

Section 5.06. Authorization for Use of Proceeds of Bonds from Prior Bond Resolutions for Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of any Bonds heretofore or hereafter issued under any prior Bond Resolutions and deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to this Forty-Fifth Bond Resolution.

ARTICLE VI

REBATE FUND

Section 6.01. Rebate Fund. The Trustee if directed shall establish such Rebate Fund in connection with the Forty-Fifth Resolution Bonds as shall be directed in a System Order relating to any such Forty-Fifth Resolution Bonds and as provided in the Indenture. To the extent not inconsistent with the provisions of the Indenture, such System Order may restrict such Rebate Fund for use in connection with the Forty-Fifth Resolution Bonds or may permit the use of such Rebate Fund in connection with other series of Bonds hereafter issued under the Indenture. Deposits shall be made to, and disbursements may be made from, such Rebate Fund as provided in such System Order, to the extent not inconsistent with the provisions of the Indenture.

ARTICLE VII

ADDITIONAL PERMITTED INVESTMENTS

Section 7.01. Additional Permitted Investments. As permitted by clause (i) of the definition of Permitted Investments of the Indenture, the following are added as Permitted Investments for the investment of the proceeds of the Forty-Fifth Resolution Bonds and all Funds established by this Resolution:

(a) Repurchase, resale and other similar agreements with any person provided (i) such agreements are continuously collateralized with Government Obligations, (ii) the market value of the collateral is not less than one hundred two percent (102%) of the repurchase price (including interest), (iii) the Trustee or a third party acting as agent or custodian of the collateral solely for the Trustee has possession of the collateral, (iv) the collateral is free and clear of all liens and encumbrances, (v) the Trustee shall be entitled to liquidate the collateral if the requirement of subclauses (i) and (ii) are not continuously satisfied and (vi) the Trustee shall have a first priority perfected security interest in the collateral;

(b) Investment agreements, the provider of which is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) by two Rating Agencies; and

(c) Investment agreements issued by any provider:

(i) that is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) of a Rating Agency, or

(ii) whose obligations under such investment agreements are unconditionally guaranteed by parent entities or other third parties that are rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) from a Rating Agency, or

(iii) who satisfies the rating requirements of clause (i) or (ii) above and whose obligations under such investment agreements are collateralized by obligations described in clauses (a), (b), (d) or (e) under the definition of "Permitted Investments" in the Indenture or in clauses (a) or (b) above of this Article VII and which are delivered to the Trustee, or registered in the name of the Trustee, or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of such obligations collateralizing such investment agreements shall be maintained at a current market value (determined not more frequently than monthly) of not less than 102% of the aggregate amount of the obligations of such financial institution, insurance company or financial services firm;

provided, however, that any investment agreement, at the time it is entered into, must meet and comply with the requirements of clause (i), (ii) or (iii) above.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Supplemental Resolutions. The System may, without the consent of, or notice to, any of the Bondholders, enter into a resolution or resolutions supplemental hereto which shall not be inconsistent with the terms and provisions hereof, provided that, in the opinion of

Counsel to the Trustee, the change effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders as permitted by Section 13.01 of the Indenture.

Section 8.02. Limitation of Rights. With the exception of the rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Forty-Fifth Resolution Bonds is intended or shall be construed to give to any Person other than the System, the Trustee and the Holders of the Forty-Fifth Resolution Bonds, any legal or equitable right, remedy or claim under or in respect to this Resolution or any agreements, conditions and provisions herein contained; this Resolution and all of the agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the System, the Trustee and the Holders of the Forty-Fifth Resolution Bonds as herein provided.

Section 8.03. Severability. If any provision of this Resolution shall be invalid, illegal or unenforceable because it conflicts with any constitution or statute or rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

Section 8.04. Immunity of Regents and Officers. No recourse for the payment of the principal of or premium (if any) or interest on, any Forty-Fifth Resolution Bond or for any claim based thereon or otherwise in respect thereof or of this Resolution shall be had against any member of the Board of Regents or officers or employees of the System whether past, present or future, whether by virtue of any constitution, statute or rule of law, all such liability (if any) being hereby expressly waived and released as a condition of and in consideration of the issuance of the Forty-Fifth Resolution Bonds.

Section 8.05. Private Use of the Projects. The System covenants that it will not make, or (to the extent the System exercises control or direction) permit to be made, any use of the Projects, or any portion thereof, by any other Person, if such use would cause those Forty-Fifth Resolution Bonds to be “private activity bonds” within the meaning of Section 141 of the Code, unless the System and the Trustee receive an opinion of Bond Counsel to the effect that such use does not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Forty-Fifth Resolution Bonds, if any.

Section 8.06. Sale of Forty-Fifth Resolution Bonds. As permitted by Title 19, the Board of Regents hereby finds and determines that the best interests of the System will be served by selling each issuance of the Forty-Fifth Resolution Bonds at either a public competitive sale or a private (negotiated) sale as the Chancellor of the System deems to be in the best interest of the System at such prices, which may be at, above or below par, as the Chancellor of the System deems to be in the best interest of the System. In the event that two bidders offer to purchase an issue of the Forty-Fifth Resolution Bonds at the same lowest true interest cost at a public competitive sale, the Chancellor of the System shall determine in his sole discretion to which of the bidders such issue of the Forty-Fifth Resolution Bonds will be awarded. In the event of a private (negotiated) sale the Chancellor of the System shall select the purchaser of such issue of the Forty-Fifth Resolution Bonds which the Chancellor of the System deems to be in the best interest of the

System.

Section 8.07. Official Statement. There is hereby authorized to be prepared and distributed, in conjunction with each issuance and sale of the Forty-Fifth Resolution Bonds, both a preliminary and a final official statement (the "Official Statement"). The preliminary official statement and the final official statement shall be in the form approved by either of the Chairperson of the Board of Regents or the Chancellor of the System whose execution by either of them shall be conclusive evidence of the approval thereof. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to execute by their manual or facsimile signatures and to deliver in the name of and on behalf of the System the Official Statement regarding each issuance of the Forty-Fifth Resolution Bonds and to deem the Official Statement as final for the purposes of Securities Exchange Act Rule 15c2-12, as amended or supplemented from time to time, or any successor law, rule or regulation ("Rule 15c2-12").

Section 8.08. Continuing Disclosure. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to enter into one or more continuing disclosure agreements with respect to information contained in, or matters relating to, the Official Statement for any Forty-Fifth Resolution Bonds and any other Bonds of the System. Any person designated as an "Authorized System's Representative" under the Indenture is hereby authorized to prepare and file with the Municipal Securities Rulemaking Board such financial or other information as may be required to comply with the requirements of Rule 15c2-12, and to delegate the preparation and filing of any such information to any other officer or employee of the System. The System's bond counsel is also designated as an agent for the System for purposes of preparing and filing any such information.

Section 8.09. Absence of Chairperson or Chancellor. If the Chairperson of the Board of Regents is unable to act or unavailable for any reason, or such position is vacant, the Chairperson of the Finance Committee of the Board of Regents is hereby authorized and empowered to act in place of the Chairperson of the Board of Regents, and if the Chancellor of the System is unable to act or unavailable for any reason, or such position is vacant, the Vice Chancellor for Administration and Finance is hereby authorized and empowered to act in place of the Chancellor of the System.

Section 8.10. Further Actions. The Chairperson of the Board of Regents, the Chairperson of the Finance Committee, the Secretary and Assistant Secretary of the Board of Regents of the System, the Chancellor of the System, and the Vice Chancellor for Administration and Finance of the System and other officials of the System are hereby authorized and empowered to do all acts and things and execute such instruments, documents and certificates (including all necessary closing certificates) and otherwise take all action necessary, proper or expedient in connection with each issuance, sale and delivery of the Forty-Fifth Resolution Bonds.

Section 8.11. Validity of Signatures. In the event any Regent or officer of the System who has executed any bond, document, certificate or other matter ceases to be a Regent or officer before delivery, the signature is valid and sufficient for all purposes as if the Regent or officer had remained in office until delivery.

Section 8.12. Declaration of Official Intent. Any person designated as an “Authorized System’s Representative” under the Indenture is hereby authorized to adopt a declaration of official intent (within the meaning of Treasury Regulations Section 1.150-2) to reimburse the costs of any project with the proceeds of any bonds or other obligations issued by the System under the authority of Title 19 or any other provision of the laws of Maryland.

Section 8.13. Liberal Construction. The terms of this Forty-Fifth Bond Resolution are not intended to be restrictive or technical. Accordingly, this Forty-Fifth Bond Resolution shall be liberally construed in order to carry out and effectuate the purposes set forth herein and in Title 19.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date of its adoption by the Board of Regents.

ADOPTED, this 16th day of June, 2023.

Ellen Herbst
Sr. Vice Chancellor for Administration and Finance



TOPIC: University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The University System authorizes capital projects to be funded from revenue bond proceeds on an annual basis. Debt issuances are sized to provide approximately one year’s worth of bond proceeds for projected spending on these authorized revenue bond projects. Because of debt issuance timing and project estimates changing, the System often uses Cash Funding to pay for project costs, with the intent of reimbursing itself with Bond Funds when they become available. IRS rules require this resolution for reimbursement of advance payments from future bond issuances.

In the event bond funds become fully depleted prior to the next debt issuance, the System will use Cash Funding to bridge the gap until the next bond issuance. The process and record-keeping infrastructure necessary to facilitate initially paying the project costs from System cash balances and then reimbursing the amounts spent from the proceeds of the next bond issue have been formalized and are in place.

The attached Exhibit A represents all of the projects authorized for revenue bond funding which may potentially utilize System cash balances over the next several months. Based on the Current Project Authorization Balances in Exhibit A, we anticipate System cash will be spent on costs eligible for reimbursement prior to the next issuance.

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The Board of Regents could decide to not spend System cash balances temporarily pending the next bond issuance and advance the issuance process immediately. This would potentially delay the projects.

FISCAL IMPACT: There is no known fiscal impact associated with this resolution.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the attached resolution to enable the spending of System cash balances on revenue bond-authorized projects to be reimbursed from the proceeds of the next bond issue.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

OFFICIAL INTENT RESOLUTION
UNDER TREASURY REGULATION SECTION 1.150-2

WHEREAS, University System of Maryland (the "Issuer") proposes to make certain capital expenditures in connection with the construction of certain capital projects as listed on Exhibit A attached hereto and made a part hereof (collectively, the "Capital Project").

WHEREAS, the Issuer intends to issue tax-exempt bonds (the "Bonds") to finance all or a portion of the purchase price, acquisition and installation expenses, costs of related construction and improvements and issuance costs of the Capital Project, all constituting capital expenditures (collectively referred to as the "Project Costs").

WHEREAS, the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for the Project Costs paid by the Issuer prior to the issuance of the Bonds.

NOW, THEREFORE, THE ISSUER MAKES THE FOLLOWING DECLARATION OF OFFICIAL INTENT:

1. BE IT RESOLVED, that the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for those Project Costs incurred and paid by the Issuer prior to the issuance of the Bonds. The Bonds will be issued in a total principal amount not to exceed \$150,000,000.

2. BE IT FURTHER RESOLVED, that the Issuer intends that the adoption of this Resolution shall be and constitute an "official intent resolution" within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date of its adoption by the Board of Regents.

ADOPTED, this 16th day of June, 2023

Ellen Herbst
Sr. Vice Chancellor for Administration and
Finance
University System of Maryland

BOR Finance Committee - Public Session

University System of Maryland
Official Intent Resolution

Exhibit A

Spending as of 5/16/2023

Res	Project Type	Project Name	Original Authorization	Allocation USM Emergency	Balance to be Financed	FY2023 Activity	FY2022 Activity
45	Acad	UMCP Infrastructure Project	5,000,000.00		5,000,000.00	0.00	0.00
45	Aux	UMCP South Campus Housing Utility and Infrastru	8,000,000.00		8,000,000.00	0.00	0.00
45	Aux	TU 401 Washington Renovation	10,000,000.00		10,000,000.00	0.00	0.00
44	Acad	UMCP Infrastructure Project	2,500,000.00		2,206,742.68	0.00	0.00
44	Acad	UMES Campus Flood Mitigation Project	2,192,000.00		2,192,000.00	0.00	0.00
44	Aux	UMCP High Rise Residence Halls Renovation PH	6,850,000.00		6,850,000.00	0.00	0.00
44	Aux	TU Glen Towers Addition and Renovation	9,046,000.00		9,046,000.00	0.00	0.00
44	Aux	TU 401 Washington Renovation	5,000,000.00		5,000,000.00	0.00	0.00
43	Acad	UMCP Infrastructure Project	5,000,000.00		4,377,349.85	0.00	0.00
43	Aux	UMES Natural Gas Conversion	1,045,430.00		367,810.92	0.00	0.00
43	Aux	TU University Union Expansion and Renovation	8,000,000.00		3,169,896.04	0.00	0.00
43	Aux	UMB Saratoga Garage Structural & Building System	2,700,000.00		2,700,000.00	0.00	0.00
43	Aux	FSU Residence Hall Renovations	1,000,000.00		1,000,000.00	0.00	0.00
43	Aux	TU Glen Towers Addition and Renovations	20,000,000.00		16,338,266.16	0.00	0.00
42	Acad	UMCP Campuswide Building and Infrastructure	5,000,000.00		3,454,592.85	0.00	0.00
42	Acad	UMES Flood Mitigation	10,000,000.00		7,878,612.30	0.00	0.00
42	Acad	FSU Education & Health Sciences	5,000,000.00		3,895,949.43	0.00	0.00
42	Aux	UMCP North Campus Dining Hall	25,000,000.00		448,808.53	2,825,709.13	21,725,482.34
42	Aux	TU Union Addition/Renovation	25,100,000.00		45,908.55	0.00	0.00
41	Acad	UMES Pharmacy and Health Professions	5,000,000.00		3,867,248.66	0.00	0.00
41	Aux	SU Real Property Acquisition & New Housing Com	92,500,000.00		92,491,803.38	0.00	0.00
41	Aux	UMCP High Rise Residence halls Renovation	1,500,000.00		1,500,000.00	0.00	0.00
41	Aux	FSU New Residence Hall	13,330,000.00		12,667.42	0.00	0.00
41	Aux	FSU Five Dorm Renovation	7,700,000.00		3,653,846.14	0.00	0.00
41	Aux	TU Union Addition/Renovation	13,000,000.00		15,880.50	0.00	0.00
41	Aux	TU Glen Towers Addition and Renovation	4,201,000.00		1,045,458.34	0.00	0.00
40	Acad	UMBC Interdisciplinary Life Science Building	5,000,000.00		1,443,819.87	0.00	0.00
40	Acad	UMCP Chiller Replacement		130,000.00	130,000.00	0.00	0.00
40	Acad	USMSM Concrete Replacement		88,000.00	88,000.00	0.00	0.00
40	Aux	UMCP Rossborough Lane Parking Garage	2,000,000.00		1,528,244.52	0.00	0.00
39	Acad	UMES Trigg Hall Small Animal Facility Renov		200,000.00	91,304.39	0.00	0.00
39	Aux	TU Union Addition/Renovation	39,000,000.00		90,049.62	0.00	0.00
Various		Systemwide Facilities Renewal	125,222,103.00	(1,870,028.26)	47,458,842.81	12,777,236.62	11,669,466.80

**BOARD OF REGENTS**SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Frostburg State University: Facilities Master Plan 5-year Update

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023 (action)
March 30, 2023 (information)

SUMMARY: Frostburg State University (FSU) requests Board of Regents approval of this 2023 Facilities Master Plan Five-year Update. The document was prepared in-house by FSU staff and administration.

Founded in 1898, Frostburg State University is the only four-year institution of USM located west of the Baltimore – Washington corridor. The university is a comprehensive, student-centered institution offering 47 undergraduate majors, 80 specialized programs of study, 16 graduate degree programs, and a doctorate in education. The campus is comprised of 260 acres, consisting of 48 buildings with over 1.6 million gross square feet of academic and auxiliary space.

The Facilities Master Plan (FMP) of 2018 – 2028 provided an outline of potential Capital Projects over the ten-year planning period. The purpose of the upgrades concentrated primarily on improving function by modernizing classrooms and creating collaborative workspaces designed for students to excel in a contemporary academic atmosphere. Most of the University’s physical space was constructed over 40 years ago and, in many cases, classrooms have been created in buildings that were originally built for other purposes making it difficult to further adapt the existing space into the technologically enhanced academic classrooms of today.

The 2023 FMP 5-year Update documents FSU’s progress in achieving the goals established in the 2018-2028 FMP. FSU has pursued opportunities described in the FMP that were designed to enhance the student living experience and improve the learning environment. The update describes improvements made to residence halls, academic spaces, and recreational facilities. Additionally, the update offers a summary of FSU’s dedication to conserving energy consumption and reducing the carbon footprint.

As many of the projects introduced back in 2018 near completion, FSU is cognizant that the work is not complete. Looking forward, FSU recognizes its responsibility to our students, our region, and our state. The projects being pursued over the next five years are consistent with the 2018-2028 FMP and will benefit these stakeholders by promoting the region, strengthening economic development, and advancing educational and recreational opportunities.

ALTERNATIVE(S): The 2023 FMP Five-year Update documents institutional planning objectives and is consistent with the framework of the 2018 - 2028 FMP, the University’s mission, and strategic plan.

FISCAL IMPACT: The 2022 Facilities Master Plan Update will present a challenge to the capital and operating budgets to secure funding to support the Plan. Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend the Frostburg State University 2023 Five-year Update, as presented at the Committee's previous meeting, for approval to the full Board of Regents, in accordance with the Board's two-step approval process. Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



TOPIC: Bowie State University: Public-Private Partnership Student Housing

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: Bowie State University (BSU) seeks approval of a public-private partnership (P3) to provide additional student housing to accommodate growth in enrollment and satisfy the increasing demand. At present, the shortfall in student housing has compelled BSU to lease 110 beds from Capitol Technology University in Laurel. The proposed student housing will be comprised of approximately 599 beds of apartment-style student housing, approximately 17,800 square-feet of ground floor retail and potential BSU administrative space, and approximately 63 retail surface parking spaces.

The University is requesting approval to enter into a ground lease of the 1.6-acre parcel known as the “Gateway Parcel” for a term of 40 years with the Maryland Economic Development Corporation (MEDCO). Through this P3, BSU will develop the Gateway Parcel into a mixed-use building that helps the University in its quest to attract and retain the State’s brightest students, faculty, and staff.

The Gateway Parcel’s location is the front door of the campus, as it is highly visible from MD-197 and has a short, walkable connection to the MARC station (see Exhibit 1).

BSU has been working toward the development of the Gateway Parcel since the adoption of the University’s Economic Development Plan (EDP) in 2020. The EDP identified the redevelopment of the Gateway Parcel as a priority. The new development will achieve two of the four major themes of the EDP—placemaking and growth. Additionally, the BSU Facilities Master Plan (2020-2030) identifies this area of campus as slated for residential development.

BSU issued a Request for Proposals for a developer in February of 2022. Three development teams submitted proposals to develop the Gateway Parcel. In July 2022, BSU, in conjunction with Margraves Strategies, selected Mosaic Development Partners (the Developer) as the most qualified development team.

As proposed, MEDCO will use tax-exempt revenue bonds as the source of financing for the residential component of the project. The retail component and related parking is proposed to be funded with a combination of tax-exempt or taxable revenue bonds issued by MEDCO or with BSU non-state-supported funds. MEDCO would retain the Developer to build (as a fee developer) an approximately 599-bed student housing project with approximately 17,800 square feet of retail and office space.

MEDCO would issue its revenue bonds in an aggregate principal amount sufficient to generate proceeds of approximately \$84 million, of which approximately \$67 million would fund currently estimated development costs and the balance would be applied to fund reserves and costs of issuance. The revenues from the management and operation of the housing project will be the primary repayment source for the MEDCO bonds, although retail and any BSU administrative spaces will also generate revenue which may be pledged to bondholders. Any excess revenues from the project after paying operating expenses, debt service, and funding necessary reserve funds will be payable to BSU as ground rent.

In the fall of 2022, BSU engaged JLL to complete a student housing demand study. JLL estimated demand for an additional 828 new beds in its final report dated March 2023. Additionally, JLL determined that enough demand exists for Bowie State to absorb the Gateway Parcel project without impacting demand for existing residence halls or the two existing P3 housing projects on campus, Christa McAuliffe Residential Community (CMRC) and the Entrepreneurship Living-Learning Community (ELLC). There is currently a waitlist of 319 students—150 at traditional halls, 77 at CMRC, and 92 at the recently opened ELLC.

BSU envisioned the site's primary use as student housing with the intentional activation of the ground floor with retail for both BSU students and the surrounding community. The primary project goals are to:

- Position a signature building that increases visibility and represents the arrival to BSU.
- Increase connectivity by creating amenities that welcome both external partners and the local community.
- Provide new, modern housing for a growing student population.
- Capture the momentum of the University's recent growth.

Additionally, as described in the *March to the MARC Strategy*, the project encourages MARC station riders, as well as the commuters passing the University along MD-197, to come to BSU's campus and engage with the University. Active spaces that are used by not only BSU, but also the surrounding community, are the preferred use for the ground floor of this parcel. Currently, there are no full-service external dining establishments on, or in the immediate proximity to campus. Without the ground floor activation of this project, the opportunity for community connection is lost.

The projected cost per bed to students will range from \$1,113 to \$1,250 per month depending on room configuration. Preliminary proposed rental rents for each unit type are shown in the attached Exhibit 2. BSU also intends to create a meal plan similar to offerings at CMRC and ELLC, which give students flexibility to choose from a range of meal plan options.

Although there are interest rate advantages to financing the project with University System of Maryland bonds and constructing this project using more traditional capital project delivery means, BSU seeks approval of the P3 approach. BSU has determined that MEDCO financing with the use of the developer is more advantageous from a timing perspective. BSU anticipates this approach can bring new student housing to campus as early as Fall 2026, which will accommodate existing demand and eliminate the need for the off-campus master lease, while keeping pace with BSU Peer Institutions who are rapidly adding new student housing.

The ground lease with MEDCO will require approval by the Maryland Board of Public Works.

DEVELOPER: Mosaic Development Partners
Leslie Smallwood-Lewis, Gregory Reaves
Corporate Office – Philadelphia
3002 Cecil B. Moore Ave
Philadelphia, PA 19121

ALTERNATIVE(S): The Board of Regents could reject the proposed P3. BSU could either cancel or defer its intended delivery of additional student housing and continue the present shortfall. Currently, the University shuttles over 100 students between campus and the rentals at Capitol Technology University in Laurel. Additionally, the no-build option would restrict the recruitment of students from outside the metro area who require housing as a prerequisite for enrolling at the University, or further increase the housing waitlist.

The University could also pursue this project as a System Funded Construction Project with traditional financing and management of the construction by the UMCP Service Center. However, this approach could add one year to the delivery of the student housing. The system revenue bond funded project would also cost approximately \$84 million, in addition to site preparation and finishing costs of approximately \$6 million for a total of approximately \$90 million, or \$8 million more than the P3 option. The term of the debt would be 30 years as opposed to 40-year P3 model, causing annual debt service payments of approximately \$4.8 million, as compared to \$4.9 million estimated using the P3 model. The total debt service over the term of the debt when using revenue bonds would be approximately \$145 million, or \$47 million less than P3 debt service payments. The total net present value of the revenue bond project debt service is approximately \$9 million less than the P3 option.

FISCAL IMPACT: This P3 requires the issuance of revenue bonds by MEDCO in an amount sufficient to generate approximately \$84 million in proceeds. The student housing project and its associated debt will be considered by the rating agencies as “on credit.” This means that the rating agencies take the debt into account when determining the System’s appropriate bond rating. Moreover, this transaction will be considered “on balance sheet” and the debt will appear on the System’s financial statements.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for Bowie State University the financing and construction of a student housing project as described, through a BSU ground lease of approximately 1.6 acres of land to MEDCO and associated transactions in support of the financing.

This recommendation is contingent upon MEDCO approval with the following conditions:

- (i) maximum debt issued not to exceed \$84 million,
- (ii) maximum term of the debt not to exceed 40 years, and
- (iii) rental rates to be similar to those outlined.

Furthermore, it is recommended that the authority to execute a ground lease, associated easements, and all other documentation required for the construction and financing of the proposed student housing, remain with the Chancellor following appropriate legal review, consistent with the University System of Maryland Policy on “Acquisition and Disposition of Real Property.”

COMMITTEE RECOMMENDATION:	DATE:
BOARD ACTION:	DATE:
SUBMITTED BY: Ellen Herbst (301) 445-1923	



Bowie State University

Gateway Project Assumed Rental Rates
Preliminary and Subject to Change



User	Unit Type	Bedroom Occupancy (Single/Double)	Semi-Suite/Suite/Apartment	Bath Type (Shared/Private)	Units	Beds/Unit	# of Beds	FY23 Semester Rate	FY24 Semester Rate
Student	1BR/1BA + Den	Single	Apartment	Private	3	1	3	6,250	6,438
Student	3BR/2BA	Single	Apartment	Private	25	1	25	5,900	6,077
Student	2BR/1BA	Single	Apartment	Shared	73	2	146	5,723	5,894
Student	3BR/2BA	Single	Apartment	Shared		2	50	5,650	5,820
Student	4BR/2BA	Single	Apartment	Shared	91	4	364	5,565	5,732
Resident Assistant	Studio	Single	Apartment	Private	10	1	10	-	-
Resident Director	1BR/1BA + Den	Single	Apartment	Private	1	1	1	-	-
Total/Weighted Average					203		599	\$ 5,629.07	\$5,797.95

**BOARD OF REGENTS**SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland, College Park: Public-Private Partnership for Graduate Student Housing

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The University of Maryland, College Park (UMCP) seeks approval for a Public-Private Partnership (P3) to provide on-campus housing for its graduate students. The University is requesting approval to enter into a ground lease of the 1.9-acre parcel known as the Leonardtown Area for a term of 40 years with the Maryland Economic Development Corporation (MEDCO). This is the first phase of the redevelopment of this parcel and will provide 796 below-market rent beds for graduate students.

Presently, to serve a graduate student community of more than 10,000 persons, UMCP's housing inventory is only 750 beds in its Graduate Hills and Graduate Gardens community. More recently, the institution added 94 beds, via a lease agreement, in its (mostly undergraduate) Courtyards community.

In November 2021, the University and Terrapin Development Company (TDC) issued a joint Request for Expression of Interest seeking to identify qualified developers to create a master plan and redevelop the Leonardtown Area. This area is a 10.75-acre site in the University's Discovery District (see Exhibit 1). The site includes the New Leonardtown undergraduate housing community, the now-closed Old Leonardtown community, and an industrial building that houses UMCP's Resident Life Facilities operations. There are also parking lots located on land owned by both UMCP and TDC. Phase 1 of this redevelopment—today's request for graduate student housing—will be built entirely upon UMCP property.

Ten development teams submitted proposals to develop the Leonardtown Area. In April 2022, UMCP and TDC selected a joint venture team led by Mosaic Development Partners and Campus Development Partners (the Selected Developer) as the most qualified development team. The Selected Developer and its team of design professionals have already engaged in significant site planning and design work (see Exhibit 2).

The University is seeking approval to continue to move forward with Phase 1 of this project using tax-exempt revenue bonds issued by the Maryland Economic Development Corporation (MEDCO) as the source of financing. Under this approach, UMCP would ground lease approximately 1.9 acres of real property to MEDCO. UMCP would also grant access and utility easements on retained UMCP land to support the project. MEDCO will retain the Selected Developer to build (as a fee developer) an approximately 796-bed below-market rent graduate student housing project.

MEDCO will issue its revenue bonds in an aggregate amount not to exceed \$176 million, of which approximately \$136 million consists of development costs and the balance consists of certain debt service, debt service reserve, capitalized interest funds, and costs of issuance. The revenues from the management and operation of the housing project will be the sole repayment source for the bonds, and any excess revenues after debt service and other reserve funds will be payable to UMCP as rental.

Brailsford & Dunlavy has recently prepared a market demand study and determined a total demand of 1,075 beds, well above the proposed 796 beds. The projected cost per bed to students will range from \$975 to \$1,425 per month depending on room configuration. Depending upon borrowing rates at the time of closing, MEDCO may issue both senior and subordinate debt. The source of payment for

UMCP PPP GRAD HOUSING

subordinate bonds would be project net revenues (otherwise payable as rent to UMCP as described above).

Although there are interest rate advantages to financing the project with USM bonds and constructing the project using more traditional capital project delivery means, UMCP seeks approval of the P3 approach because it is more advantageous from a timing perspective and can achieve a fall 2026 delivery date. This approach also allows UMCP to use its Selected Developer not just to design and plan Phase 1, but to integrate this first building into an integrated Leonardtown Area master plan when New Leonardtown closes, as anticipated, in 2029. In consideration of the master planning work the Selected Developer has performed for the entire district, UMCP will give its team exclusive development rights to the Leonardtown Area.

The UMCP Facilities Master Plan (2011-2030) identifies that this area of campus was long-ago slated for mixed-use redevelopment. More specifically, in April 2017 the Board of Regents approved a Contribution Agreement under which the Old Leonardtown property was one of ten UMCP parcels designated for future contribution to TDC for real estate and economic development. The property has been declared surplus by the Board of Public Works. UMCP has the right to withdraw any such designated property from TDC and it intends to do so for this Phase 1 graduate student housing parcel. Local approval and real estate tax advantages to UMCP ownership will facilitate both speed of delivery and lower rents for the graduate students.

The financing through MEDCO, including the ground lease, will require approval by the Maryland Board of Public Works.

DEVELOPER: Mosaic Development Partners
Leslie Smallwood-Lewis, Gregory Reaves
Corporate Office – Philadelphia
3002 Cecil B. Moore Ave
Philadelphia, PA 19121

ALTERNATIVE(S): The Board of Regents could reject the proposed financing and construction project. UMCP would either cancel or defer its intended delivery of graduate student housing.

The University could also pursue this project as a System Funded Construction Project with traditional financing and management of the construction by the University's Service Center. However, this approach could add at least a one-year delay to delivery of graduate housing and the corresponding risk of significant increased cost due to construction inflation. The project costs using internal revenue bond financing would consist solely of the development costs noted above, approximately \$136 million, or \$40 million less than the P3 model. The term of the debt would be 30 years, as opposed to the 40-year P3 model, causing annual debt service payments of approximately \$7.6 million. The total debt service over the term of the debt when using revenue bonds would be approximately \$230 million, or \$230 million less than P3 debt service payments. The total net present value of the revenue bond project debt service is approximately \$67 million less than the P3 option.

FISCAL IMPACT: This transaction, as proposed, requires the issuance of up to \$176 million in one or more series of tax-exempt bonds by MEDCO. The graduate housing project and its associated debt will be considered by the rating agencies as "on credit." This means that the rating agencies take the debt into account when determining the System's appropriate bond rating. Moreover, this transaction will be considered "on balance sheet" and the debt will appear on the System's financial statements.

The University has received \$10 million in state funding and plans to use those funds for site preparation. The University anticipates receiving a second \$10 million from the State.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, College Park the financing and construction of graduate student housing as described, through a UMCP ground lease of approximately 1.9 acres of land to MEDCO and associated transactions in support of the financing.

This recommendation is contingent upon MEDCO approval with the following conditions:

- (i) maximum debt issued not to exceed \$176 million,
- (ii) maximum term of the debt not to exceed 40 years, and
- (iii) rental rates as outlined.

Furthermore, it is recommended that the authority to execute a ground lease, associated easements, and all other documentation required for the construction and financing of the proposed graduate student housing, remain with the Chancellor following appropriate legal review, consistent with the University System of Maryland Policy on “Acquisition and Disposition of Real Property.”

COMMITTEE RECOMMENDATION:

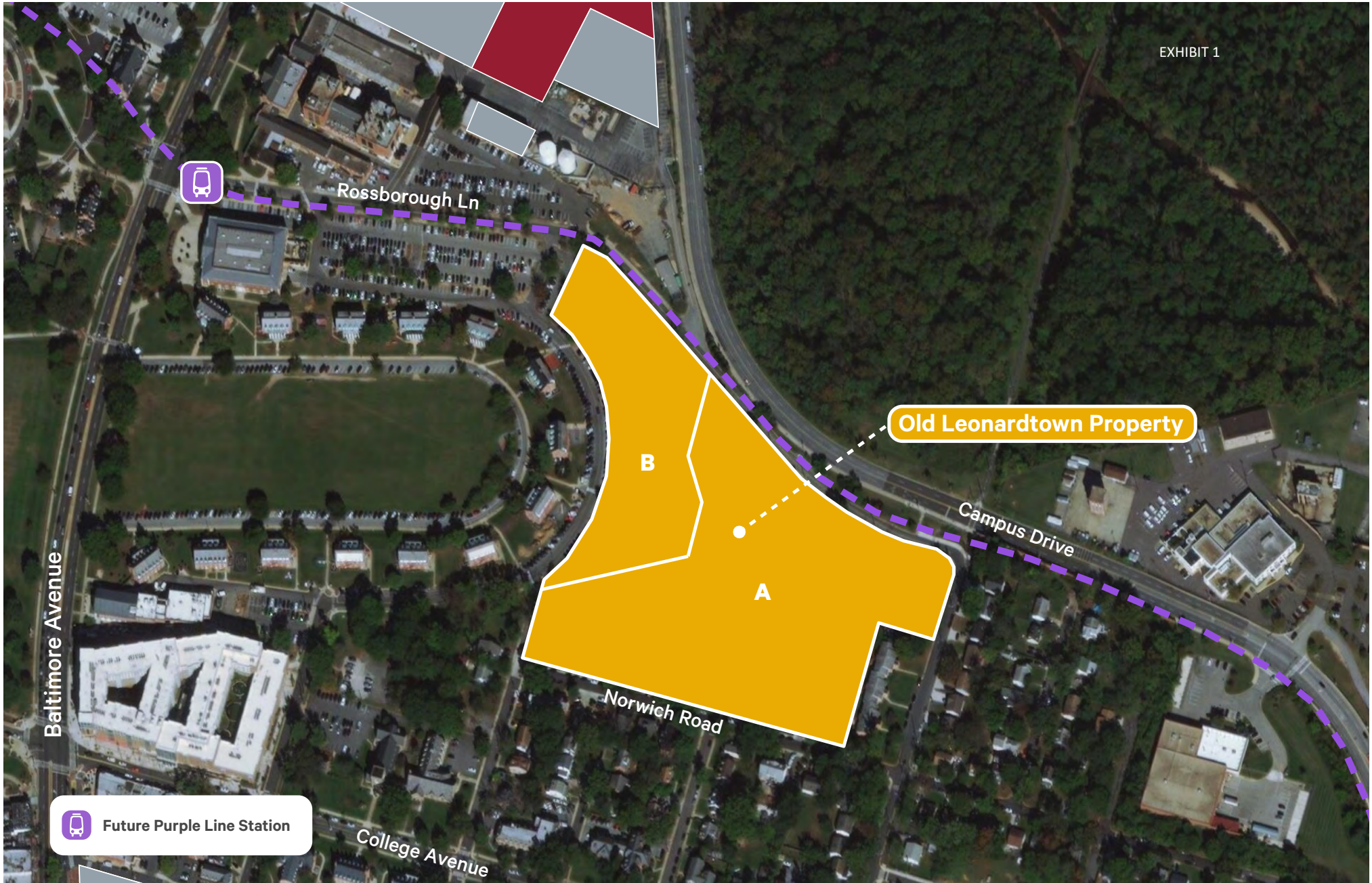
DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

EXHIBIT 1





**BOARD OF REGENTS**SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland, College Park: Project Authorization for the Basketball Performance Center

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The University is seeking Board of Regents approval for a \$52 million Basketball Performance Center. This project is being managed by the University of Maryland Foundation. With the exception of \$5 million in state funding, the project is privately funded.

In 2019, the Board granted a Right of Entry to the Foundation and conditioned on certain fundraising goals being met prior to construction. Subsequent to that approval, the Maryland General Assembly appropriated \$5 million in state funds toward this project. Because state funds are now involved, it is necessary for the Board of Regents to approve this as a capital project.

The Center will be primarily funded privately through the Foundation. All design, construction, and equipment contracts will be secured by and be the responsibility of the Foundation except for certain furniture, fixtures and equipment that will be funded with the \$5 million in state funds and procured separately by the University. The contracts procured by the University will require the approval of the Maryland Board of Public Works.

The Foundation will work closely with the University during the design, construction, and equipping period. The proposed schedule plans for a construction start in July 2023. The original Right of Entry described a fundraising requirement of \$36 million committed or in-hand prior to the start of construction. Since that approval, the scope of the project has changed, and construction costs have increased. The newly conceived project is a 44,000 GSF facility that is estimated to cost \$52 million. This is a reduction of 16,000 GSF and an increase in estimated cost of \$16 million. Once the Center is complete, the Foundation will convey its interests in the Center to the University.

The Center will provide a transformative experience for basketball student-athletes and enhance the ability of the Men's and Women's intercollegiate basketball teams, two of the most prominent athletic teams of the University, to be competitive in the Big Ten Conference. It also will enhance the ability of the Department of Intercollegiate Athletics (ICA) to generate revenue.

The University of Maryland, College Park is the only university in the Big Ten Conference without a dedicated basketball practice facility for both of its teams. This project will enhance the ability of the basketball programs to recruit, fundraise and grow their fan base, so that the teams can continue their success. Adding much needed practice space will allow coaches more flexibility to schedule practice sessions earlier in the day, giving student-athletes more time for their studies and extracurricular activities. ICA utilizes portions of the Xfinity Center when it is not in use to generate revenue to support its programs. The Center will expand rental opportunities and help increase ICA revenues.

ALTERNATIVE(S): There are no viable alternatives. There is no underutilized space in the Xfinity Center that could be converted into a basketball performance center. Constructing this addition is the only viable

solution to provide a transformative experience for student-athletes and enhance the ability of the Men’s and Women’s basketball programs to be competitive.

FISCAL IMPACT: The fundraising target for this project is \$47 million. As of May of 2023, approximately \$36.1 million of private gift commitments have been secured and more are being actively pursued.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the Basketball Performance Center as a capital project, as described above.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

Project Cost Summary

University of Maryland, College Park: Basketball Performance Center

	Original	Revised
Date	11/19/2019	5/15/2023
Project Scope	60,000 GSF	44,000 GSF
Stage of Estimate	Budget (Board Item)	Design--A/E
Design/Fees	\$1,937,000	\$3,338,509
Construction Cost	\$33,041,110	\$47,201,647
Contingency	\$1,021,890	\$1,459,844
Project Total	\$36,000,000	\$52,000,000
Notes:	Pre-Design cost estimate provided by UMD.	Cost estimate provided by Design Build Contractor.

**BOARD OF REGENTS**SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland College Park on behalf of the University System of Maryland and Maryland Education Enterprise Consortium (MEEC): Contract Extension for Microsoft Software Reseller

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The University of Maryland College Park (UMCP) requests approval to extend the existing reseller agreement with Bell Techlogix, Inc. for a term of one year. Bell Techlogix, Inc. is the authorized reseller for Microsoft software volume licensing, products, and services to the MEEC member institutions. The estimated dollar value of the one-year extension is \$32.6 million for all MEEC members, of which \$6.3 million constitutes USM expenditures.

MEEC is a USM collaborative initiative for Maryland public and private K-20 educational institutions to purchase quality information technology products and services at affordable prices through leveraged buying. The MEEC member institutions represent over 226,690 FTE faculty and staff and more than 1,250,000 students.

A Request for Proposal was publicly posted on eMaryland Marketplace Advantage in December, 2022 by UMCP. A protest was filed by one of the offerors which has been sustained by the University. As a result of the protest, a contract extension is necessary to bridge the gap until the protest is resolved and a new contract can be awarded.

The source of funds for purchases under the contract will come from the budgets of the MEEC member institutions. For USM institutions these funds consist of institutional funds.

This request for approval is made pursuant to USM Policy on Approval of Procurement Contracts, Section VIII-3.10 for procurements exceeding \$5 million. This Contract will not require the approval of the Maryland Board of Public Works as it is a software procurement.

CONTRACTOR: Bell Techlogix, Inc.; Indianapolis, IN; CEO: Ron Frankenfield
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ALTERNATIVE: If the contract is not extended, MEEC customers will pay substantially higher prices. Individual organizations would need to enter into individual lower volume contracts, to provide this software. The MEEC reseller contract extension allows MEEC members to leverage the collective volume and buying power of all the MEEC member institutions

FISCAL IMPACT: The contract extension provides a positive fiscal impact to the MEEC member institutions through discounts ranging from 5% to 40% depending on the Microsoft product. The estimated dollar value of the one-year extension is \$32.6 million for all MEEC members, of which \$6.3 million constitutes USM expenditures.

The Contract Extension will include a 0.5% surcharge on all software products purchased by MEEC member institutions, which is a funding stream for MEEC operations. The Vendor has agreed to the surcharge and to transmit its surcharge fees to MEEC twice a year.

MEEC MICROSOFT RESELLER EXT

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland College Park a one-year extension of the MEEC contract with Bell Techlogix, Inc., as described above.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University System of Maryland: Proposed Amendment to USM Policy X-1.0—Policy on USM Institutional Information Technology Policies

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The proposed amendment to the information technology (IT) policy deletes the “Statewide Process” section of the original policy. The section is redundant with the “USM Accountability” section and based on the evolution of the State of Maryland’s processes and USM’s evolved working relationship with the State, is no longer applicable. The document also reflects some minor wording clarifications throughout the policy.

The USM’s Council of Chief Information Officers discussed the need to review and update the policy several months ago at their monthly meeting and formed a working committee of a subset of CIOs. The workgroup drafted the update, which was ultimately reviewed and approved by the full CIO Council.

The amended policy has been discussed and reviewed by the presidents and the vice presidents for administration and finance.

ALTERNATIVE(S): The Committee could decline to recommend this policy change and the current policy will remain in effect.

FISCAL IMPACT: The impact is anticipated to be minimal.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the proposed amendment to USM Policy X-1.0—Policy on USM Institutional Information Technology Policies, as presented.

COMMITTEE RECOMMENDATION: _____ DATE: _____

BOARD ACTION: _____ DATE: _____

SUBMITTED BY: Ellen Herbst (301) 445-1923

X-1.0 POLICY ON USM INSTITUTIONAL INFORMATION TECHNOLOGY
POLICIES, INCLUDING FUNCTIONAL COMPATIBILITY WITH THE STATE
INFORMATION TECHNOLOGY PLAN

(Approved by the Board of Regents on August 24, 2001; amended _____)

Background

The University System of Maryland (USM) exemption from Title 3.5, Subtitle 3 of the State Finance and Procurement Article, Senate Bill 682 Annotated Code of Maryland, empowers the Secretary of the Department of Information Technology to establish information technology policies and standards for many state agencies. Section §12–112 (b) of the Education Article, Annotated Code of Maryland, specifically outlines the requirements of the University System of Maryland Board of Regents Information Technology Plan concerning information technology policies and standards:

The Board of Regents shall develop an information technology plan for the University System of Maryland that includes information technology policies and standards, including policies and standards for information management and telecommunication systems, that are functionally compatible with the State Information Technology Plan established under Title 3, Subtitle 4 of the State Finance and Procurement Article.

~~The University System of Maryland (USM) is specifically exempted from Title 3, Subtitle 4 of the state finance and procurement article. This exemption implies that Accordingly,~~ the USM may develop its own unique policies and standards for effective management of information technology, provided that they are functionally compatible with those in the State Information Technology Master Plan (ITMP).

Unlike a typical state agency, where the majority of internal users of information technology services are employees, in the USM the majority of internal users are students. Increasingly, the computers connected to ~~our USM's~~ networks and accessing our services are not USM-owned computers, but personally owned computers. Furthermore, a typical state agency will focus information technology policies around agency business processes. In the USM, the focus is also on our mission activities of teaching, learning, and research. These activities ~~naturally~~ require a flexible approach to policies and standards, and in many cases, more advanced teaching and research-oriented of the activities inherently push the envelope of current technology.

Purpose

The purpose of this policy is to establish a framework, as required in Senate Bill 682, for creating institutional information technology policies, standards, guidelines, and operating practices that address the requirements of policies articulated in the State ITMP, where applicable. Equally critical, this policy fosters the development of additional information technology policies, standards, and guidelines indigenous-tailored to the higher education administration and mission-related activities of teaching, learning, and research.

Guidelines

USM institutions shall develop, document, and maintain information technology policies, standards, guidelines, or operating practices that are functionally compatible with the State's ITMP policies and standards, where applicable. The State has identified policies and standards in ~~the areas of~~ including but not limited to information technology management, hardware and software standards, networking, systems development, web services, and security.

The USM Information Technology Coordinating Council (ITCC) will provide copies of the current applicable State information technology policies and standards as well as checklists and guidelines to assist the USM institutions in developing functionally compatible policies, standards, guidelines, or operating practices. The USM Chief Information Officer (CIO), in consultation with the ITCC, will also propose and develop additional information technology policies and standards as necessary for consideration of the Board of Regents Technology Committee, subsumed by the Board of Regents Finance Committee, and subsequently to the full Board of Regents.

Statewide Process

~~As outlined in the Statewide Policy Implementation Guideline, State information technology policies will be reviewed semi-annually and forwarded to the State Information Technology Advisory Committee (ITAC) for review and comment. Official announcements of State policy publications and changes will be made via ITAC.~~

USM Accountability

Each USM institution will establish procedures for annually reviewing and certifying the functional compatibility of its information technology policies, standards, guidelines, and operating practices with the State ITMP, as well as compliance with Board of Regents IT policies, guidelines and standards. These certifications will be filed with the USM CIO and reviewed by the USM ITCC.

Time-Line

The certifications by the USM institutions will be filed starting August 15, 2002 and every August 15th thereafter.

X-1.0 POLICY ON USM INSTITUTIONAL INFORMATION TECHNOLOGY
POLICIES, INCLUDING FUNCTIONAL COMPATIBILITY WITH THE STATE
INFORMATION TECHNOLOGY PLAN

(Approved by the Board of Regents on August 24, 2001; amended _____)

Background

The University System of Maryland (USM) exemption from Title 3.5, Subtitle 3 of the State Finance and Procurement Article, Annotated Code of Maryland, empowers the Secretary of the Department of Information Technology to establish information technology policies and standards for many state agencies. Section §12–112 (b) of the Education Article, Annotated Code of Maryland, specifically outlines the requirements of the University System of Maryland information technology policies and standards:

The Board of Regents shall develop an information technology plan for the University System of Maryland that includes information technology policies and standards, including policies and standards for information management and telecommunication systems, that are functionally compatible with the State Information Technology Plan established under Title 3, Subtitle 4 of the State Finance and Procurement Article.

Accordingly, the USM may develop its own unique policies and standards for effective management of information technology, provided that they are functionally compatible with those in the State Information Technology Master Plan (ITMP).

Unlike a typical state agency, where the majority of internal users of information technology services are employees, in the USM the majority of internal users are students. Increasingly, the computers connected to USM's networks and accessing our services are not USM-owned computers, but personally owned computers. Furthermore, a typical state agency will focus information technology policies around agency business processes. In the USM, the focus is also on our mission activities of teaching, learning, and research. These activities require a flexible approach to policies and standards, and in many cases, more advanced teaching and research-oriented technology.

Purpose

The purpose of this policy is to establish a framework, as required in Senate Bill 682, for creating institutional information technology policies, standards, guidelines, and operating practices that address the requirements of policies articulated in the State ITMP, where applicable. Equally critical, this policy fosters the development of additional information technology policies, standards, and guidelines tailored to the higher education administration and mission-related activities of teaching, learning, and research.

Guidelines

USM institutions shall develop, document, and maintain information technology policies, standards, guidelines, or operating practices that are functionally compatible with the State's ITMP policies and standards, where applicable. The State has identified policies and standards in areas including but not limited to information technology management, hardware and software standards, networking, systems development, web services, and security.

The USM Information Technology Coordinating Council (ITCC) will provide copies of the current applicable State information technology policies and standards as well as checklists and guidelines to assist the USM institutions in developing functionally compatible policies, standards, guidelines, or operating practices. The USM Chief Information Officer (CIO), in consultation with the ITCC, will also propose and develop additional information technology policies and standards as necessary for consideration of the Board of Regents Technology Committee, subsumed by the Board of Regents Finance Committee, and subsequently to the full Board of Regents.

USM Accountability

Each USM institution will establish procedures for annually reviewing and certifying the functional compatibility of its information technology policies, standards, guidelines, and operating practices with the State ITMP, as well as compliance with Board of Regents IT policies, guidelines and standards. These certifications will be filed with the USM CIO and reviewed by the USM ITCC.

Time-Line

The certifications by the USM institutions will be filed starting August 15, 2002 and every August 15th thereafter.



TOPIC: Proposed Amendment to USM Policy VIII-2.70 Policy on Student Classification for Admission and Tuition Purposes

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: An amendment to the Policy on Student Classification for Admission and Tuition Purposes is recommended to reflect a change in State law. As provided in § 15-106.11 of the Education Article, Annotated Code of Maryland, a person who has been certified by the Director of the Peace Corps as having served satisfactorily as a Peace Corps volunteer and who is domiciled in Maryland is eligible for in-state tuition. MHEC regulations pertinent to the regulation were finalized in fall 2022, and the provision is already in effect.

In addition, for clarity and informational purposes, amendments are recommended to add to the policy references to existing statutory provisions that had not previously been referenced in the policy although institutions have acted in accordance with those provisions. Other amendments have been made for clarification based on questions that have come to the residency officers and to make non-substantive stylistic changes.

The USM Office of Academic and Student Affairs worked with the Office of the Attorney General to draft the proposed amendments.

ALTERNATIVE(S): The Regents may make suggestions and request further information, but it is recommended that the amendments be made so that the policy reflects State law requirements.

FISCAL IMPACT: To be determined and will depend on how many additional students will qualify and enroll from the most recent statutory change.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the proposed amendment to USM’s Policy on Student Classification for Admission and Tuition Purposes, as presented.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923
Alison Wrynn (301) 445-1992

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-2.70—POLICY ON STUDENT CLASSIFICATION FOR ADMISSION AND TUITION PURPOSES

(Approved by the Board of Regents August 28, 1990; Amended July 10, 1998; Amended November 27, 2000; Amended April 11, 2003; Amended June 23, 2006; Amended February 15, 2008; Amended October 24, 2014; Amended April 10, 2015; Amended February 17, 2017; Amended June 16, 2017; Amended April 19, 2019; Amended June 17, 2021; Amended June 17, 2022; Amended June 16, 2023).

I. POLICY**A. Purpose**

To extend the benefits of its system of higher education while encouraging the economical use of the State's resources,¹ it is the policy of the Board of Regents of the University System of Maryland (USM) to recognize the categories of in-state and out-of-state residency for the purpose of admission and assessing tuition at USM institutions.

B. Qualification for In-State Status

Generally, ~~in order to~~ qualify for in-state status, ~~a~~ prospective, returning, or current student~~s~~ must demonstrate that ~~they are he or she is a~~ permanent Maryland resident~~s~~. Under certain circumstances, as set forth in this Policy, students who are not permanent Maryland residents may qualify temporarily for in-state status. Students who do not qualify for in-state status under this Policy shall be assigned out-of-state status for admission and tuition purposes.

C. Standard of Proof

~~The student~~s seeking in-state status shall have the burden of proving by clear and convincing evidence that ~~they he or she~~ satisfy~~ies~~ the requirements and standards set forth in this Policy. Assignment of in-state or out-of-state status will be made by each USM institution upon a review of the totality of facts known by the institution or presented to it by the student.

II. DETERMINATION OF RESIDENCY STATUS**A. Criteria for Determination of Residency Status**

An initial determination of residency status will be made at the time of admission and readmission based upon information provided by the student with the signed application certifying that the information provided is complete and correct. Additional information may be requested by the institution~~r~~ to clarify facts presented. To qualify for in-state status, the student must demonstrate that for at least 12 consecutive months immediately prior to and including the last date available to register for courses for the semester/term for which the student seeks in-state status, the student had the continuous intent to reside in Maryland indefinitely and for a primary purpose other than that of attending an educational institution in Maryland. The student will demonstrate the requisite intent by satisfying all of the following requirements for the 12-month period (or shorter period indicated):

¹ Annotated Code of Maryland, ~~Education Educ.~~ § 12-101.

- 1) Has continuously maintained ~~his or her~~ primary living quarters in Maryland.
- 2) Has substantially all personal property, such as household effects, furniture, and pets, in Maryland.
- 3) Has paid Maryland income tax on all taxable income, including all taxable income earned outside ~~of~~ Maryland, and has filed a Maryland Resident Tax Return. If the student is a dependent for tax purposes, then the person who claims the student as a dependent shall have paid Maryland income tax on all taxable income, including all taxable income earned outside Maryland, and have filed a Maryland Resident Tax Return.
- 4) Has registered all owned or leased motor vehicles in Maryland for at least 12 consecutive months, if previously registered in another state. Students who have lived in Maryland for at least 12 consecutive months but who have had their motor vehicle(s) registered in Maryland for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their owned or leased motor vehicle(s) was (were) registered in Maryland within 60 days after moving to the state, in accordance with Maryland Motor Vehicle Administration requirements.
- 5) Has possessed a valid Maryland driver's license for at least 12 consecutive months, if previously licensed to drive in another state. Students who have lived in Maryland for at least 12 consecutive months but who have held a Maryland driver's license for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their driver's license was issued in Maryland within 60 days after moving to the state, in accordance with Maryland Motor Vehicle Administration requirements.
- 6) Is currently registered to vote in Maryland, if previously registered to vote in another state (no time requirement).
- 7) Receives no public assistance from a state other than the State of Maryland or from a city, county, or municipal agency other than one in Maryland.
- 8) Has a legal ability under Federal and Maryland law to live permanently and without interruption in Maryland.

B. Presumption of Out-of-State Status

Either of the following circumstances raises a presumption that the student is residing in the State of Maryland primarily for the purpose of attending an educational institution and, therefore, does not qualify for in-state status under this Policy:

- 1) A student is attending school or living outside Maryland at the time of application for admission to a USM institution, or
- 2) A student is Financially Dependent on a person who is not a resident of Maryland. A student will be considered financially independent if the student provides 50% percent or more of the student's own living and educational expenses and has not been claimed as a dependent on another person's most recent tax returns.

III. CHANGE IN CLASSIFICATION FOR TUITION PURPOSES

A. Petition for Change in Classification for Tuition Purposes

After the initial determination is made, a student seeking a change to in-state tuition status must submit a Petition for Change in Classification for Tuition Purposes that includes all of the information the student wishes the institution to consider. All information must be submitted by the institution's deadline for submitting a petition for the semester for which the student seeks reclassification. Only one Petition may be filed per semester.

B. Criteria for Change in Tuition Status

A student seeking reclassification from out-of-state to in-state tuition status must demonstrate, by clear and convincing evidence, that for at least twelve (12) consecutive months immediately prior to and including the last date available to register for courses for the semester/term for which the student seeks in-state tuition status, the student had the continuous intent to

- 1) make Maryland ~~his or her~~the student's permanent home;
- 2) abandon ~~his or her~~the student's former home state;
- 3) reside in Maryland indefinitely; and
- 4) reside in Maryland primarily for a purpose other than that of attending an educational institution in Maryland.

A student will demonstrate the requisite intent by satisfying all of the following requirements for a period of at least twelve (12) consecutive months (or for the shorter period of time indicated) immediately prior to and including the last date available to register for courses in the semester/term for which the student seeks in-state tuition status. Evidence of intent must be clear and convincing and will be evaluated not only by the amount presented but also based upon the reliability, authenticity, credibility and relevance of the evidence and the totality of facts known to the institution. The student must demonstrate (providing appropriate documentation as necessary) that for the relevant period the student:

- 1) Continuously maintained ~~his or her~~ primary living quarters in Maryland.
- 2) Has substantially all ~~of his or her~~ personal property, such as household effects, furniture, and pets, in Maryland.
- 3) Has paid Maryland income tax on all taxable income including all taxable income earned outside the ~~State-state~~ and has filed a Maryland Resident Tax Return. If the student is a dependent for tax purposes, then the person who claims the student as a dependent shall have paid Maryland income tax on all taxable income, including all taxable income earned outside Maryland, and have filed a Maryland Resident Tax Return.
- 4) Has registered all owned or leased motor vehicles in Maryland for at least 12 consecutive months, if previously registered in another state. Students who have lived in Maryland for at least 12 consecutive months but who have had their motor vehicle(s) registered in Maryland for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their owned or leased motor vehicle(s) was (were) registered in Maryland within 60 days after moving to the state; in accordance with Maryland Motor Vehicle Administration requirements.

- 5) Has ~~held a valid Maryland driver's license, if licensed, for at least 12 consecutive months, if a driver's license was previously held in another state has~~ possessed a valid Maryland driver's license for at least 12 consecutive months, if previously licensed to drive in another state. Students who have lived in Maryland for at least 12 consecutive months but who have held a Maryland driver's license for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their driver's license was issued in Maryland within 60 days after moving to the state, in accordance with Maryland Motor Vehicle Administration requirements.
- 6) Is currently registered to vote in Maryland, if previously registered to vote in another state (no time requirement).
- 7) Receives no public assistance from a state other than the State of Maryland or from a city, county, or municipal agency other than one in Maryland.
- 8) Has a legal ability under Federal and Maryland law to live permanently without interruption in Maryland.
- 9) Has either not raised the presumption set forth in Section II.B above; or alternatively, if the student's circumstances have raised the presumption set forth in Section II.B above, the student has rebutted that presumption.

C. Rebuttal Evidence

If the information received by the institution about the student has raised the presumption set forth in Section II.B, the student bears the burden of rebutting the presumption set forth in Section II.B by presenting additional evidence of objectively verifiable conduct to rebut the presumption and show the requisite intent. Rebuttal evidence of intent must be clear and convincing and will be evaluated not only by the amount presented but also based upon the reliability, authenticity, credibility and relevance of the evidence and the totality of facts known to the institution. Evidence that does not document a period of at least twelve (12) consecutive months immediately prior to and including the last date available to register for courses in the semester/term for which the student seeks in-state tuition status is generally considered an unfavorable factor under this Policy. The absence of objective, relevant evidence is generally considered an unfavorable factor. A student's statement of intent to remain in Maryland in the future is generally not considered to be objective evidence under this Policy.

For purposes of rebutting the presumption, additional evidence that will be considered includes, but is not limited to:

- 1) Source of financial support:
 - a. Maryland employment and earnings history through sources beyond those incident to enrollment as a student in an educational institution, e.g., beyond support provided by work study, scholarships, grants, stipends, aid, student loans, etc. (Tuition costs will be considered as a student expense only to the extent tuition exceeds the amount of any educational scholarships, grants, student loans, etc.), or
 - b. Evidence the student is Financially Dependent, for the previous 12 months, upon a person who is a resident of Maryland.

- 2) Substantial participation as a member of a professional, social, community, civic, political, athletic, or religious organization in Maryland, including professionally related school activities that demonstrate a commitment to the student's community or to the State of Maryland.
- 3) Registration as a Maryland resident with the Selective Service, if applicable.
- 4) Evidence that the student is married to a Maryland resident.
- 5) Evidence that the student attended schools in Maryland for grades K-12.
- 6) Evidence showing the student uses ~~his or her~~ the student's Maryland address as ~~his or her~~ the sole address of record for all purposes, including, for example, on health and auto insurance records, bank accounts, tax records, loan and scholarship records, school records, military records, leases, etc.
- 7) An affidavit from a person unrelated to the student that provides objective, relevant evidence of ~~a~~ the student's conduct demonstrating the student's intent to reside in Maryland primarily for a purpose other than that of attending an educational institution in Maryland.
- 8) Evidence of life and employment changes that caused the student to relocate to Maryland for reasons other than primarily educational purposes (e.g., divorce, family relocation, taking care of a sick family member, etc.)

D. Appeal

A student may appeal an adverse decision on a Petition for Change in Classification.

E. Change in Circumstances Altering In-State Status

~~The~~ A student shall notify the USM institution in writing within fifteen (15) days of any change in circumstances which may alter in-state status. Failure to do so could result in retroactive charges for each semester/term affected.

F. Incomplete, Untimely, False or Misleading Information

If necessary, ~~information~~ is not provided by the institution's deadline, the USM institution may, at its discretion, deny or revoke in-state status. In the event incomplete, false, or misleading information is presented, the USM institution may, at its discretion, revoke in-state status and take disciplinary action provided for by the institution's policies. Such action may include suspension or expulsion. In such cases, the institution reserves the right to retroactively assess all out-of-state charges for each semester/term affected.

IV. CRITERIA FOR TEMPORARY QUALIFICATION OF NON-RESIDENTS FOR IN-STATE STATUS

Non-residents with the following status shall be accorded the benefits of in-state status for the period in which they hold such status, if they provide clear and convincing evidence through documentation, by the institution's deadline for the semester for which they seek in-state status, showing that they fall within one of the following categories:

- A. A full-time or part-time (at least 50 percent) regular employee of USM or a USM institution.

B. The spouse or Financially Dependent child of a full-time or part-time (at least 50 percent) regular employee of USM or a USM institution.

~~C. An~~ active duty members of the Armed Forces of the United States as defined in 38 U.S.C.A. § 101(10) as the United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including the reserve components thereof, who ~~are~~ is stationed in Maryland, resides in Maryland, or ~~are~~ is domiciled in Maryland, or ~~his/her/their~~ spouse or ~~a~~ financially dependent child ~~ren-of-that-active-duty-member, as provided in § 15-106.4 of the Education Article, Annotated Code of Maryland.~~ Spouses and children who qualify for exemptions under this provision will retain in-state status for tuition purposes as long as they are continuously enrolled, regardless of whether the active duty member's station assignment, residence, or domicile remains in Maryland.²

~~C.~~

D. ~~A~~ Veterans of the Armed Forces of the United States who provides documentation that ~~he or she was~~ they were honorably discharged and currently resides or ~~is~~ are domiciled in Maryland, as provided in § 15-106.4 of the Education Article, Annotated Code of Maryland.³

E. ~~A~~ Veterans who lives in Maryland and ~~was~~ were discharged from a period of at least 90 days of service in the active military, naval, space, or air service and ~~is~~ are pursuing a course of education with educational assistance under the Montgomery G.I. Bill® (38 U.S.C. ~~§ 3301~~ Ch. 30) or the Post-9/11 G.I. Bill® (38 U.S.C. ~~§ 3301~~ Ch. 33), pursuant to 38 U.S.C.A. § 3679(c).²⁴ A veteran so described will continue to retain in-state status if the veteran is using educational benefits under either chapter 30 or chapter 33, of title 38, United States Code, and remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school.

F. Anyone who lives in Maryland, and:

- 1) Is using transferred Post-9/11 G.I. Bill® benefits (38 U.S.C. § 3319) and enrolls after the transferor's discharge or release from a period of at least 90 days of service in the active military, naval or air service; or
- 2) Is using transferred Post-9/11 G.I. Bill® benefits (38 U.S.C. § 3319) and the transferor is a member of the uniformed services who is serving on active duty;
- 3) Is using benefits under the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9))⁵;
- 4) Is using benefits through the Survivors' and Dependents' Educational Assistance Program (DEA), (38 U.S.C. chapter 35) or
- 5) Is entitled to rehabilitation under 38 U.S.C. § 3102(a).

An individual as described in this Section IV.F will continue to retain in-state status if the individual is using educational benefits under chapter 30, 31, 33, or 35 of title 38, United States Code, and remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school.

G. A member of the Maryland National Guard, as defined in the Public Safety Article of the Maryland-Annotated Code of Maryland, who joined or subsequently serves in the Maryland National Guard to: (i) provide a critical military occupational skill; or (ii) be a member of the Air Force Critical Specialty Code as determined by the National Guard.

²-Annotated Code of Maryland, Education Article § 15-106.4.

H. For UMUCUMGC, only, a full-time active member of the Armed Forces of the United States on active duty, or their spouse.

I. A graduate assistant appointed through a USM institution for the semester/term of the appointment. Except through prior arrangement, this benefit is available only for enrollment at the institution awarding the assistantship.

J. A full-time public school teacher in the first year of employment by a Maryland local education agency, who resides in Maryland and -meets the criteria for a residency waiver in § 15-106.2 of the Education Article, Annotated Code of Maryland.

K. The child of a Maryland public safety employee who is eligible for the Edward T. Conroy and Joan B. Cryor Scholarship under § 18-601(d)(3)(iii) of the Education Article, Annotated Code of Maryland.

L. A person who has completed all service hours in an AmeriCorps Program in Maryland or who has completed a service program under the Maryland Corps Program, -pursuant to Title 249, subtitle 11-28 of the Education State Government Article, Annotated Code of Maryland, as provided in § 15-106.9 of the Education Article, Annotated Code of Maryland.

M. A person who has been certified by the Director of the Peace Corps as having served satisfactorily as a Peace Corps volunteer and who -is domiciled in Maryland-, as provided in § 15-106.11 of the Education Article, Annotated Code of Maryland.

N. Individuals, including undocumented immigrants, who do not meet the definition of nonimmigrant alien within the meaning of 8 U.S.C. § 1101(a)(15) and who meet all the criteria in § 15-106.8 of the Education Article, Annotated Code of Maryland.

²⁴ ~~38 U.S.C.A. § 3679(c)~~-GI Bill® is a registered trademark of the U.S. Department of Veterans Affairs (VA). More information about education benefits offered by the VA is available at the official U.S. government Web site at <http://www.benefits.va.gov/gibill>.

⁵ ~~id.~~

⁶ ~~Annotated Code of Maryland, Education Article, §15-106.9.~~

⁷ ~~Annotated Code of Maryland, Education Article, §15-106.11.~~

⁸ ~~Annotated Code of Maryland, Education Article, §15-106.10.~~

V. ADDITIONAL PROCEDURES

Each USM institution shall develop and publish additional procedures to implement this Policy. Procedures shall provide that on request the institution President or designee has the authority to waive any requirement set forth in Section II if it is determined that the application of the requirements creates an unjust result. These procedures shall be filed with the Office of the Chancellor.

VI. DEFINITIONS

- A. Financially Dependent: For the purposes of this Policy, a financially dependent student is one who has been claimed as a dependent on another person's prior year tax returns or is a ward of the State of Maryland.
- B. Financially Independent: For the purposes of this Policy, a financially independent student is one who provides 50% percent or more of ~~his or her~~ the student's own living and educational expenses and has not been claimed as a dependent on another person's most recent tax returns.
- C. Parent: A parent may be a natural parent, or, if established by a court order recognized under the laws of the State of Maryland, an adoptive parent.
- D. Guardian: A guardian is a person so appointed by a court order recognized under the laws of the State of Maryland.
- E. Spouse: A spouse is a partner in a legally contracted marriage.
- F. Child: A child is a natural child or a child legally adopted pursuant to a court order recognized under the laws of Maryland.
- G. Regular Employee: A regular employee is a person employed by USM or a USM institution who is assigned to a State budget line or who is otherwise eligible to enroll in a State retirement system. Examples of categories NOT considered regular employees are graduate students, contingent employees, and independent contractors.
- H. Continuous Enrollment:
 - 1) Undergraduate Student - An undergraduate student who is enrolled at a USM institution for consecutive fall and spring semesters, until completion of the student's current degree program or unless on an approved leave of absence or participating in an approved program off-campus.
 - 2) Graduate ~~and or~~ Professional - Continuous enrollment for a graduate or professional student is defined by the institution in accordance with program requirements.
- I. Armed Forces of the United States: As defined in 38 U.S.C.A. § 101(10), ~~as~~ the United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including the reserve components thereof.
- I.J. Uniformed Services of the United States: As defined in 38 U.S.C. § 3319, Armed Forces and the Commissioned Corps of the National Oceanic and Atmospheric Administration and of the Public Health Service.

USM Bylaws, Policies and Procedures of the Board of Regents

VIII-2.70—POLICY ON STUDENT CLASSIFICATION FOR ADMISSION AND TUITION PURPOSES

(Approved by the Board of Regents August 28, 1990; Amended July 10, 1998; Amended November 27, 2000; Amended April 11, 2003; Amended June 23, 2006; Amended February 15, 2008; Amended October 24, 2014; Amended April 10, 2015; Amended February 17, 2017; Amended June 16, 2017; Amended April 19, 2019; Amended June 17, 2021; Amended June 17, 2022; Amended June 16, 2023).

I. POLICY**A. Purpose**

To extend the benefits of its system of higher education while encouraging the economical use of the State's resources,¹ it is the policy of the Board of Regents of the University System of Maryland (USM) to recognize the categories of in-state and out-of-state residency for the purpose of admission and assessing tuition at USM institutions.

B. Qualification for In-State Status

Generally, to qualify for in-state status, prospective, returning, or current students must demonstrate that they are permanent Maryland residents. Under certain circumstances, as set forth in this Policy, students who are not permanent Maryland residents may qualify temporarily for in-state status. Students who do not qualify for in-state status under this Policy shall be assigned out-of-state status for admission and tuition purposes.

C. Standard of Proof

Students seeking in-state status shall have the burden of proving by clear and convincing evidence that they satisfy the requirements and standards set forth in this Policy. Assignment of in-state or out-of-state status will be made by each USM institution upon a review of the totality of facts known by the institution or presented to it by the student.

II. DETERMINATION OF RESIDENCY STATUS**A. Criteria for Determination of Residency Status**

An initial determination of residency status will be made at the time of admission and readmission based upon information provided by the student with the signed application certifying that the information provided is complete and correct. Additional information may be requested by the institution to clarify facts presented. To qualify for in-state status, the student must demonstrate that for at least 12 consecutive months immediately prior to and including the last date available to register for courses for the semester/term for which the student seeks in-state status, the student had the continuous intent to reside in Maryland indefinitely and for a primary purpose other than that of attending an educational institution in Maryland. The student will demonstrate the requisite intent by satisfying all of the following requirements for the 12-month period (or shorter period indicated):

¹ Annotated Code of Maryland, Educ. § 12-101.

- 1) Has continuously maintained primary living quarters in Maryland.
- 2) Has substantially all personal property, such as household effects, furniture, and pets, in Maryland.
- 3) Has paid Maryland income tax on all taxable income, including all taxable income earned outside Maryland, and has filed a Maryland Resident Tax Return. If the student is a dependent for tax purposes, then the person who claims the student as a dependent shall have paid Maryland income tax on all taxable income, including all taxable income earned outside Maryland, and have filed a Maryland Resident Tax Return.
- 4) Has registered all owned or leased motor vehicles in Maryland for at least 12 consecutive months, if previously registered in another state. Students who have lived in Maryland for at least 12 consecutive months but who have had their motor vehicle(s) registered in Maryland for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their owned or leased motor vehicle(s) was (were) registered in Maryland within 60 days after moving to the state in accordance with Maryland Motor Vehicle Administration requirements.
- 5) Has possessed a valid Maryland driver's license for at least 12 consecutive months, if previously licensed to drive in another state. Students who have lived in Maryland for at least 12 consecutive months but who have held a Maryland driver's license for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their driver's license was issued in Maryland within 60 days after moving to the state in accordance with Maryland Motor Vehicle Administration requirements.
- 6) Is currently registered to vote in Maryland, if previously registered to vote in another state (no time requirement).
- 7) Receives no public assistance from a state other than the State of Maryland or from a city, county, or municipal agency other than one in Maryland.
- 8) Has a legal ability under Federal and Maryland law to live permanently and without interruption in Maryland.

B. Presumption of Out-of-State Status

Either of the following circumstances raises a presumption that the student is residing in the State of Maryland primarily for the purpose of attending an educational institution and, therefore, does not qualify for in-state status under this Policy:

- 1) A student is attending school or living outside Maryland at the time of application for admission to a USM institution, or
- 2) A student is Financially Dependent on a person who is not a resident of Maryland. A student will be considered financially independent if the student provides 50 percent or more of the student's own living and educational expenses and has not been claimed as a dependent on another person's most recent tax returns.

III. CHANGE IN CLASSIFICATION FOR TUITION PURPOSES

A. Petition for Change in Classification for Tuition Purposes

After the initial determination is made, a student seeking a change to in-state tuition status must

submit a Petition for Change in Classification for Tuition Purposes that includes all of the information the student wishes the institution to consider. All information must be submitted by the institution's deadline for submitting a petition for the semester for which the student seeks reclassification. Only one Petition may be filed per semester.

B. Criteria for Change in Tuition Status

A student seeking reclassification from out-of-state to in-state tuition status must demonstrate, by clear and convincing evidence, that for at least twelve (12) consecutive months immediately prior to and including the last date available to register for courses for the semester/term for which the student seeks in-state tuition status, the student had the continuous intent to

- 1) make Maryland the student's permanent home;
- 2) abandon the student's former home state;
- 3) reside in Maryland indefinitely; and
- 4) reside in Maryland primarily for a purpose other than that of attending an educational institution in Maryland.

A student will demonstrate the requisite intent by satisfying all of the following requirements for a period of at least twelve (12) consecutive months (or for the shorter period of time indicated) immediately prior to and including the last date available to register for courses in the semester/term for which the student seeks in-state tuition status. Evidence of intent must be clear and convincing and will be evaluated not only by the amount presented but also based upon the reliability, authenticity, credibility and relevance of the evidence and the totality of facts known to the institution. The student must demonstrate (providing appropriate documentation as necessary) that for the relevant period the student:

- 1) Continuously maintained primary living quarters in Maryland.
- 2) Has substantially all personal property, such as household effects, furniture, and pets, in Maryland.
- 3) Has paid Maryland income tax on all taxable income including all taxable income earned outside the state and has filed a Maryland Resident Tax Return. If the student is a dependent for tax purposes, then the person who claims the student as a dependent shall have paid Maryland income tax on all taxable income, including all taxable income earned outside Maryland, and have filed a Maryland Resident Tax Return.
- 4) Has registered all owned or leased motor vehicles in Maryland for at least 12 consecutive months, if previously registered in another state. Students who have lived in Maryland for at least 12 consecutive months but who have had their motor vehicle(s) registered in Maryland for less than 12 months will be deemed to have satisfied this requirement if they can show evidence that their owned or leased motor vehicle(s) was (were) registered in Maryland within 60 days after moving to the state in accordance with Maryland Motor Vehicle Administration requirements.
- 5) Has possessed a valid Maryland driver's license for at least 12 consecutive months, if previously licensed to drive in another state. Students who have lived in Maryland for at least 12 consecutive months but who have held a Maryland driver's license for less than 12 months

will be deemed to have satisfied this requirement if they can show evidence that their driver's license was issued in Maryland within 60 days after moving to the state in accordance with Maryland Motor Vehicle Administration requirements.

- 6) Is currently registered to vote in Maryland, if previously registered to vote in another state (no time requirement).
- 7) Receives no public assistance from a state other than the State of Maryland or from a city, county, or municipal agency other than one in Maryland.
- 8) Has a legal ability under Federal and Maryland law to live permanently without interruption in Maryland.
- 9) Has either not raised the presumption set forth in Section II.B above; or alternatively, if the student's circumstances have raised the presumption set forth in Section II.B above, the student has rebutted that presumption.

C. Rebuttal Evidence

If the information received by the institution about the student has raised the presumption set forth in Section II.B, the student bears the burden of rebutting the presumption set forth in Section II.B by presenting additional evidence of objectively verifiable conduct to rebut the presumption and show the requisite intent. Rebuttal evidence of intent must be clear and convincing and will be evaluated not only by the amount presented but also based upon the reliability, authenticity, credibility and relevance of the evidence and the totality of facts known to the institution. Evidence that does not document a period of at least twelve (12) consecutive months immediately prior to and including the last date available to register for courses in the semester/term for which the student seeks in-state tuition status is generally considered an unfavorable factor under this Policy. The absence of objective, relevant evidence is generally considered an unfavorable factor. A student's statement of intent to remain in Maryland in the future is generally not considered to be objective evidence under this Policy.

For purposes of rebutting the presumption, additional evidence that will be considered includes, but is not limited to:

- 1) Source of financial support:
 - a. Maryland employment and earnings history through sources beyond those incident to enrollment as a student in an educational institution, e.g., beyond support provided by work study, scholarships, grants, stipends, aid, student loans, etc. (Tuition costs will be considered as a student expense only to the extent tuition exceeds the amount of any educational scholarships, grants, student loans, etc.), or
 - b. Evidence the student is Financially Dependent, for the previous 12 months, upon a person who is a resident of Maryland.
- 2) Substantial participation as a member of a professional, social, community, civic, political, athletic, or religious organization in Maryland, including professionally related school activities that demonstrate a commitment to the student's community or to the State of Maryland.

- 3) Registration as a Maryland resident with the Selective Service, if applicable.
- 4) Evidence that the student is married to a Maryland resident.
- 5) Evidence that the student attended schools in Maryland for grades K-12.
- 6) Evidence showing the student uses the student's Maryland address as the sole address of record for all purposes, including, for example, on health and auto insurance records, bank accounts, tax records, loan and scholarship records, school records, military records, leases, etc.
- 7) An affidavit from a person unrelated to the student that provides objective, relevant evidence of the student's conduct demonstrating the student's intent to reside in Maryland primarily for a purpose other than that of attending an educational institution in Maryland.
- 8) Evidence of life and employment changes that caused the student to relocate to Maryland for reasons other than primarily educational purposes (e.g., divorce, family relocation, taking care of a sick family member, etc.)

D. Appeal

A student may appeal an adverse decision on a Petition for Change in Classification.

E. Change in Circumstances Altering In-State Status

A student shall notify the USM institution in writing within fifteen (15) days of any change in circumstances which may alter in-state status. Failure to do so could result in retroactive charges for each semester/term affected.

F. Incomplete, Untimely, False or Misleading Information

If necessary information is not provided by the institution's deadline, the USM institution may, at its discretion, deny or revoke in-state status. In the event incomplete, false, or misleading information is presented, the USM institution may, at its discretion, revoke in-state status and take disciplinary action provided for by the institution's policies. Such action may include suspension or expulsion. In such cases, the institution reserves the right to retroactively assess all out-of-state charges for each semester/term affected.

IV. CRITERIA FOR TEMPORARY QUALIFICATION OF NON-RESIDENTS FOR IN-STATE STATUS

Non-residents with the following status shall be accorded the benefits of in-state status for the period in which they hold such status, if they provide clear and convincing evidence through documentation, by the institution's deadline for the semester for which they seek in-state status, showing that they fall within one of the following categories:

- A. A full-time or part-time (at least 50 percent) regular employee of USM or a USM institution.
- B. The spouse or Financially Dependent child of a full-time or part-time (at least 50 percent) regular employee of USM or a USM institution.
- C. Active duty members of the Armed Forces of the United States as defined in 38 U.S.C.A. § 101(10) as the United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including the reserve components thereof, who are stationed in Maryland, reside in

Maryland, or are domiciled in Maryland, or their spouse or financially dependent children, as provided in § 15-106.4 of the Education Article, Annotated Code of Maryland. Spouses and children who qualify for exemptions under this provision will retain in-state status for tuition purposes as long as they are continuously enrolled, regardless of whether the active duty member's station assignment, residence, or domicile remains in Maryland.

- D. Veterans of the Armed Forces of the United States who provide documentation that they were honorably discharged and currently reside or are domiciled in [Maryland, as provided in § 15-106.4 of the Education Article, Annotated Code of Maryland.](#)
- E. Veterans who live in Maryland and were discharged from a period of at least 90 days of service in the active military, naval, space, or air service and are pursuing a course of education with educational assistance under the Montgomery G.I. Bill[®] (38 U.S.C. Ch. 30) or the Post-9/11 G.I. Bill[®] (38 U.S.C. Ch. 33), pursuant to 38 U.S.C. § 3679(c).² A veteran so described will continue to retain in-state status if the veteran is using educational benefits under either chapter 30 or chapter 33 of title 38, United States Code, and remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school.
- F. Anyone who lives in Maryland, and:
 - 1) Is using transferred Post-9/11 G.I. Bill[®] benefits (38 U.S.C. § 3319) and enrolls after the transferor's discharge or release from a period of at least 90 days of service in the active military, naval or air service; or
 - 2) Is using transferred Post-9/11 G.I. Bill[®] benefits (38 U.S.C. § 3319) and the transferor is a member of the uniformed services who is serving on active duty;
 - 3) Is using benefits under the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9));
 - 4) Is using benefits through the Survivors' and Dependents' Educational Assistance Program (DEA), (38 U.S.C. chapter 35) or
 - 5) Is entitled to rehabilitation under 38 U.S.C. § 3102(a).

An individual as described in this Section IV.F will continue to retain in-state status if the individual is using educational benefits under chapter 30, 31, 33, or 35 of title 38, United States Code, and remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school.
- G. A member of the Maryland National Guard, as defined in the Public Safety Article of the Annotated Code of Maryland, who joined or subsequently serves in the Maryland National Guard to: (i) provide a critical military occupational skill; or (ii) be a member of the Air Force Critical Specialty Code as determined by the National Guard.
- H. For UMGC, only, a full-time active member of the Armed Forces of the United States on active duty, or their spouse.
- I. A graduate assistant appointed through a USM institution for the semester/term of the appointment. Except through prior arrangement, this benefit is available only for enrollment at the institution awarding the assistantship.
- J. A full-time public school teacher in the first year of employment by a Maryland local education agency, who resides in Maryland and meets the criteria for a residency waiver in § 15-106.2 of the Education Article, Annotated Code of Maryland.
- K. The child of a Maryland public safety employee who is eligible for the Edward T. Conroy and Joan B. Cryor Scholarship under § 18-601(d)(3)(ii) of the Education Article, Annotated Code of Maryland.

- L. A person who has completed all service hours in an AmeriCorps Program in Maryland or who has completed a service program under the Maryland Corps Program, pursuant to Title 9, subtitle 28 of the State Government Article, Annotated Code of Maryland, as provided in § 15-106.9 of the Education Article, Annotated Code of Maryland.
- M. A person who has been certified by the Director of the Peace Corps as having served satisfactorily as a Peace Corps volunteer and who is domiciled in Maryland, as provided in § 15-106.11 of the Education Article, Annotated Code of Maryland.
- N. Individuals, including undocumented immigrants, who do not meet the definition of nonimmigrant alien within the meaning of 8 U.S.C. § 1101(a)(15) and who meet all the criteria in § 15-106.8 of the Education Article, Annotated Code of Maryland.

² GI Bill® is a registered trademark of the U.S. Department of Veterans Affairs (VA). More information about education benefits offered by the VA is available at the official U.S. government Web site at <http://www.benefits.va.gov/gibill>.

V. ADDITIONAL PROCEDURES

Each USM institution shall develop and publish additional procedures to implement this Policy. Procedures shall provide that on request the institution President or designee has the authority to waive any requirement set forth in Section II if it is determined that the application of the requirement creates an unjust result. These procedures shall be filed with the Office of the Chancellor.

VI. DEFINITIONS

- A. Financially Dependent: For the purposes of this Policy, a financially dependent student is one who has been claimed as a dependent on another person's prior year tax returns or is a ward of the State of Maryland.
- B. Financially Independent: For the purposes of this Policy, a financially independent student is one who provides 50 percent or more of the student's own living and educational expenses and has not been claimed as a dependent on another person's most recent tax returns.
- C. Parent: A parent may be a natural parent, or, if established by a court order recognized under the laws of the State of Maryland, an adoptive parent.
- D. Guardian: A guardian is a person so appointed by a court order recognized under the laws of the State of Maryland.
- E. Spouse: A spouse is a partner in a legally contracted marriage.
- F. Child: A child is a natural child or a child legally adopted pursuant to a court order recognized under the laws of Maryland.
- G. Regular Employee: A regular employee is a person employed by USM or a USM institution who is assigned to a State budget line or who is otherwise eligible to enroll in a State retirement system. Examples of categories NOT considered regular employees are graduate students, contingent employees, and independent contractors.
- H. Continuous Enrollment:
 - 1) Undergraduate Student - An undergraduate student who is enrolled at a USM institution for consecutive fall and spring semesters, until completion of the student's current degree program or unless on an approved leave of absence or participating in an approved program off campus.

- 2) Graduate or Professional - Continuous enrollment for a graduate or professional student is defined by the institution in accordance with program requirements.
 - I. Armed Forces of the United States: As defined in 38 U.S.C.A. § 101(10), the United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including the reserve components thereof.
 - J. Uniformed Services of the United States: As defined in 38 U.S.C. § 3319, Armed Forces and the Commissioned Corps of the National Oceanic and Atmospheric Administration and of the Public Health Service.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Adjustment to the Biennial Nonexempt Salary Structure for Fiscal Years 2024 and 2025

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: The USM is committed to conducting a biennial nonexempt market salary study to maintain salary competitiveness with the market. Based on this year’s study, a 3.5% increase to the nonexempt salary structure is recommended effective July 1, 2023.

The attached Biennial Nonexempt Market Salary Survey Report provides a summary of the 2023 market analysis completed by the USM Compensation & Classification Committee (CCC) and the recommendation of USM Office and institution officials. This report indicates that the nonexempt salary market increased by approximately 3.4% in calendar year 2022 and a projected adjustment of 3.7% this year. Taken together, these increases would suggest that an increase of 7.1% for the next two years would be recommended in order to meet the “lead/meet/lag” practice ordinarily followed. In July 2022, grades 6-17 in the nonexempt structure increased by 3.6% and grades 3, 4, and 5 were increased by 2.1%, 4.3%, and 6.4% respectively, in order to address compression issues resulting from the \$15.00 minimum hourly wage set in January 2022. These increases resulted in the salary structure being slightly over-inflated until the market rose enough to meet it. The CCC has accounted for this inflation by reducing the proposed increase by 3.6% from what it would normally recommend.

The adjusted nonexempt salary structure appears on page 5 of the attached report and will apply through June 2025. Employees who fall below the new minimum of their respective pay range will receive a salary increase to the new minimum. Following this structure increase, the announced 2.0% cost of living adjustment and 2.5% merit increases will be applied.

ALTERNATIVE(S): The Board could elect to retain the current Nonexempt Salary Structure.

FISCAL IMPACT: Implementation of the recommended salary structure is estimated to cost \$603,744, excluding the cost of fringe benefits.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve a 3.5% increase to the current nonexempt salary structure for FY 2024 and FY 2025.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

Biennial Nonexempt Market Salary Survey Report

Nonexempt Salary Structure Adjustment for July 2023 to June 2025



Classification & Compensation Committee

Overview

Each year, the Compensation & Classification Committee (CCC), a subcommittee of the Systemwide Human Resources Committee (SHRC), conducts a biennial review of either the nonexempt or exempt staff salary structure, to review the relationship of the USM structure to the external job market. The nonexempt salary structure is reviewed in odd years (such as this year, 2023), the exempt structure in even. The commitment to review the nonexempt and exempt salary structures was made by the Board of Regents when the Staff Pay Program was established in 1996.

Pursuant to the requirements of USM Policy VII-9.10 "Policy on the Pay Program for Nonexempt Staff Employees," the CCC has conducted its biennial market review of the nonexempt salary structure and reports the following findings and recommendation to the USM Board of Regents for consideration. The salary structure recommended in this report would cover two fiscal years, starting in July 2023 and expiring two years later in June 2025.

The Nonexempt Staff Pay Program

As stated in BOR policy VII-9.10 "Policy on the Pay Program for Nonexempt Staff Employees," an objective in the pay program is to maintain the midpoint of the salary structure pay ranges to be nearly equal to the current average salary paid for comparable positions within the appropriate job market. During the last few months, the CCC focused their work on adjusting the structure to fulfill this policy directive.

The compensation philosophy adopted by the BOR for the nonexempt salary structure included a practice known as "lead/meet/lag." The structure should lead the market at the beginning of the cycle, meet the market in the middle, and lag the market by the end of the cycle before new structure adjustments are made.

The 2021 biennial review of the nonexempt salary structure resulted in a 1.9% overall adjustment approved by the Board of Regents that was effective July 1, 2021. After the minimum wage in the nonexempt structure was raised to \$15.00 in January 2022, the nonexempt structure was adjusted again in July 2022 by 3.6% for grades 6-17 and 2.1%, 4.3%, and 6.4% for grades 3, 4, and 5 respectively.

Below is a list of recent biennial structure adjustments:

Nonexempt - 3.6% for grades 6-17 and 2.1%, 4.3%, and 6.4% for grades 3, 4, and 5 respectively, in July 2022

Exempt – 4.4% in July 2022

Nonexempt – Grades 2-5 increased to \$15.00 in January 2022

Nonexempt – 1.9% in July 2021

Exempt - No increase in July 2020

Nonexempt - 4.0% in July 2019

USM Nonexempt Salary Structure Currently in Use

The proposed structure will replace the current one shown below.

Current USM Nonexempt Salary Structure Annual and Hourly Rates Effective July 2022

Pay Range	Minimum	Midpoint	Maximum
2	\$31,286 \$15.00	\$36,761 \$17.63	\$42,236 \$20.25
3	\$31,953 \$15.32	\$37,545 \$18.00	\$43,137 \$20.68
4	\$32,621 \$15.64	\$38,325 18.38	\$44,029 21.11
5	\$33,288 \$15.96	\$40,494 19.42	\$47,700 \$22.87
6	\$33,997 16.30	\$42,496 20.38	\$50,996 24.45
7	\$34,977 \$16.77	\$45,427 \$21.78	\$55,876 \$26.79
8	\$37,418 \$17.94	\$48,587 \$23.30	\$59,756 \$28.65
9	\$39,232 \$18.81	\$51,966 \$24.92	\$64,699 \$31.02
10	\$41,944 \$20.11	\$55,553 \$26.64	\$69,162 \$33.16
11	\$44,843 \$21.50	\$59,401 \$28.48	\$73,959 \$35.46
12	\$47,951 \$22.99	\$63,520 \$30.46	\$79,090 \$37.92
13	\$51,288 \$24.59	\$67,932 \$32.57	\$84,576 \$40.55
14	\$54,854 \$26.30	\$72,645 \$34.83	\$90,437 \$43.36
15	\$58,629 \$28.11	\$77,674 \$37.24	\$96,715 \$46.37
16	\$62,717 \$30.07	\$83,053 \$39.82	\$103,389 49.57
17	\$67,056 \$32.15	\$88,799 \$42.58	\$110,543 \$53.00

There are no USM nonexempt jobs in Pay Range 1. The lowest entry pay amount on USM’s Nonexempt Salary Structure is at the minimum of Pay Range 2.

The nonexempt structure was not automatically adjusted for the 3.0% COLA and 2.5% merit granted on July 1, 2022 or the 4.5% COLA granted on November 1, 2022 and it was not increased for the 1.0% COLA, 2.5% Merit, and \$1,500 bonus granted in January 2022.

Major Issues Considered by the CCC

Maryland’s Minimum Wage

The minimum wage schedule from the [Annotated Code, Labor and Employment , Title 3, Subtitle 4](#) provides:

Effective Date	Minimum Hourly Wage	% Increase over previous
1-1-2022	\$12.50	6.4%
1-1-2023	\$13.25	6.0%
1-1-2024	\$14.00	5.7%
1-1-2025	\$15.00	7.1%

The lowest active pay grade in the nonexempt salary structure is Pay Range 2, which has a minimum hourly pay of \$15.00. In areas around some USM institutions, the average minimum pay in their salary market is less than \$15 per hour but as the salary market rapidly rises during this period of inflation, the minimum pay in these markets is likely to reach the USM’s minimum pay soon.

In July 2022, the nonexempt structure’s grades 6-17 increased by 3.6% and grades 3, 4, and 5 were increased by 2.1%, 4.3%, and 6.4% respectively, in order to address compression issues resulting from the \$15.00 minimum hourly wage set in January 2022. These increases would result in the salary structure being slightly over-inflated until the market rose enough to meet it. The CCC has accounted for this inflation by reducing the proposed increase by 3.6% from what it would normally recommend.

Compression

Each increase in the salary structure removes any gains to eliminate compression for those employees paid at the minimum of their grade. No compression increases were granted for those employees with less than three years employment, therefore those employees who were hired at the minimum of their pay grade may remain at that minimum or close to it.

Regional Wage Differential

A study conducted by the CCC revealed that the salary market for nonexempt positions is approximately 11% lower on the Eastern Shore than it is in the Baltimore/Washington metropolitan area. In western Maryland, the difference is approximately 20%. The committee agreed not to recommend installing regional pay structures now, but instead will rely on the new pay plan to address the issue.

Job Market Competitiveness

The CCC’s approach to this biennial review, like past reviews, was to evaluate average salary structure adjustments for various nonexempt employee cohorts. The CCC agreed on two surveys that appeared to be best suited to this biennial review of the nonexempt salary structure. Their survey data are from organizations of all sizes and types, both public and private.

The survey titles and data are listed below.

Salary Source	Calendar Yr 2022 (Actual)	Calendar Yr 2023 (Projected)
Salary.com: Nonexempt Maryland	3.0	3.1
WorldatWork 2022 Salary Increase Survey: Salary Structure Movement (Education)	3.4	3.5
WorldatWork 2022 Salary Increase Survey: Salary Structure Movement (Maryland)	3.5	4.0
WorldatWork 2020 Salary Increase Survey: Salary Structure Movement (Washington DC)	3.5	4.0
Average	3.4	3.7

These surveys reported an actual average salary structure adjustment of 3.4% in calendar year 2022 and a projected adjustment of 3.7% this year. Taken together, these increases would suggest that an increase of 7.1% for the next two years would be recommended in order to meet the “lead/meet/lag” practice ordinarily followed.

As stated previously, the Committee noted that the 3.6% increase made to grades 6-17 to the nonexempt structure in July 2022 resulted in most of the structure being over-inflated by 3.6%. To account for this, the committee reduced its recommendation from 7.1% down to 3.5%.

Recommendation

Increase the entire structure by 3.5% at the beginning of the first full pay period after June 30, 2023 or on the same day as any COLA or merit is granted to be effective in July 2023.

The proposed structure is below:

Proposed USM Nonexempt Salary Structure
Annual and Hourly Rates (Non-Leap Year)*
Proposed To Be Effective July 2023

Pay Range	Minimum	Midpoint	Maximum
2	\$32,391	\$38,043	\$43,717
	\$15.53	\$18.24	\$20.96
3	\$33,079	\$38,857	\$44,634
	\$15.86	\$18.63	\$21.40
4	\$33,768	\$39,670	\$45,573
	\$16.19	\$19.02	\$21.85
5	\$34,456	\$41,902	\$49,369
	\$16.52	\$20.09	\$23.67
6	\$35,186	\$43,988	\$52,789
	\$16.87	\$21.09	\$25.31
7	\$36,208	\$47,012	\$57,837
	\$17.36	\$22.54	\$27.73
8	\$38,732	\$50,287	\$61,841
	\$18.57	\$24.11	\$29.65
9	\$40,609	\$53,791	\$66,972
	\$19.47	\$25.79	\$32.11
10	\$43,404	\$57,503	\$71,582
	\$20.81	\$27.57	\$34.32
11	\$46,407	\$61,487	\$76,546
	\$22.25	\$29.48	\$36.70
12	\$49,619	\$65,742	\$81,864
	\$23.79	\$31.52	\$39.25
13	\$53,081	\$70,309	\$87,537
	\$25.45	\$33.71	\$41.97
14	\$56,773	\$75,190	\$93,607
	\$27.22	\$36.05	\$44.88
15	\$60,673	\$80,383	\$100,093
	\$29.09	\$38.54	\$47.99
16	\$64,907	\$85,952	\$106,997
	\$31.12	\$41.21	\$51.30
17	\$69,413	\$91,917	\$114,422
	\$33.28	\$44.07	\$54.86

*Hourly rates may vary during a leap year

Projected Costs of the Adjustments to the Nonexempt Salary Structure:

Institution	Regular		Contingent II		Contingent I		Total	
	# EE's	Cost	# EE's	Cost	# EE's	Cost	# EE's	Cost
BSU	0	\$0	0	\$0	15	\$12,448	15	\$12,448
CSU	0	\$0	0	\$0	11	\$8,783	11	\$8,783
FSU	3	\$4,295	0	\$0	17	\$21,608	20	\$25,903
SU	3	\$4,546	1	\$1,543	10	\$7,332	14	\$13,421
TU	2	\$1,606	2	\$1,393	14	\$11,719	18	\$14,717
UBalt	0	\$0	0	\$0	7	\$4,150	7	\$4,150
UMB	1	\$1,146	1	\$1,088	110	\$70,862	112	\$73,096
UMBC	4	\$3,860	0	\$0	0	\$0	4	\$3,860
UMCES	0	\$0	0	\$0	0	\$0	0	\$0
UMES	1	\$625	0	\$0	82	\$63,994	83	\$64,619
UMCP	10	\$17,977	5	\$7,067	816	\$357,703	831	\$382,747
UMGC	0	\$0	0	\$0	0	\$0	0	\$0
USMO	0	\$0	0	\$0	0	\$0	0	\$0
Total	24	\$34,055	9	\$11,091	1,082	\$558,599	1,115	\$603,744

Total Projected Implementation Cost: \$603,744

These are the costs of increasing the wages of only those nonexempt employees whose salaries are below the minimums of the adjusted ranges to the new range minimums. They exclude the cost of benefits.

The cost of this structure increase of 3.5% in July 2023 will be mitigated by the 4.5% COLA granted on November 1, 2022.

Future Consideration

As stated in the document titled, "Request for a New Nonexempt and Exempt Staff Compensation Program" delivered to the SHRC last month, the CCC requests leadership support to develop a comprehensive pay philosophy and program that will include the assessment and recommendations to revise the nonexempt and exempt salary structures, if any, and the updating of nonexempt job

specifications. Other features should include geographic salary differentials and the realignment of exempt coding to reflect today's exempt jobs. In addition, USM policies must be revised in order to support the new plan and related practices.

An expert outside compensation consulting team is requested to design and implement this transformational compensation program. CCC members would serve as guides and advisors on the project.

USM Compensation & Classification Committee
January 9, 2023



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Establishment of an up to \$150M Quasi-endowment Fund to Provide Need-Based Student Financial Aid

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: During the 2023 Session of the General Assembly, legislation was passed and signed into law that permits the Board of Regents to establish a quasi-endowment fund, with the stipulation that the spendable income provide funding for need-based financial aid for in-state Maryland students.

The System Office is in the process of formalizing institution commitments for the \$150 million authorization. Following the formal approval by the Board, the committed funds will be transferred to the USM Foundation for investment in the endowment portfolio. The funds are to be invested similarly to other endowment funds, with the intent to ensure the ongoing purchasing power of the annual spendable income available over the long term.

Distributions will begin fiscal year 2024, to be dispersed as spendable income is distributed for all USM Common Trust endowment funds.

ALTERNATIVE(S): The Board could elect to not take the opportunity to establish a quasi-endowment.

FISCAL IMPACT: The fund will provide spendable income up to approximately \$6.4 million annually, depending on the amount invested by the institutions.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend approval of the establishment of a quasi-endowment, effective July 1, 2023, to be funded by contributions from the institutions and System Office, in an aggregate amount not to exceed \$150 million, with the spendable income to be used to provide need-based financial aid for in-state Maryland students.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

SENATE BILL 426

F2

(3lr2348)

ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by ~~Senator King~~ **Senators King, Benson, Corderman, Elfreth, Jackson, McCray, Salling, and Zucker**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **University System of Maryland – Board of Regents – Quasi-Endowment Funds**

3 FOR the purpose of authorizing the Board of Regents of the University System of Maryland
4 to make transfers of a certain amount subject to certain conditions to establish
5 certain quasi-endowment funds; authorizing the Board to use investment income
6 produced by certain quasi-endowment funds in accordance with certain rules to
7 provide need-based student financial aid; and generally relating to the Board of
8 Regents of the University System of Maryland.

9 BY repealing and reenacting, without amendments,
10 Article – Education
11 Section 12-104(a) through (b-1), (c), and (d)
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



2

SENATE BILL 426

1 BY repealing and reenacting, with amendments,
2 Article – Education
3 Section 12–104(e)
4 Annotated Code of Maryland
5 (2022 Replacement Volume)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Education**

9 12–104.

10 (a) In addition to any other powers granted and duties imposed by this title, and
11 subject to the provisions of Title 11 of this article and any other restriction imposed by law
12 by specific reference to the University System of Maryland, or by any trust agreement
13 involving a pledge of property or money, the Board of Regents has the powers and duties
14 set forth in this section.

15 (b) In addition to the powers set forth elsewhere in this title, the University may:

16 (1) Exercise all the corporate powers granted Maryland corporations under
17 the Maryland General Corporation Law;

18 (2) Adopt and alter an official seal;

19 (3) Sue and be sued, complain, and defend in all courts;

20 (4) Maintain offices at the places the Board of Regents may designate;

21 (5) Enter into contracts of any kind, and execute all instruments necessary
22 or convenient with respect to its carrying out the powers in this subtitle to accomplish the
23 purposes of the University;

24 (6) Subject to the provisions of subsections (g) and (h) of this section,
25 acquire, hold, lease, use, encumber, transfer, exchange, or dispose of real and personal
26 property;

27 (7) Borrow money from any source to acquire personal property as provided
28 in § 12–105(c) of this subtitle; and

29 (8) In addition to the powers set forth in Title 19 of this article and subject
30 to the approval of the Board of Public Works, borrow money from any source for any
31 corporate purpose, including working capital for its operations, reserve funds or interest,
32 and mortgage, pledge, or otherwise encumber the property or funds of the University, and

SENATE BILL 426

3

1 contract with or engage the services of any person in connection with any financing,
2 including financial institutions, issuers of credit, or insurers.

3 (b-1) The University System of Maryland shall establish its corporate headquarters
4 in Baltimore City at a place designated by the Board.

5 (c) The Board of Regents:

6 (1) Is responsible for the management of the University System of
7 Maryland and has all the powers, rights, and privileges that go with that responsibility,
8 including the power to conduct or maintain any institutions, schools, or departments in the
9 University at the locations the Board determines;

10 (2) Shall consult with the presidents in developing policies, guidelines, and
11 plans for the University System of Maryland; and

12 (3) May not be superseded in its authority by any other State agency or
13 office in managing the affairs of the University System of Maryland or of any constituent
14 institutions and centers under the Board's jurisdiction.

15 (d) In addition to the powers conferred on it by this title, the Board has all the
16 powers conferred on it by:

17 (1) The act of incorporation of the Maryland College of Agriculture;

18 (2) The Charter of the University of Maryland; and

19 (3) The charter of any constituent institution.

20 (e) (1) The Board may:

21 (i) Apply for, accept, and spend any gift or grant from the federal
22 government, any foundation, or any other person; and

23 (ii) Maintain and manage gift and endowment funds.

24 (2) (i) Subject to subparagraphs (ii), (iii), ~~and (iv)~~, **AND (V) OF THIS**
25 **PARAGRAPH, THE** Board may maintain and manage quasi-endowment funds.

26 (ii) The Board may only make a one-time transfer of no more than
27 \$50,000,000 from the non-State supported fund balance held and invested by the State
28 Treasurer to the quasi-endowment fund.

29 (iii) 1. Subject to the limitation under subparagraph 2 of this
30 subparagraph, the Board may make only a one-time transfer of no more than \$50,000,000
31 from the State-supported fund balance held and invested by the State Treasurer to the
32 quasi-endowment fund.

4

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1 2. The Board may use the investment proceeds for facility
2 renewal projects relating only to capital facilities used for State-supported activities.

3 (iv) 1. Subject to the limitation under subparagraph 2 of this
4 subparagraph, the Board may make only a one-time transfer of no more than \$25,000,000
5 from the non-State supported fund balance held and invested by the State Treasurer to the
6 quasi-endowment fund.

7 2. The Board may use the investment proceeds only to match
8 a privately funded scholarship program at the University of Maryland, College Park
9 Campus.

10 ~~3. (v) 1. SUBJECT TO THE LIMITATION UNDER~~
11 ~~SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH SUBPARAGRAPH (IV)2~~
12 ~~SUBSUBPARAGRAPH 2 OF THIS PARAGRAPH SUBPARAGRAPH, THE BOARD MAY MAKE~~
13 ~~TRANSFERS OF NO MORE THAN \$150,000,000 FROM FUND BALANCES HELD AND~~
14 ~~INVESTED BY THE STATE TREASURER TO ESTABLISH A QUASI-ENDOWMENT FUND.~~

15 ~~4. 2. THE BOARD MAY USE THE INVESTMENT INCOME~~
16 ~~PRODUCED BY THE QUASI-ENDOWMENT FUND IN ACCORDANCE WITH THE~~
17 ~~UNIVERSITY SYSTEM OF MARYLAND POLICY ON ENDOWMENT FUND SPENDING~~
18 ~~RULE TO PROVIDE FUNDING FOR NEED-BASED STUDENT FINANCIAL AID.~~

19 (3) On or before November 1 each year, the Board shall submit to the
20 Governor, the Comptroller, the State Treasurer, and, in accordance with § 2-1257 of the
21 State Government Article, the General Assembly, an annual investment performance
22 report comparing the various components of the University's gift, endowment, and
23 quasi-endowment investment portfolio to appropriate benchmarks.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland, College Park: Ratification of technical date modifications to the Voluntary Separation Program for Tenured Faculty in Select Academic Areas

COMMITTEE: Committee on Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: On April 14, 2023, the Board approved a Voluntary Separation Program (“VSP”) for certain faculty members in the following units of the University of Maryland, College Park:

- Institute for Bioscience & Biotechnology Research (IBBR); and
- School of Public Policy.

A total of seven tenured faculty members are eligible for the proposed VSP. The University needs to make technical corrections, modifying the application period by 8 days with a corresponding modification to the approval period. The VSP is otherwise unchanged from the specifics of the VSP approved by the Board on April 14, 2023 (item summary attached). The University seeks ratification of the modified dates.

ALTERNATIVE(S): The Committee could recommend that the Board of Regents not ratify the technical modifications for the Voluntary Separation Incentive Program.

FISCAL IMPACT: No additional fiscal impact beyond that approved by the Board on April 14, 2023.

CHANCELLOR’S RECOMMENDATION: That the Committee on Finance recommend that the Board of Regents ratify technical modifications to the Voluntary Separation Incentive Program.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland, College Park: Voluntary Separation Program for Tenured Faculty in Select Academic Areas

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: March 30, 2023

SUMMARY: The University of Maryland, College Park seeks Board approval to implement a Voluntary Separation Program (“VSP”) for certain faculty members in the following units:

- Institute for Bioscience & Biotechnology Research (IBBR); and
- School of Public Policy.

A total of seven tenured faculty members are eligible for the proposed VSP.

The University’s objectives are to adjust faculty distribution and support in emerging disciplines, across undergraduate and graduate programs, and in new areas of research; and to revise curriculum and instructional needs in emerging areas.

Faculty members participating in the Program will separate from employment effective June 30, 2023. The University will make incentive payments to faculty members approved for participation in an amount equal to the lesser of:

- 1) 150% of the faculty member’s annual base salary in effect as of December 12, 2022, or
- 2) \$495,000.

Under the VSP:

- Eligible faculty members must apply for participation in the VSP during the time period of April 17, 2023 through June 1, 2023;
- The University reserves the right to limit (1) the total number of applications approved and (2) the number of applications approved in a particular department, work unit, or job category; and
- Applicants will be notified whether their application to participate in the Program has been approved on or before June 8, 2023.

The attached VSP summary document provides additional details. The proposed VSP documents have been approved by the Office of the Attorney General for legal sufficiency.

ALTERNATIVE(S): The Committee could recommend that the Board of Regents not approve the VSP as presented or recommend alternatives.

FISCAL IMPACT: The anticipated cost associated with the VSP will depend on faculty participation levels and associated salaries. If all eligible faculty members participate, the total estimated cost will be \$2,036,064.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, College Park the Voluntary Separation Program for tenured faculty members in select academic areas, as presented.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

**BOARD OF REGENTS**SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Approval of FY 2024 Annual Contract between the University System of Maryland on behalf of University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

SUMMARY: Pursuant to Section 13-306 of the Education Article, each year the Board of Regents of the University System of Maryland and the Board of Directors of the University of Maryland Medical System Corporation (UMMS) are asked to approve an Annual Contract between University of Maryland, Baltimore (UMB) and UMMS which states financial obligations, exchanges of services, and any other agreed relationships between them for the ensuing fiscal year concerning the University of Maryland Medical Center (UMMC). The Annual Contract is required to identify all services to be provided and the agreed cost of such services.

Section 13-306 requires that the Annual Contract be submitted to the Board of Regents, upon recommendation of the UMB President, for consideration, any modification, and approval. The Office of the Attorney General has reviewed the Annual Contract text for form and legal sufficiency.

The Board is asked to approve the Annual Contract for FY 2024. For FY 2024, UMMC has elected not to support full costs incurred by UMB (including COLA and merit salary increments for personnel who provide administrative services or professional faculty services). As a result, the parties have negotiated some service reductions to maintain alignment between UMB costs and UMMC payments.

The majority of faculty and other services reflected in the Annual Contract are provided at UMMC facilities at the UMB campus. The Annual Contract also includes compensation for School of Medicine (SOM) faculty services at UMMS's Midtown hospital, a few blocks north of UMB. Midtown is operationally part of UMMC, although legally separate from UMMC.

In addition to compensation for faculty services, the SOM will benefit from approximately \$1 million in new mission support in FY 2024. The new mission support is referenced in Article XII and Schedule 8 of the Annual Contract for FY 2024. Mission support payments are set by UMMS after considering SOM recommendations and is expected to vary from year to year.

ALTERNATIVE(S): An Annual Contract for FY 2024 incorporating the information in the attached schedule is recommended by the President of UMB, the Dean of the SOM, the President of UMMS and the Chancellor. In accordance with Section 13-306, the Committee could postpone action and recommend that the Regents and Directors of the Education Article appoint a joint committee to review the proposed contract. This is not recommended, as UMB and UMMS have agreed upon contract terms.

FISCAL IMPACT: The fiscal impact of the FY 2024 Annual Contract is as specified in the attached schedule of payments. Subject to adjustments as discussed in the text of the FY 2024 Annual Contract, it results in a net fund transfer from UMMS to UMB of approximately \$174,549,822 in FY 2024.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend the Board of Regents authorize the President of UMB to execute the FY 2024 Annual Contract.

COMMITTEE RECOMMENDATION: _____ DATE: _____

BOARD ACTION: _____ DATE: _____

SUBMITTED BY: Ellen Herbst (301) 445-1923

SCHEDULE TO AGENDA ITEM

PAYMENTS UNDER
FY 2021, FY 2022, FY 2023, and FY 2024 ANNUAL CONTRACTS
BETWEEN UMB AND UMMS

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<u>Payments from UMMS to UMB</u>				
Administrative Services	\$ 2,578,473	\$ 2,552,417	\$ 1,846,794	\$ 2,035,824
<i>Faculty Services:</i>				
School of Medicine	\$ 155,036,448	\$ 166,480,747	\$ 172,140,000	\$ 175,281,503
School of Pharmacy	\$ 1,673,899	\$ 1,592,807	\$ 1,535,824	\$ 1,576,028
School of Dentistry	\$ 588,583	\$ 600,629	\$ 609,038	\$ 647,304
Mission Support to SOM	<u>N/A</u>	<u>\$ 3,100,000</u>	<u>\$ 1,030,000</u> ¹	<u>\$ 1,010,000</u>
<u>Payments from UMB to UMMS</u>				
Space Charge	(\$ 1,157,304)	(\$ 1,157,304)	(\$ 1,157,304)	(\$ 1,157,304)
Employee Health Services	N/A	N/A	N/A	(\$ 65,000)
Fringe Benefit Adjustment ²	<u>(\$ 4,529,735)</u>	<u>(\$ 4,778,533)</u>	<u>(\$ 4,778,533)</u>	<u>(\$ 4,778,533)</u>
<u>Net Payments to UMB</u>	<u>\$ 154,190,364</u>	<u>\$ 168,390,763</u>	<u>\$ 171,225,819</u>	<u>\$ 174,549,822</u>

¹ The Agenda Item submitted in 2022 reflected \$0 in mission support to be transferred to SOM. However, better than anticipated financial performance in FY 2023 by UMMC resulted in \$1,030,000 being available for transfer to SOM in FY 2023. Thus, this number has been updated.

² The SOM payments for faculty services are calculated using the standard UMB faculty fringe benefit rate. The effective fringe benefit rate for SOM faculty is lower than the campus standard or average rate for other faculty. In consideration of this, UMB will adjust the fringe benefit cost charged to UMMC by \$4,778,533.

**ANNUAL CONTRACT
FOR FISCAL YEAR ENDING JUNE 30, 2024**

BY AND BETWEEN

UNIVERSITY SYSTEM OF MARYLAND

on behalf of

UNIVERSITY OF MARYLAND, BALTIMORE

AND

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION

**ANNUAL CONTRACT
FOR FISCAL YEAR ENDING JUNE 30, 2024**

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ANNUAL CONTRACT FOR FISCAL YEAR ENDING JUNE 30, 2024

This Annual Contract (“**Agreement**”) is made as of July 1, 2023 between the **UNIVERSITY SYSTEM OF MARYLAND**, a public corporation and an agency of the State of Maryland (“**USM**”), on behalf of **UNIVERSITY OF MARYLAND, BALTIMORE** (“**UMB**” or “**University**”), and the **UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION** (“**UMMS**”), a private, nonprofit, nonstock corporation organized under the laws of the State of Maryland which assumed ownership of and management responsibility for the University of Maryland Medical System (as then defined in Maryland law) on July 1, 1984.

RECITALS

A. UMB, a public university that is part of USM, includes accredited Schools of Medicine, Pharmacy, Law, Dentistry, Nursing, and Social Work, and a Graduate School (each a “**School**,” and collectively the “**Schools**”).

B. University of Maryland Medical Center, LLC (“**UMMC LLC**”) is a nonprofit direct subsidiary of UMMS, which was established as provided in Section 13-303(k) of the Education Article of the Annotated Code of Maryland (the “**Education Article**”). UMMC LLC was formed to operate the University of Maryland Medical Center (“**UMMC**”), the part of UMMS that provides patient care services at facilities formerly part of UMB.

C. UMMC includes: the health care delivery components of the previously State-owned University Hospital; the Greenebaum Comprehensive Cancer Center (the current name of the University Cancer Center referred to in the Medical System Law); and the R. Adams Cowley Shock Trauma Center. UMMC does not include health care delivery components owned or controlled by UMMS that were not named in the “**Medical System Law**” (as defined below).

D. As provided by Section 13-305 of the Education Article, the clinical faculties of the Schools of Medicine and Dentistry are the sources for the medical staff of UMMC. Physician members of UMMC’s clinical services (“**UMMC Clinical Service**”) are faculty members within the parallel School of Medicine clinical science departments (“**SOM Departments**”). For example, faculty members within the SOM Department of Medicine provide clinical services within the UMMC Medical Service.

E. USM, UMB, UMMS, and UMMC have long-standing, historic associations and enjoy close, cooperative, and effective working relationships. Together they seek to realize the statutory purposes set forth in the Medical System Law, which authorized the creation of UMMS and its subsidiary UMMC.

F. This Agreement is intended by the parties to be the annual contract for the fiscal year ending June 30, 2024, as mandated by Section 13-306 of the Education Article. The annual contract is required to include all financial obligations, exchanges of services, and any other agreed relationships between USM and UMMS for each fiscal year, and to identify the services to be provided and the agreed cost of such services. Because UMMC LLC operates UMMC, as

permitted by the Medical System Law, the financial relationships between USM (inclusive of UMB as well as the Schools) and UMMC LLC are also included in this Agreement.

G. Toward this end, and in consideration of the mutual covenants and agreements set forth in this Agreement, USM, UMB, UMMS, and UMMC agree to the terms set forth below.

[END OF RECITALS]

ARTICLE I. DEFINITIONS

In this Agreement, the following words have the meanings indicated:

1. **“2023 Agreement”** means the previous Annual Contract between the parties for the fiscal year ending June 30, 2023.
2. **“2024 Agreement”** means this Annual Contract between the parties for the fiscal year ending June 30, 2024.
3. **“Academic Programs”** has the meaning set forth in Section II.A.
4. **“Board of Directors”** means the Board of Directors of UMMS.
5. **“Board of Regents”** means the Board of Regents of USM.
6. **“Chancellor”** means the Chancellor of USM.
7. **“Dentistry Faculty”** means the faculty of the School of Dentistry.
8. **“Dentistry Faculty Services”** has the meaning set forth in Section IV.C.1.
9. **“Education Article”** means the Education Article of the Annotated Code of Maryland.
10. **“Fiscal Year”** or **“FY 2024”** means the fiscal year ending June 30, 2024.
11. **“FPI”** means University of Maryland Faculty Physicians, Inc.
12. **“Jointly Supported Employee”** has the meaning set forth in Section VI.B.1.
13. **“Leadership Document”** has the meaning set forth in Section IV.A.4.
14. **“Medical System Assets”** means all assets allocated to UMMS as shown on the financial statements of UMMS at the Transfer Date and as more particularly or additionally identified or supplemented by the Board of Regents and approved by the Board of Public Works and transferred to UMMS upon its establishment in 1984, including (except as limited by the terms of the documents of transfer approved by the Board of Public Works) all related land and buildings and funds deposited with the State Treasurer.
15. **“Medical System Law”** means Chapter 288 of the Laws of Maryland of 1984, which is codified (in part) in Title 13, Subtitle 3 of the Education Article.
16. **“Medical System Liabilities”** means all liabilities allocated to UMMS as shown on the financial statements of UMMS at the Transfer Date.

17. **“Medical System University Personnel”** means those employees of the University assigned in UMMS who were offered positions as UMMC Employees as of the Transfer Date, but elected not to accept them. *(The parties anticipate that by June 30, 2025, there will no longer be Medical System University Personnel among the UMMC Personnel. At such time, earlier if agreed by the parties, or later if necessary, this definition will be removed from the annual contract.)*

18. **“Midtown”** means the hospital in Baltimore City owned by UMMS through its subsidiaries, University of Maryland Medical Center Midtown Health, Inc. and Maryland General Hospital, Inc. d/b/a University of Maryland Medical Center Midtown Campus, Midtown is a licensed hospital operationally integrated with UMMC.

19. **“MSA”** means the Mission Support Agreement between UMMS, UMMC LLC, and UMB.

20. **“Pharmacy Faculty Services”** has the meaning set forth in Section IV.B.1.

21. **“Practice”** and **“Practices”** have the meaning set forth in Section IV.A.10.

22. **“President”** means the President of UMB.

23. **“School of Dentistry”** or **“SOD”** means the University of Maryland School of Dentistry.

24. **“School of Medicine”** or **“SOM”** means the University of Maryland School of Medicine.

25. **“School of Nursing”** or **“SON”** means the University of Maryland School of Nursing.

26. **“School of Pharmacy”** or **“SOP”** means the University of Maryland School of Pharmacy.

27. **“Shock Trauma Center”** means the R Adams Cowley Shock Trauma Center operated by the UMMC LLC.

28. **“SOM Faculty”** means the faculty of the School of Medicine.

29. **“SOP Faculty”** means the faculty of the School of Pharmacy.

30. **“Space Related Resources”** has the meaning set forth in Section V.A.1.

31. **“Supporting Organization”** has the meaning set forth in Section VI.B.1.

32. **“Transfer Date”** means July 1, 1984, the date of transfer of Medical System Assets determined by the Board of Public Works and filed with the Secretary of State and the Department of Legislative Reference.

33. “**UMMC**” has the meaning set forth in the Recitals.
34. “**UMMC-CEO**” means the person serving as Chief Executive Officer of UMMC LLC and UMMC.
35. “**UMMC Clinical Service**” has the meaning set forth in the Recitals.
36. “**UMMC Employees**” means employees of UMMC, including without limitation employees of UMMC LLC and employees of Midtown, as referred to in Article VI.
37. “**UMMC LLC**” has the meaning set forth in the Recitals.
38. “**UMMC Personnel**” means both Medical System University Personnel and UMMC Employees.
39. “**UMMS-CEO**” means the person serving as Chief Executive Officer of UMMS.
40. “**UMB**” or “**University**” means the University of Maryland, Baltimore.
41. “**USM**” means the University System of Maryland.

[END OF ARTICLE I]

ARTICLE II. COOPERATION IN ACADEMIC PROGRAMS

A. General Agreement to Cooperate in UMB Academic Programs and UMMC Graduate Medical Education Programs.

Consistent with their educational missions, UMB and UMMC will cooperate in the planning and administration of UMB's health professions academic programs which take place at both UMB and UMMC, including both clinical education and clinical research, and the graduate medical education programs sponsored by UMMC, such as residencies and fellowships, collectively referred to herein as "**Academic Programs.**" Pursuant to UMB's and UMMC's agreement, Academic Programs at UMMC may be co-located, relocated, or extended to Midtown.

B. Affiliation Agreements between UMB Schools and UMMC.

Existing affiliations between UMMS and/or UMMC and the Schools for the conduct of Academic Programs at UMMC will be continued under the direction of the UMMC-CEO, the President, and the Deans of the respective Schools. Affiliation agreements between UMMC and the Schools may be developed by UMMC and UMB as required for accreditation of the UMB Schools' degree programs or UMMC's graduate medical education programs. Affiliation agreements will be modified as appropriate to reflect an Academic Program's co-location, relocation, or extension to Midtown.

C. Affiliations between Schools and non-UMMC Institutions.

UMB will ensure affiliations between UMB Schools and health care institutions other than UMMC do not detract from the operation of Academic Programs at UMMC, inclusive of graduate medical education programs.

D. Accreditation and Compliance Considerations.

1. All actions of the parties with respect to Academic Programs and related affiliations of the parties shall be consistent with applicable accreditation requirements for UMMC's and Midtown's facilities, UMB Academic Programs, and UMMC's and Midtown's graduate medical education programs in terms of both curriculum requirements and standards for patient care.

2. In addition, the parties agree that they will cooperate with respect to implementing their respective policies regarding sexual harassment and sexual misconduct, which include, but are not limited to, policies addressing Title IX of the Education Amendments of 1972, as amended, and Title VII of the Civil Rights Act of 1964, as amended, and policies concerning consensual relationships.

3. More specifically, each party agrees to notify the other promptly upon becoming aware of any allegation of sexual harassment, sexual misconduct, or discrimination against, or by, a representative or affiliate of the other. In the case of UMB, representatives or affiliates include any student, faculty or staff personnel, and any third parties or contractors under UMB's control. In the case of UMMC or Midtown, representatives or affiliates includes any employee, volunteer, and contractor or its employees, and any medical or professional staff who

are not UMB personnel, but who are credentialed or contracted by UMMC or Midtown to provide services at UMMC or Midtown, as applicable.

4. Each party agrees to cooperate with the other regarding investigations of possible sexual harassment, sexual misconduct, or discrimination at UMMC facilities or elsewhere involving individuals in the categories described above. Each party will support the other in taking steps to end any sexual misconduct, sexual harassment, or discrimination, prevent its recurrence and address its effects. Each party will provide the other with information about applicable policies, and the parties will work together to provide appropriate training and educational materials for their respective constituencies.

E. Additions of and Changes to Academic Programs.

1. Information related to additions or changes in UMB's Academic Programs or UMMC's or Midtown's patient care activities which would impact such Academic Program and may affect the budget or operations of the other party shall be provided in advance of the planned changes, but no less than six (6) months prior to the planned change and in sufficient time for UMMC to evaluate the current need, relevance and anticipated duration and to account for any changes in funding within UMMC's annual budget and operational structure.

2. On an annual basis, each Academic Program funded in full or in part by UMMC will be evaluated by UMMC as to its current need, relevance, and anticipated duration. Based on the outcome of that evaluation, UMMC will determine whether modifications to its funding or operational support of the Academic Program in the upcoming fiscal year is necessary and will provide no less than six (6) months' notice of modification of funding or operational support to the affected UMB School.

3. After the President and the UMMC-CEO, or their designees, have discussed any changes to Academic Programs and patient care services and UMB has obtained any requisite approvals from UMMC, as referenced in this Section II.E, planning for the implementation of the approved changes or programs will be coordinated by appropriate UMB and UMMC personnel, as specified by the President and the UMMC-CEO.

F. Clinical Research and Innovation Conducted/Created at UMMC.

1. Should UMB require additional use of UMMC or Midtown resources including, without limitation, facilities, staff, equipment, supplies, IT support, funding or other support in connection with a clinical research project, UMB, or the appropriate UMB School, should submit a request to the UMMC-CEO or designee (e.g., Chief Medical Officer, Chief Clinical Officer or such officer's designee) for approval in the format reasonably requested by UMMC. For purposes of this section, clinical research is understood to mean all types of research, trials, or studies, whether industry-sponsored or principal investigator-initiated.

2. UMB or the School shall submit the request in a timely manner so that UMMC may evaluate the operational and financial implications of the proposed clinical research, and confirm that services required for such research may be provided by UMMC or Midtown. To the extent any such support includes UMMC or Midtown's provision of employees, UMMC or

Midtown may determine to document such as Jointly Supported Employees pursuant to Article VI or to document the engagement in another written format agreed to and signed by both parties. UMMC will act in good faith to complete its approval process in a timely manner so as to avoid delay of the UMB approval processes.

3. UMMC and UMB will continue to assess the current processes for initiating, managing and approving clinical research conducted at UMMC and Midtown with the goal of creating a mutually agreed upon process that ensures that: (a) the interests of UMB, UMMC, and Midtown are appropriately represented; and (b) each party has sufficient information regarding the clinical research project to appropriately commit, contribute, and receive appropriate value for its respective roles within and support of the research. In assessing these processes, the parties acknowledge that clinical research is a shared mission. The parties will work in good faith during FY 2024 to identify efficiencies and solutions that appropriately account for the costs and benefits to both parties related to clinical research.

4. UMMC and UMB will maintain appropriate business processes to guide the accurate billing of services delivered in conjunction with clinical research protocols by the appropriate party.

5. Invoices and any other requests for payment for research related services submitted by UMMC to UMB for payment by UMB to UMMC shall be reconciled and processed within 45 days from receipt of the invoice or request, provided that sufficient support is included with the invoice or request, the reconciliation is acceptable to UMB, and UMB has received the sponsor's funding. By December 31, 2023, the parties will develop a collaborative process pursuant to which UMB will present demands and necessary documentation provided by UMMC to the sponsor to ensure prompt payment under the terms of the clinical trial agreement.

6. UMMC recognizes that the use of UMMC resources for innovation and the creation of intellectual property is a matter separate from clinical research. The parties agree that ownership rights in such intellectual property are governed by UMMC, USM and UMB policy, the parties' Amended and Restated Technology Management Agreement, as well as federal law.

G. UMB Professional Liability Insurance – Research and Educational Programs.

Annually, UMB will provide to UMMC information about any professional liability insurance acquired by UMB, or provided by the State of Maryland, to provide coverage for UMB students and/or faculty that would be applicable to incidents arising from educational or research activities conducted by them at UMMC or Midtown.

H. UMB Obligations Related to Students. Prior to assigning students to UMMC for an educational clinical experience, as part of the Academic Programs, UMB will provide those students with training, orientation, and immunizations as required by UMMC and/or Midtown, for health care workers, as applicable, and will require students to present evidence of personal health insurance. In the event UMMC and/or Midtown, as applicable, believes that UMB is not providing the required training, orientation, and immunizations in a timely manner, UMMC may choose to provide the services to the students and will charge the relevant UMB School for the actual cost of the services, or in the alternative deny the students' participation until the students are compliant with the requirements. The current requirements of UMMC and Midtown are listed in *Exhibit A*.

I. Student Exposure Matters. If a UMB student is exposed to body fluids (as defined in Section 18-338.1, Health-General Article, Annotated Code of Maryland) while engaged in educational clinical experience at UMMC or Midtown, the student, as a health care provider, may request patient testing under the conditions set forth in such law. The parties will follow applicable policies of UMMC or Midtown, as relevant, except that UMB will be responsible for counseling the students and paying the expenses related to testing.

J. Consolidation of Funds for Residents and Fellows.

1. UMB and UMMC will agree on each party's contribution to the salaries of the medical residents and fellows and document each party's share in writing. Because UMMC currently serves as the employer of the medical residents and fellows, UMB will forward its share of the salary cost to UMMC in a time frame agreed to by UMMC so that UMMC can timely support and fund its payroll processes. In that capacity, UMMC administers UMMC funds, Veterans Administration funds, and some other funds assigned to the support of residents and fellows.

2. Except where restricted by law or contract, UMB funds for resident and fellow salaries from accounts identified as revolving and grant accounts will be transferred to UMMC for administration during the Fiscal Year.

3. UMB will decide by September 30, 2023 whether or not to transition fellows to be employees of SOM or a Practice.

[END OF ARTICLE II]

ARTICLE III. ADMINISTRATIVE SERVICES

A. UMB Administrative Services Provided to UMMC.

UMB will provide services to UMMC as described in this Article III and **Exhibits B and C**. UMB will be paid for providing these services and will transfer funds to other components of USM, if appropriate, if other components have been involved in furnishing services to UMMC. Notwithstanding anything stated in Article III or this Agreement, UMMC is not obligated to purchase any set amount of administrative services, or any at all. UMMC will determine its needs for administrative services on a year-to-year basis and the parties will document agreed services and compensation in this Agreement for each applicable fiscal year.

1. Personnel Services

(a) UMMC will be responsible for personnel administrative services related to its employment of all UMMC Personnel.

(b) All employment records for UMMC Personnel made and used by the UMB Office of Human Resource Services (formerly the UMB Office of Personnel) previously have been transferred to UMMS. The UMB Associate Vice President for Human Resource Services or designee shall be given access to transferred records concerning Medical System University Personnel for any reasonable purposes. In the event of requests pursuant to the Maryland Public Information Act or any other State law for information from records concerning Medical System University Personnel, the party receiving such request will advise the other party, and a coordinated response will be prepared by UMMC. UMMC shall maintain all transferred Medical System University Personnel records as it maintains like records in its ordinary course of business, and shall not destroy or dispose of any such records without first giving UMB the option to accept return of such records.

(c) To the extent any individual among UMMC Personnel continues to meet the definition of Medical System University Personnel, the President and the Chancellor continue to delegate to the UMMC-CEO and designees the authority of the President and Chancellor concerning Medical System University Personnel under the USM and UMB rules for exempt and non-exempt staff and Sections 12-108 and 12-109 of the Education Article.

2. UMB Services of Facilities Management and Police Department

(a) Scope of Services. Through its Office of Facilities Management and its Campus Police Department, UMB will provide to UMMC facilities management and UMB Police services as specified in **Exhibit B**.

(b) Compensation. The compensation for the Facilities Management and UMB Police services for the Fiscal Year is specified in **Schedule 1**. The payment schedule for compensation set forth in **Schedule 1** is set forth in Section X.D.1.

(c) Fee for Service. As stated in *Exhibit B*, some services will be compensated on a fee-for-service basis, with the cost of service being calculated solely by multiplying the hourly wage of the personnel involved, including any shift differential, times the hours or fractional hours required for the service. Compensation for services provided on a fee-for-service basis under this subsection are not included in *Schedule 1* and will be billed to UMMC by the appropriate UMB office, with payment due to UMB within thirty days from UMMC's receipt of UMB's bill for such services.

3. **Services of UMB Department of Environmental Health and Safety**

(a) Scope of Services. Through its Department of Environmental Health and Safety, UMB will provide services to UMMC as specified in *Exhibit C*.

(b) Compensation.

i. Compensation for the services described in *Exhibit C* is set forth in *Schedule 1* and the payment schedule for such compensation is set forth in Section X.D.1. Such compensation reflected on *Schedule 1* does not include UMB's direct costs incurred in obtaining materials and supplies necessary to provide the services set forth in *Exhibit C* and UMB's direct costs incurred in obtaining, permits and licenses in the name of UMMC, and UMB may invoice UMMC for any of the same. Further, the compensation does not include the costs of contracted services required to furnish the services.

ii. Services described in *Exhibit C* that exceed limits stated in *Exhibit C* will be considered extra costs. The costs described in this section will be billed to UMMC quarterly, with payment due to UMB within thirty (30) days from UMMC's receipt of UMB's bill.

iii. UMB will not incur any cost or make any expenditure related to the provision of the services described in *Exhibit C*, including without limitation any cost or expenditure for materials, supplies, or contracted services, that exceeds \$1,000 without prior approval of UMMC. Such approval will be provided by the UMMC Chief Operating Officer or designee. UMB reserves the right to request that major purchases or contracts be made directly by UMMC, which UMMC may agree to do or may elect to forgo the particular service.

4. **Changes in Level of Administrative Services**

(a) Change Process. Any changes in administrative services during this Fiscal Year must be agreed upon as provided in Section X.J.1. Unless otherwise specifically provided in this Article III, UMMC and UMB shall meet, no later than January 1, 2023, to discuss any anticipated changes in the next fiscal year in UMMC's need, or UMB's ability to provide, the level of administrative services provided by any administrative unit named in this Article III. Further, from time to time throughout the Fiscal Year, pursuant to either party's request, UMMC and UMB will meet to discuss and collaboratively address any such anticipated changes.

(b) Non-Solicitation. In connection with UMMS's establishment of administrative units to carry out functions performed by UMB under this Agreement, UMMS

agrees not to hire, employ, or contract with any UMB employee whose function in any way relates to performance of an administrative service by UMB for UMMS. This prohibition is applicable to employees of all UMB administrative units providing services described in Article III of this Agreement. Notwithstanding the foregoing provisions, UMMS may extend offers of employment to UMB personnel who have been laid off or discharged, or who have given UMB at least six (6) months prior written notice of their intention to accept a position with UMMS. The period of notice may be reduced by UMB's Senior Vice President for Administration and Finance.

5. **University of Maryland Identity Program.** UMB, UMMS and UMMC have a joint corporate identity program intended to promote the identifier "University of Maryland" and a common logo based upon that identifier for both parties. The identifier and logo will be used in connection with promotional literature, advertising, publications, signage, and other uses, as confirmed in separate memoranda between the parties, approved by the President and the UMMC-CEO. Branding and identification activities will continue in the Fiscal Year. The parties may enter into joint procurements of identity and promotion services, and in that case will reimburse one another appropriately as agreed to allocate costs between the parties.

B. UMMC Administrative Services Provided to UMB

1. UMMC may provide services to UMB as agreed by the President, or designee, and the UMMC-CEO, or designee, on an annual basis. The nature, scope and terms of such service shall be documented in either *Exhibit B* or a separate signed writing. UMMC shall invoice UMB for services rendered and UMB shall pay for such services within 30 days of the invoice date.

2. Notwithstanding anything stated in this Article III or this Agreement, UMB is not obligated to purchase any set amount of administrative services, or any at all. UMB will determine its needs for administrative services on a year-to-year basis and document such in this Agreement for each applicable fiscal year.

3. For FY 2024 only, SOM will pay UMMC the amount of \$65,000, which shall be paid as set forth in Section X.E. This payment is intended to help defray certain employee health costs associated with physician clinical privileges, such as annual screenings, immunizations, or fit testing which UMMC requires of SOM Faculty. It is not intended to represent a dollar-for-dollar calculation or percentage of the actual costs.

[END OF ARTICLE III]

ARTICLE IV. UMB FACULTY SERVICES TO UMMC AND MIDTOWN

A. SCHOOL OF MEDICINE FACULTY SERVICES

1. Scope of Services.

(a) Pursuant to Maryland law, UMMC’s Medical Staff is comprised solely of School of Medicine faculty (“**SOM Faculty**”) who provide professional services within the UMMC Clinical Services in accordance with the purposes set forth in Section 13–302 of the Education Article.

(b) Further, as agreed upon by the Dean of the School of Medicine (“**Dean-M**”) and the UMMC-CEO, SOM Faculty shall be engaged by UMMC to fulfill the following roles: (a) teaching and supervision of UMMC residents/fellows as part of Academic Programs, specifically UMMC’s graduate medical education programs and the affiliations with UMB’s undergraduate academic programs; (b) administrative and supervisory functions on behalf of UMMC or Midtown as required for accreditation of its facilities and programs and as necessary for its efficient operation, such as serving as Medical and/or Program Directors of a UMMC Clinical Service or Clinical Division; and (c) such other services, at UMMC or at Midtown, as reasonably requested by UMMC to support clinical programs and as agreed to by the School of Medicine.

(c) Such engagements are intended to be consistent with the provisions of Section 13-305(c) of the Education Article recognizing the potential of University employees and officials to also hold director, official, or employment roles within UMMS and UMMC.

2. Compensation for Services.

(a) UMMC will pay UMB the sums stated in *Schedules 2A and 2B* as compensation for the services at UMMC and the sums stated on *Schedule 2C* for the services at Midtown. This compensation falls into one of two categories: (1) “base support” or (2) “seed support.”

i. “**Base support**” is financial support which flows to the SOM as support of SOM Faculty salaries. Base Support shall be re-evaluated on an annual basis, each fiscal year, by the parties.

ii. “**Seed support**” reflects start up support for a specified period of time, which is not intended to be ongoing. Seed support is limited to one year or such other term as may be agreed upon, in writing, by UMMC and the School of Medicine. Any seed support reduction stated in *Schedule 2B* will be allocated among the SOM Departments’ services as mutually agreed by UMMC and the School of Medicine. If part or all of the seed support reduction stated in *Schedule 2B* can be restored, the restored funding will be allocated among the SOM Departments/ services as mutually agreed by UMMC and the School of Medicine.

iii. The limit of one year, or other agreed upon term, for all seed support applies, as set forth in *Schedule 2B*, even if this Agreement continues into the subsequent fiscal year as set forth in Section 13-306(d) of the Education Article.

(b) UMB or the School of Medicine shall provide any information reasonably requested by UMMC to verify the amount and nature of the requested base and/or seed support.

(c) *Schedules 2A* and *2B* state the assignment of funding to “base support” (*Schedule 2A*), and “seed support” (*Schedule 2B*) at UMMC. *Schedule 2C* states the assignment of funding to “base support” at Midtown.

(d) *Schedules 2A, 2B,* and *2C* include fringe benefit costs at the stated UMB rates. See Section X.L.2 regarding adjustment of the fringe benefit costs.

(e) The payment schedule for *Schedules 2A, 2B, and 2C* is set forth in Section X.D.2.

3. Space, Equipment, and Administrative Support.

(a) UMMC will provide, or require Midtown to provide, at no cost to UMB, UMB with office space, equipment, and administrative support as directly necessary for UMB to execute its obligations that are described in Section IV.A.1. For Fiscal Year 2025, the determination as to which space will be provided to UMB at no cost is subject to the determination to be made by December 31, 2023, as required by Section V.A.4 below.

(b) The UMMC-CEO and the Dean-M shall consult with respect to any changes proposed by either party or by Midtown, during the Fiscal Year, in the amount of space assigned pursuant to this Section IV.A.3. If the proposed changes are not mutually acceptable, the issues shall be referred to the President and the UMMC-CEO for decision in accordance with Section X.B.

(c) The space, equipment, and administrative support provided by UMMC at no cost to UMB (as set forth in this Section IV.A.3.a) is distinct from space, equipment, other administrative support, and Space Related Resources that UMMC provides to UMB for purposes other than the provision of services pursuant to this Agreement on behalf of UMMC or Midtown. Use of such other space, equipment, and administrative support and Space Related Services shall be subject to Section V.A., and shall be paid for by UMB as set forth in Section V.A.

4. Performance Standards and Evaluation

(a) *Service Performance Requirements.* UMMC’s agreement to pay compensation, as reflected in *Schedules 2A, 2B,* and *2C,* is in exchange for and conditioned upon the School of Medicine’s agreement to meet the following “**Service Performance Requirements:**” (a) the performance is consistent with the requirements of the Leadership Document, as applicable; (b) the services are provided on an efficient and effective basis that promotes (i) quality, (ii) safety and (iii) customer/patient satisfaction, including but not limited to alignment with UMMS’s digital health strategy; and (c) compensation is based on fair market value.

(b) Leadership Document. In consultation with SOM, UMMC, and specifically the UMMC Chief Clinical Office, has developed the “*UMMC-SOM Leadership and Structure*”

Document” dated as of February 15, 2023 (the “**Leadership Document**”), which describes UMMC leadership roles, reporting, and support held by SOM faculty.

(c) **Joint Performance Program.**

i. During each Fiscal Year, the parties agree to continue to work towards improving their respective and collective financial performance, as well as improvement in quality and safety for UMMC patients.

ii. UMMC and SOM have agreed to the general structure of the “*UMMC-UMSOM Annual Contract: Joint Performance Program Playbook*,” dated as of September 29, 2022.

5. Changes to Annual Support.

(a) The parties may agree to change the support allocation set forth in *Schedules 2A, 2B* (UMMC Base and Seed Support) and *2C* (Midtown Base Support) and/or to shift support between *Schedules 2A* (UMMC Base Support) and *2C* (Midtown Base Support) to reflect changes in services between UMMC and Midtown, provided such agreement is requested in writing by the School of Medicine and documented pursuant to Section X.J.

(b) Only with the advance written consent of the UMMC-CEO, or designee, may the School of Medicine use the funds budgeted for support of a specific faculty member or program to pay another faculty member or apply to another program in the event the first individual (i) ceases to receive, or ceases to be eligible to receive, funds from the payments made to the SOM or (ii) the decision is made not to provide such support to the specific program.

(c) The School of Medicine must provide advance notice to UMMC regarding any shift in the collective allocation of SOM Faculty members’ effort as compared to the initial allocation of effort, among these areas at the time the support in *Schedules 2A, 2B and 2C* were agreed upon. In doing so, the School of Medicine and UMMC shall discuss any changes to such support resulting from the reallocation and UMMC must expressly agree to those changes in writing.

(d) In order to account for changes to compensation and/or reallocation of SOM Faculty effort, as described above, through the Fiscal Year, as reasonably requested by either party, UMMC and the School of Medicine agree to cooperatively and collaboratively reconcile payments made pursuant to this Agreement with the actual level of provided pursuant to this Article IV.A. Any adjustments will be made via the appropriate payment or refund by the appropriate party, within 30 days of identifying the need for such adjustment.

6. Billing and Collection. Professional services rendered by the SOM Faculty will be billed by the Practices, as provided in the Medical Service Plan, referenced below in Section 10.

7. Chairs and Chiefs.

(a) Composition and Responsibility of Chairs and Chiefs.

i. Pursuant to Section 13-305(a) of the Education Article, the chairs of the SOM Departments serve as chiefs of the corresponding UMMC Clinical Service. The SOM Department chairs/clinical chiefs must participate in furthering the objectives of the School of Medicine and UMMC.

ii. In so doing, the chairs/chiefs are responsible to the Dean-M for the academic, research, and patient care activities of themselves and their SOM Department faculty. For patient care provided within or on behalf of UMMC, the department chairs/ clinical chiefs are responsible to the UMMC-CEO and CEO of Midtown, as applicable.

iii. If SOM Department chairs or other faculty of the School of Medicine are proposed by the UMMC-CEO to serve as chiefs of service, or their equivalent, at Midtown, the concurrence of the Dean-M is required.

(b) Recruitment and Selection of Chairs and Chiefs.

i. Recruitment and selection of an SOM Department chair / UMMC clinical chief is the joint responsibility of the Dean-M and the UMMC-CEO. Search committees will be appointed by the Dean-M, in consultation with the UMMC-CEO, who shall designate a member of the UMMC administration to represent UMMC on each committee.

ii. Negotiations with prospective new department chairs/clinical chiefs shall be performed concurrently by the Dean-M and by the CEO/UMMC, with the final proposal being a joint one. Appointments of division heads in clinical departments and medical directors of clinical specialty units in UMMC shall be made by the department chairs/clinical chiefs with the approval of the Dean-M and the UMMC-CEO.

iii. The department chairs/clinical chiefs, division heads, and medical directors shall all adhere to the Leadership Document.

(c) Chairs/Chiefs, Division Heads, and Medical Director Salaries.

i. Recommendations to the President of salaries for department chairs/clinical chiefs, division heads, and medical directors of UMMC Clinical Services or Midtown Clinical Services shall be made with the approval of the Dean-M. The UMMC-CEO will provide input to the Dean-M concerning the evaluations of annual salary increases for clinicians, chiefs, division heads and medical directors working at UMMC or Midtown.

ii. To the extent the role of a chair/chief, division head, medical director, or the like is eliminated, UMMC will reduce its payments to UMB by the amount allocated for that individual or role, and/or UMB will return any funds paid by UMMC allocated to that role subsequent to the date of the role's elimination, if any.

8. SOM Faculty Providing Leadership/Administrative/Supervisory or Educational Services.

(a) Only those SOM Faculty who render specific supervisory, administrative, and/or educational services to UMMC or Midtown or who are otherwise approved by the Dean-M and the UMMC-CEO shall receive income from the payments made to the School of Medicine pursuant to this Section IV.A.

(b) Further, the scope of services and/or job description, the percentage of FTE effort and job description, as well as the professional standards and principles applicable to any SOM Faculty member providing such services and fulfilling such a role for UMMC shall be set forth in a written agreement, as requested by UMMC, signed by representatives of UMMC, UMB or the applicable School or department and the employee. Such written agreement shall address additional parameters of the faculty member's engagement as the parties deem reasonable.

9. Payments to Faculty while Physician on Leave.

Only with advance written approval of the UMMC-CEO and the Dean-M, may SOM Faculty receive income from the payments to the School of Medicine under this Article IV.A., while the faculty are on sabbatical leave, terminal leave, or paid leave of absence or administrative leave related to separation from employment.

10. Relationship to Faculty Practice Plan.

In accordance with the Medical Service Plan ("MSP") of the School of Medicine, FPI provides oversight, management and administrative supportive services to the faculty practice groups affiliated with the School of Medicine (each a "Practice", collectively, the "Practices").

11. Transition to Programmatic Funds Flow Model.

(a) The parties have begun transitioning from a model that ties UMMC or Midtown funding to specific physicians to a fixed fee programmatic funds flow model, which takes into account the SOM Faculty's proportion of effort, dedicated to clinical productivity, research, education, administrative services, or other activity, and the associated costs to support these activities.

(b) The parties agree to continue transitioning to such model across all SOM Departments.

(c) The parties will incorporate appropriate performance measures and tools as well as the principle of aligning such funding with national academic clinical and financial performance benchmarks. The parties will work diligently to complete this work by the beginning of the 2025 fiscal year.

[END OF ARTICLE IV.A]

B. SCHOOL OF PHARMACY FACULTY AND OTHER SERVICES

The School of Pharmacy will provide services as described in this Article IV.B.

1. Pharmacy Faculty Services.

(a) The School of Pharmacy will provide pharmacy and pharmacist services for the benefit of UMMC during the Fiscal Year (“**Pharmacy Faculty Services**”). The Dean of the School of Pharmacy (“**Dean-P**”), or designee, and the Director of Pharmacy Services of the UMMC Department of Pharmacy Services, or designee (“**UMMC-Director**”), will collaboratively establish, prior to July 1, 2023, a specific schedule of School of Pharmacy Faculty, as well as residents, who will provide such Pharmacy Faculty Services. That schedule is referred to herein as the “**Pharmacist Schedule.**”

(b) When agreeing to the assignments of SOP Faculty and residents, the Dean-P and UMMC-Director will take into account the nature and scope of the SOP Faculty’s and residents’ experience, expertise and availability.

(c) The Dean-P will ensure that staff assigned to provide Pharmacy Faculty Services receive appropriate faculty appointments in the School of Pharmacy’s Department of Pharmacy Practice and Science and have access to appropriate resources and student information necessary for the performance of agreed upon Pharmacy Faculty Services. The Dean-P shall have authority with respect to all policy decisions related to educational programs of the School of Pharmacy.

(d) The UMMC-Director will ensure that SOP Faculty assigned to provide Pharmacy Faculty Services receive appropriate appointments in the UMMC Department of Pharmacy Services and have access to patient care areas and the data necessary for the performance of agreed upon Pharmacy Faculty Services. The UMMC-Director shall have authority with respect to all policy decisions related to pharmacy services at UMMC.

2. Scope of Services.

(a) The Pharmacy Faculty Services provided at UMMC by the SOP Faculty may include, as agreed to by the parties, and without limitation:

- i. patient care services;
- ii. active participation on committees;
- iii. precepting UMMC residents while on rotation in an assigned service area; and
- iv. provision of staff development programs to the hospital staff.

(b) The Pharmacy Faculty Services must include, and the School of Pharmacy must require SOP Faculty to perform, the following mandatory services:

- i. attendance at UMMC Department of Pharmacy Services meetings and in-services;
- ii. active participation in the activities of the UMMC Pharmacy and Therapeutics Committee, including, if necessary and requested by UMMC, assignment of one School of Pharmacy faculty member to committees addressing appropriate use of medications;
- iii. active participation in UMMC clinical pathway development when appropriate and/or when requested by UMMC in order to maintain best practices within UMMC;
- iv. active participation in UMMC quality improvement and patient safety initiatives when appropriate and/or when requested by UMMC in order to enhance service quality and productivity at UMMC;
- v. active participation in UMMC cost containment and resource utilization projects and documenting cost reductions in a manner requested by UMMC pharmacy leadership; and
- vi. active participation in any other initiative focused on the improvement of pharmacy services within UMMC, as reasonably requested by UMMC.

3. Parameters of Pharmacy Faculty Services.

The activities of the SOP Faculty providing Pharmacy Faculty Services at UMMC pursuant to this Agreement are subject to the following terms:

(a) For SOP Faculty providing direct patient care, the percentage of effort related to inpatient services will be as stated in the Pharmacist Schedule by the School of Pharmacy and UMMC. The School of Pharmacy will require that if SOP Faculty are unable to provide scheduled service coverage, it is the responsibility of the SOP Faculty member to make arrangements for coverage (e.g., swap days with another SOP Faculty member with like expertise, skill and experience), if possible, and to notify a designated School of Pharmacy or the UMMC-Director's designated administrator if coverage cannot be arranged.

(b) For SOP Faculty providing direct patient care, the percentage of effort related to outpatient clinics will be as stated in the Pharmacist Schedule.

(c) Any "covering" Pharmacist must have the appropriate experience and skill set to perform the covered services.

(d) If an SOP Faculty is unable to fulfill the agreed schedule of inpatient or outpatient service regardless of reason (e.g., resignation, sick leave), it is the responsibility of the School of Pharmacy to provide adequate coverage in accordance with the Pharmacist Schedule. If the School of Pharmacy is unable to provide service coverage, then the School of Pharmacy will discuss with the UMMC-Director or designee a commensurate reduction in the financial support stated in *Schedule 3*.

4. Changes in Costs/Services. If during the term of this Agreement, the School of Pharmacy's costs of providing the Pharmacy Faculty Services increase due to unexpected merit increases, COLA, or increases in fringe benefits, the Dean-P will provide the UMMC-Director with sixty (60) days' advance notice of the increased costs, and will provide UMMC an opportunity to approve a corresponding increased payment to the SOP. If UMMC does not approve the increased costs, then SOP will make proportionate adjustments to the Pharmacy Faculty Services.

5. Compensation for Services.

(a) UMMC shall provide financial support to the School of Pharmacy for SOP Faculty providing Pharmacy Faculty Services to UMMC in accordance with the Pharmacist Schedule. In addition, UMMC and the School of Pharmacy will aim to equally share in the costs of recruiting the SOP Faculty, as defined in this Agreement, as well as the costs of the residency program discussed further below.

(b) UMMC's estimated share of such costs for the Fiscal Year are set forth in *Schedule 3* along with the financial support for the SOP Faculty, staff and residents. *Schedule 3* also reflects, as applicable, fringe benefit costs at standard UMB rates for SOP Faculty. Each party shall invoice the other as necessary to facilitate the agreed upon share/division of recruitment and resident costs between the parties pursuant to each party's standard invoicing procedures.

(c) The School of Pharmacy will pay UMMC for agreed upon services provided to the School in the Fiscal Year, such as preceptor services for School of Pharmacy students. Such service arrangements will be further detailed in a separate document between the parties. Standard School of Pharmacy stipends for clinical faculty will apply. UMMC has no responsibility with respect to those payments.

(d) The payment schedule is set forth in Section X.D.2.

6. Performance Standards and Evaluation.

(a) The UMMC-Director and Dean-P will agree upon certain performance standards ("SOP Performance Standards"), as well as tools to measure compliance with such standards, applicable to the Pharmacy Faculty Services pursuant to which SOP Faculty and residents will be evaluated. At a minimum, SOP Performance Standards will include compliance with the Leadership Document, as applicable. Such SOP Performance Standards will relate to service efficiency, patient safety, service quality and/or other areas identified by the UMMC-Director and Dean-P.

(b) Throughout the Fiscal Year, the Dean-P and the UMMC-Director, or their designees, will use reasonable efforts to meet regularly to:

- i. Reevaluate the needs of the UMMC Department of Pharmacy and the School of Pharmacy;
- ii. Adjust the Pharmacy Faculty Services and/or SOP Faculty assignments to meet these needs in an effective manner, as agreed to;

iii. Evaluate current Pharmacy Faculty Services provided by the SOP Faculty to UMMC and the SOP Faculty's performance overall in the context of the agreed upon Performance Standards;

iv. Evaluate services provided by the UMMC Department of Pharmacy Services to the School of Pharmacy, such as student preceptor services; and

v. Plan for further cooperative development of pharmacy service, education, and research programs.

(c) Either the Dean-P, or designee, or the UMMC-Director, or designee, may initiate an evaluation of the Pharmacy Faculty Services or certain Pharmacist assignments, or request to substitute assigned SOP Faculty. Both the Dean-P and UMMC-Director (or their designees) shall provide any information reasonably requested to perform such evaluation.

(d) Should either the Dean-P or UMMC-Director (or their designees) become dissatisfied with the level or nature of the services received, the Dean-P and UMMC-Director (or designees) shall work, in good faith, to identify a solution. Any differences of opinion between the Dean-P and the UMMC-Director shall be resolved by the President and the UMMC-CEO, or their designees, in accordance with Section X.B, below.

7. Compensation Reconciliation. UMMC and the School of Pharmacy will participate, in good faith, in an annual operational and financial review to reconcile payment amounts with the actual level of Pharmacy Faculty Services provided pursuant to this Agreement. Any adjustments as described in Section IV.B.6.b.ii will be made via the appropriate payment or refund by the appropriate party, within 30 days of the end of the applicable quarter.

8. Billing and Collection. UMMC personnel will prepare and submit charges for pharmacy services rendered within the UMMC pharmacies in accordance with UMMC standard billing procedures and all such generated revenue will accrue to UMMC.

9. Joint Residency Program. UMMC and the School of Pharmacy collaboratively operate and fund residency and fellowship programs. UMMC and the School of Pharmacy's respective obligations are set forth in a memorandum of understanding between the parties that is reviewed, revised, and updated, as needed, each fiscal year. The residents' services provided pursuant to this Article IV.B must adhere to the same performance expectations set forth above, as applicable. Payment for jointly funded residents shall be made as set forth in *Schedule 3*.

[END OF ARTICLE IV.B]

C. SCHOOL OF DENTISTRY FACULTY SERVICES

The Dean of the School of Dentistry (“**Dean-D**”) shall assign faculty members (“**Dentistry Faculty**”) and other professional staff to UMMC and require such faculty and staff to provide services at UMMC as described in this Article IV.C.

1. **Scope of Services.**

(a) The School of Dentistry shall provide UMMC with School of Dentistry faculty members and other professional staff to provide the following services (“**Dentistry Faculty Services**”):

i. Supervision and administration of dental residents, employed by UMMC, in their delivery of comprehensive dental care to UMMC patients;

ii. 24-hour on-call coverage 7 days per week within the inpatient and emergency department setting;

iii. Provision of inpatient oral maxillofacial and dental services as agreed to between Dean-D and the UMMC Chief Clinical Officer or designee;

iv. Faculty coverage of UMMC dental clinics Monday through Friday from 8 a.m. to 4:30 p.m., exclusive of holidays with any changes requiring the approval of UMMC-CEO; and

v. Any additional services agreed to by the Dean-D and UMMC-CEO, or designee.

(b) Notwithstanding the foregoing, due to budgetary constraints that have necessitated a reduction in services, for FY 2024 the Scope of Services described above shall be modified as follows: The UMMC Dental Clinic will close for the equivalent of 2 days per month.

(c) The Dean-D shall assign individual faculty to perform responsibilities under this Agreement and, at the Dean-D’s discretion, may substitute faculty who meet the requisite skill set, after consultation with the UMMC-CEO.

(d) One of the faculty members assigned under this section shall serve as the Chief of the UMMC Dentistry Service upon approval of the UMMC-CEO. The Chief of the UMMC Dentistry Service will direct all activities of the Dentistry Faculty pursuant to this Agreement, supervise faculty dentists and dental residents, and provide back-up services as required in his or her judgment.

(e) During the term of this Agreement, if the School of Dentistry’s costs of providing the Dentistry Faculty Services increase due to unexpected merit increases, COLA, or increases in fringe benefits, the Dean-D will provide the Director with sixty (60) days’ advance notice of the increased costs, and will provide UMMC an opportunity to approve a corresponding increased payment to the School of Dentistry. If UMMC does not approve the increased costs, School of Dentistry will make proportionate adjustments to the Dentistry Faculty Services.

2. Personnel, Supplies and Space.

(a) UMMC shall provide at no cost to the School of Dentistry such UMMC Personnel as may be necessary for the Dentistry Faculty to execute their responsibilities under this Agreement. UMMC will have the exclusive right to approve or disapprove all assignments of UMMC Personnel and related expenditures for this purpose proposed by the School of Dentistry.

(b) UMMC shall provide at no cost to the Dentistry Faculty the supplies necessary for the Dentistry Faculty to execute their responsibilities under this Agreement. UMMC will have the exclusive right to approve or disapprove all expenditures requested by the School of Dentistry for these purposes.

(c) UMMC shall provide the School of Dentistry, at no charge, office space for administrative functions as necessary for the Dental Faculty to execute their responsibilities under this Agreement. The scope and location of such administrative space shall be determined by UMMC in consultation with the Dean-D or designee. UMMC may agree to re-evaluate the space allocation to accommodate changes in provider, patient and service volumes. This space shall be subject to the space use review described in Article V.

(d) The space and other resources addressed herein is distinct from space and other administrative support UMMC may agree to provide to the School of Dentistry and Dentistry Faculty for use in connection with their professional practices, such as laboratory space and sterilization equipment. As such, the School of Dentistry agrees that none of the space, support or resources provided in connection with the School of Dentistry's provision of Dentistry Faculty Services to UMMC patients will be utilized in connection or comingled with its private practice services or functions. The use of and payment for that space and such resources is addressed in Article V.

3. Billing and Collection. UMMC personnel, within the Division of Oral and Maxillofacial Surgery and Hospital Dentistry, under the supervision of the Chief of the Oral and Maxillofacial Surgery Service, will prepare and submit charges for dental services rendered by oral and maxillofacial surgery/dental residents in the UMMC oral and maxillofacial surgery clinic according to procedures of UMMC's Finance Department. All revenue generated from patient services delivered by oral and maxillofacial surgery residents in UMMC clinics will accrue to the UMMC Oral and Maxillofacial Surgery and Hospital Dentistry Clinic.

4. Compensation. The compensation payable by UMMC to the School of Dentistry for Dentistry Faculty Services for the Fiscal Year is set forth in **Schedule 4**, which reflects faculty fringe benefit costs at the standard UMB rate. The payment schedule is set forth in Section X, D.2.

5. Compensation and Reconciliation. As requested by either party, UMMC via the UMMC-CEO or designee, and the School of Dentistry will participate, in good faith, in regular operational and financial review meetings to reconcile payment amounts with the actual level of Dentistry Faculty Services provided pursuant to this Agreement as contemplated by Section IV.C.1.a.v. Any adjustments will be made via the appropriate payment or refund by the appropriate party, within 30 days of the end of the applicable review period.

6. Performance Standards and Evaluation.

(a) The Dean-D and UMMC-CEO, or designees, will agree upon certain performance standards applicable to the School of Dentistry and residents, which will include compliance with the Leadership Document, as applicable, as well as tools to measure compliance with such performance standards, applicable to the Dentistry Faculty Services pursuant to which School of Dentistry Faculty and residents will be evaluated (“**SOD Performance Standards**”).

(b) Such SOD Performance Standards will relate to patient satisfaction and other CG-CAHPS performance measures, timely medical record documentation, avoidable readmissions, smoking cessation education and/or other areas identified by the UMMC CCO or designee and Dean-D.

7. Any differences of opinion between the Dean-D and the UMMC-CEO shall be resolved by the President and the UMMC-CEO, or their designees, in accordance with Section X.B.

[END OF ARTICLE IV.C]

D. SCHOOL OF NURSING FACULTY SERVICES

1. Pursuant to the agreement of the Dean of the School of Nursing (“**Dean-N**”) and the Senior Vice President, Chief Nursing Officer of UMMC (“**UMMC-CNO**”), nurses, employed by UMMC may be assigned to work part-time as faculty of the School of Nursing to teach agreed courses at the School of Nursing and/or at UMMC.

2. Payment for these UMB Supported Personnel will be made to UMMC following the end of the academic year. The terms and conditions of these service arrangements must be documented in individual Professional Services Agreements agreed to by the Dean-N and the UMMC-CNO in consultation with the UMMC-CEO.

3. The payment schedule is set forth in Section X.E.2.

[END OF ARTICLE IV.D]

E. GENERAL REQUIREMENTS APPLICABLE TO ALL UMB PERSONNEL AND SERVICES

1. Professional Qualifications. As a general matter, all UMB Personnel funded pursuant to this Agreement must be:

- (a) Duly licensed, registered and/or certified to perform the applicable services;
- (b) Duly credentialed or privileged as required by UMMC and/or Midtown policy and Medical Staff bylaws; and
- (c) Not excluded from participation in any government health care program.

2. Performance Requirements, Standards and Evaluations. All UMB Personnel must:

- (a) Perform the services in accordance with the applicable job description, and if applicable the Leadership Document;
- (b) Adhere to UMMC and/or Midtown policies and procedures; and
- (c) Comply with all applicable state and federal laws including, without limitation, laws targeting fraud, waste and abuse, as well as the privacy and security of patient information.

3. UMMC Space Utilization by UMB. UMMC or Midtown shall only provide space and other Space Related Resources to UMB Personnel at no cost if the use of such space is for the provision of services pursuant to this Agreement on behalf of UMMC or Midtown, or for the benefit of their patients. Use of space and Space Related Resources (as defined below) for any other purpose shall be subject to Article V.

[END OF ARTICLE IV.E]

ARTICLE V. COMPENSATION FOR USE OF SPACE

A. Compensation for Use of Space.

1. UMB and UMMS/UMMC each use space within buildings owned by the other party and in doing so may also utilize resources, such as furniture, fixtures, equipment, information technology (IT) and related support (“**Space Related Resources**”).

2. The parties agree to continue to allow such use of space and Space Related Resources pursuant to the terms of this Article V. The parties have each completed a space inventory delineating each party’s non-exclusive and exclusive use of the other’s space.

3. For FY 2024, UMB shall pay for space in UMMC as set forth on *Schedule 5* and Section X.B.1.

4. As required by the FY 2023 Annual Contract, the parties have reviewed the space survey completed in Fiscal Year 2023, and completed a fair market value assessment. Negotiations regarding the allocation of space within that survey continue. For Fiscal Year 2025 the parties have agreed that they will negotiate in good faith to determine by December 31, 2023 the amount of each party’s space that the other party will pay for, and the frequency that the space inventory will be updated.

B. Space Use Compliance. Each party’s use of the other’s space shall be subject to all applicable policies, rules, and regulations of the other party, including but not limited to those regarding personnel and visitor access, security, maintenance, storage, and disposal of chemical or pathological waste, and storage and disposal of select agents.

C. Changes to Space Use. During the Fiscal Year, the parties will request any needed change to, or reallocation of their current use of space within sixty (60) days, or other time period agreed to by the parties, before the date of the desired change or reallocation. UMB shall submit its requests to the UMMC Chief Operating Officer and approval shall be provided by the UMMC-CEO or designee. UMMC shall submit its requests to the President’s designee and approval must be provided by the President or designee. Such approval must be obtained in advance of any change.

[END OF ARTICLE V]

ARTICLE VI. PERSONNEL MATTERS

A. Medical System University Personnel

1. To the extent there are individuals among UMMC Personnel who meet the definition of Medical System University Personnel, UMB will continue to assign those Medical System University Personnel to work in UMMC. Such Medical System University Personnel will report to the UMMC-CEO through their immediate supervisors, who may be Medical System University Personnel or UMMC Employees. Such Medical System University Personnel will provide services to UMMC as directed by the UMMC-CEO. In all matters relating to the employment of any member of Medical System University Personnel, UMMC shall observe applicable policies and rules of the University, USM, and the State.

2. UMMC will provide all funds required by UMB for any wages and fringe benefits payable by UMB in connection with employment or termination of employment of Medical System University Personnel. In addition, UMMC will pay the cost of tuition waiver for Medical System University Personnel, their spouses and their dependent children, as provided by USM policy.

3. UMMC will maintain a list of Medical System University Personnel. If there is any dispute between an employee and UMB or UMMC as to whether that employee is part of the Medical System University Personnel, the decision of the UMB Director of Human Resource Services shall be the final action of either or both employers in the matter. The Director of Human Resource Services shall consult with the Office of the Attorney General before making a final decision.

B. Jointly Supported Employees.

1. Certain full-time employees of UMB or UMMC may have job responsibilities that directly benefit the other party, or are specifically engaged by the non-employing party to perform duties for that party and are not otherwise included within the scope of Articles I-V.

(a) Such engagements are intended to be consistent with the provisions of Section 13-305 of the Education Article recognizing the potential of University employees and officials to also hold director, official, or employment roles within UMMS and UMMC.

(b) As such, the employee is financially supported by both entities and for purposes of this Article VI referred to as a “**Jointly Supported Employee.**” The non-employing party receiving such benefit and providing the corresponding financial support is referred to as the “**Supporting Organization.**”

(c) For clarity, the following are not subject to this Article VI: administrative services addressed in Section III.A.2 (*Facilities Management and Police*) and Section III.A.3 (*Environmental Health and Safety*); and professional faculty services addressed in Article IV.A (*Medicine*), Article IV.B (*Pharmacy*), and Article IV.C (*Dentistry*). Those

administrative and faculty services are, instead, governed by those Articles and the corresponding Exhibits and Schedules.

2. The President and the UMMC-CEO, or their respective designees, must approve in writing: (1) any Jointly Supported Employee arrangement; (2) any temporary employment or consulting agreements between an employee of one party and the other party; and (3) the compensation payable by the Supporting Organization for the services of the Jointly Supported Employees.

3. UMB employees who have job responsibilities including activities of direct benefit to UMMC and/or Midtown, in exchange for which UMMC provides financial support to UMB, are referred to herein as “**UMMC-Supported Employees.**” UMMC Personnel who have job responsibilities including activities of direct benefit to UMB in exchange for which UMB provides financial support to UMMC, are referred to herein as “**UMB-Supported Employees.**” Individuals who are part-time employees of UMB, and also part-time employees of UMMC, are not Jointly Supported Employees.

C. Scope of Services/Job Descriptions. The scope of services and/or job description, the percentage of FTE effort and job description, as well as the professional standards applicable to a Jointly Supported Employee’s role for a Supporting Organization shall be set forth in a written agreement signed by representatives of UMMC and UMB or the applicable School or department and the employee. Such written agreement shall address additional matters relating to the Jointly Supported Employee’s engagement as the parties deem reasonable.

D. Payment for Jointly Supported Employees.

1. Payment to UMB for UMMC-Supported Employees

(a) Payment to be Proportionate to Effort. UMMC may fund the full amount, or an agreed upon share, of UMB’s salary and fringe benefits cost (“**Employment Cost**”) for UMMC-Supported Employees. UMMC’s percentage share of Employment Cost for a UMMC Supported Employee will be the same as that employee’s percentage effort resulting in direct benefit to UMMC and/or Midtown, as determined by UMB and UMMC, acting through the department/executive personnel delegated responsibility to make the determination. UMMC may recover a share of its cost from Midtown as agreed between UMMC and Midtown. UMB will not bill Midtown.

(b) Limits on Use of UMMC Support. UMMC support of Employment Cost may not be used to increase the salary or overall compensation of a UMMC Supported Employee above a UMB approved level.

(c) Schedule of UMMC-Supported Employees and Changes to that Schedule.

i. Except to the extent services of UMMC-Supported Employees are covered by a separate written agreement that has been duly approved by UMB and

UMMC, UMB and UMMC shall maintain a schedule of the UMMC-Supported Employees and associated Employment Costs to be paid by UMMC for such UMMC-Supported Employees.

ii. This “**UMMC-Supported Employee Schedule**” will be finalized no later than the end of the Fiscal Year. On a semi-monthly basis, UMMC will pay UMB 1/24 of the aggregate UMMC-Supported Employees cost as stated in the Schedule, as provided in Section X.D.3.

iii. The payment so determined will be in effect following agreement upon the Schedule for the Fiscal Year. In issuing its first payment in this Fiscal Year, UMMC will pay for the UMMC-Supported Employees services retroactive to July 1 of this Fiscal Year.

(d) **Changes.**

i. During the Fiscal Year, any changes to the Schedule of UMMC-Supported Employees due to departures or changes in scope of employment, hiring, payroll practices, and salary adjustments (such as merit increase or COLA) must be agreed to in advance by both parties.

ii. To the extent there are changes of the UMMC-Supported Employee Schedule as agreed by the UMMC-CEO and President, or designees, UMB may not reallocate any employee costs for any other purpose without the prior written consent from UMMC-CEO or designee.

iii. Further, twice per year, once after December 31 of the Fiscal Year, and again after the close of the Fiscal Year, UMB and UMMC will reconcile UMMC’s payment for UMMC-Supported Employees to the services provided by those employees and the costs actually incurred by UMB.

iv. Within 90 days after these two reconciliations, UMB will calculate a reconciling sum and submit to the appropriate UMMC representative, as designated by the UMMC/CFO or designee, so that UMMC only pays for the actual services provided by UMMC-Supported Employees and the actual costs incurred by UMB related to those services, as agreed by UMB and UMMC.

2. **Payment to UMMC for UMB-Supported Employees.**

(a) Grant Funded Activities of UMB-Supported Employees. To the extent UMMC Personnel who are UMB-Supported Employees devote part-time or full-time effort to clinical, research related or other activities at UMMC and/or Midtown or at UMB health care delivery sites for which UMB receives grant and contract support or other funding, UMB will transfer to UMMC funds received for salaries and fringe benefits of such UMMC Personnel, in accordance with the budgets of these grants, contracts and other funding. Such amounts shall be proportionate to UMMC Personnel efforts and activities.

(b) School of Medicine Services. To the extent UMMC Personnel who are UMB-Supported Employees devote part-time or full-time effort to activities of the School of

Medicine, as agreed between the SOM Departments and UMMC and/or Midtown, the invoices and payments will be processed in accordance with the parties' agreements as provided in Section X.E.3.

(c) Other University Services. To the extent UMMC Personnel who are UMB-Supported Employees devote part-time or full-time effort to activities of the University or its schools, payment shall be made by UMB to UMMC in the manner set forth in the agreed upon Professional Services Agreement or other MOU as agreed to by the President or applicable Dean and CEO, or their respective designees.

3. **Assistance in UMMC Collection for Practice Supported Employees.** Some full-time UMMC Personnel devote part-time or full-time effort to activities of the Practices. If a Practice has committed to support the employment of UMMC Personnel, UMB will provide support reasonably requested by UMMC to collect invoiced, but unpaid, sums due from Practices. UMMC recognizes that UMB does not control the funds of the Practices.

E. General Requirements Applicable to All Jointly Supported Employees

1. **Professional Qualifications.** As a general matter and as applicable, all Jointly Supported Employees must be:

- (a) Duly licensed, registered and/or certified to perform the applicable services;
- (b) Duly credentialed or privileged as required by UMMC policy and Medical Staff bylaws; and
- (c) Not excluded from participation in any government health care program.

2. **Performance Requirements, Standards and Evaluations.** All Jointly Supported Employees, must:

- (a) Perform the services in accordance with the applicable job description of the Supporting Organization;
- (b) Adhere to the Supporting Organization's policies and procedures; and
- (c) Comply with all applicable state and federal laws including, without limitation, laws targeting fraud, waste and abuse, as well as the privacy and security of patient information.

3. **Performance Evaluations and Reconciliation.**

(a) At least quarterly, representatives of UMB, UMMC, and the applicable Schools will make a good faith effort to meet to review the status of the obligations of UMMC, UMB and the applicable Schools to one another for support of Jointly Supported Employees, to reconcile obligations to one another for Employment Cost support and to evaluate the performance of the Jointly Supported Employee.

(b) The President, the applicable Deans, and the UMMC-CEO shall designate representatives for these meetings. The target dates for meetings are October 1, 2023, December 1, 2023, February 1, 2024, and May 1, 2024.

(c) The parties agree to share any information reasonably requested in order to perform such evaluations and reconciliations including documentation of the Jointly Supported Employee's salary and fringe benefit costs.

4. **Cost Increases.**

(a) Effective July 1, 2023, for current approved Jointly Supported Employees, the parties agree to pay for their proportional share of a salary increase equal to the merit-based percentage increase applied to UMMC employees.

(b) During FY 2024 if either party's actual costs to employ a Jointly Supported Employee increase due to promotions, merit increases, COLA, or increases in fringe benefits, the employing party seeking the increase will provide the Supporting Organization with sixty (60) days' advance notice of the increased costs. The Supporting Organization will have the opportunity to approve or decline a corresponding increased payment.

(c) If the Supporting Organization declines to pay the increased costs for any such increases, the Jointly Supported Employee's percentage of work effort will be reduced by the employing party by the percentage of shared financial support.

F. Compliance with Policies and Procedures.

1. In performing the duties for a supporting party, the Jointly Supported Employee is considered part of the Supporting Organization's workforce and as such must adhere to all applicable policies and procedures, in addition to all applicable state and federal laws in the course of performing the duties hereunder.

2. Each party agrees that the Supporting Organization will have unrestricted access to interview a Jointly Supported Employee at reasonable times for the purpose of determining such Jointly Supported Employee's compliance with this Agreement.

3. Each party agrees that a Jointly Supported Employee may be accompanied at such interviews by a member of senior leadership, a chair or a representative of a chair, as may be applicable and, if the interview involves a potential criminal issue, by a legal representative, with respect to UMB employees, or UMMC Office of General Counsel and/or legal counsel or representative as designated by the employee with respect to UMMC Personnel.

G. Employer Obligations. The employing party assigning its employees to work for the Supporting Organization will remain the lawful employer of the Jointly Supported Employee and responsible for all employer obligations, such as the preparation of any income reports to tax authorities and the maintenance of appropriate workers compensation coverage and

unemployment insurance. The Jointly Supported Employee shall not be a common law employee of the Supporting Organization.

H. Termination.

1. As to any Jointly Supported Employee, either party may terminate the arrangement and related support following not less sixty (60) days written notice, provided such notice is in compliance with notice requirements under applicable employment laws.

2. Notwithstanding, a party may terminate such support and arrangement immediately without prior written notice upon the Supporting Organization's reasonable determination, communicated in writing to the other party, that the Jointly Supported Employee has violated the Supporting Organization's policies, procedures, or applicable law.

3. A party will have no obligation to assign an employee to perform work for the other party if the employee has ceased to be a Jointly Supported Employee due to notice given by the other party under the first sentence of this Section, a party will have no ability to assign an employee to perform work for the other party if the employee has ceased to be a Jointly Supported Employee due to termination by immediate notice given by the other party as provided in the second sentence of this Section.

[END OF ARTICLE VI]

ARTICLE VII. ASSUMPTION OF LIABILITIES; INSURANCE

A. No Assumption of Liabilities. None of UMMS, UMMC LLC, or Midtown shall assume any liabilities of UMB, USM, or the State other than the Medical System Liabilities, other liabilities identified in Section 13-308 of the Education Article, and the liabilities specifically described in this Article VII or in Article IX.

B. Cooperation of Defense of Claims (UMMS).

UMMS (1) will cooperate fully with UMB and the Office of the Attorney General in the investigation and defense of potential claims and claims asserted against UMB or its officers or employees incurred or arising in connection with (a) the operation of the “Medical System Assets” prior to the Transfer Date, for which claims liability is not assumed by UMMS, and (b) education or research activities conducted by UMB, its faculty, or students at UMMC or Midtown; and (2) will direct its professional staff and administration, including employees of the UMMC LLC and Midtown, as applicable, to provide non-legal advice and consultation to UMB and the Office of the Attorney General with regard to such matters at no cost.

C. Cooperation of Defense of Claims (UMB).

UMB (1) will cooperate fully with UMMS and its legal counsel in the investigation and defense of potential claims and claims asserted against UMMS, the UMMC LLC, Midtown or the officers or employees of any such entity, and claims for which UMMS has assumed responsibility, incurred or arising in connection with (a) operations, prior to the Transfer Date, of the clinical facilities among the Medical System Assets, (b) services provided to UMMC or Midtown by UMB after the Transfer Date pursuant to this Agreement or any prior Annual Contract, and (c) education or research activities conducted by UMB, its faculty or students at UMMC or Midtown; and (2) will direct its professional staff and administration to provide consultation to UMMC and Midtown and their legal counsel with regard to such matters at no cost.

D. Insurance.

1. To the extent feasible in the opinion of the UMMC-CEO, UMMC will procure insurance adequate to protect UMB's interest and provide for UMB's defense and indemnification with respect to the matters described in Subsection 13-308(c) of the Education Article. UMMC will remain liable for any obligations under that Subsection which are not provided for by insurance.

2. To the extent feasible in the opinion of the UMMC-CEO, on and after the Transfer Date, UMMC will provide malpractice and general liability insurance adequate to protect the interests of Medical System University Personnel and to make payments authorized by the Board of Public Works as described in Subsections 13-308(d) and (e) of the Education Article. UMMC will remain liable for any obligations under those Subsections that are not provided for by insurance.

3. UMMC will not discriminate between Medical System University Personnel and UMMC Employees in determining insurance coverages or limits.

E. Professional Malpractice Insurance.

1. The President and the UMMC-CEO shall establish procedures for coordinated planning of malpractice insurance for the UMB faculty, staff, and students, UMMC, and UMMC Personnel. In planning, representatives from the School of Medicine, other UMB schools and UMMC shall be involved as the President and the UMMC-CEO deem appropriate.

2. During the Fiscal Year, (1) UMMC and/or Midtown, as applicable, will support the purchase of malpractice insurance for the faculty on the medical staff of UMMC and/or Midtown as applicable, but only to the extent determined by the Board of Directors upon the recommendation of the UMMC-CEO; (2) UMMC will pay premiums for malpractice insurance for all medical residents and fellows in the UMMC graduate medical education programs; and (3) the School of Medicine and UMMC will collect from third parties and credit to UMMC the cost of malpractice insurance premiums for medical residents and fellows providing services at health care facilities other than UMMC for consideration payable to the School of Medicine or to UMMC.

F. Indemnification by UMMS.

1. UMMS hereby waives, and agrees to defend, indemnify, and hold harmless, the State of Maryland, USM, the University, and their officers and employees from:

(a) Any claim, lawsuit, loss, damage, or liability arising out of the performance of services for UMMC or Midtown pursuant to Article III (Administrative Services), Section IV.A.1 (UMB Faculty Services), and Section VI.B and VI.C (Jointly Supported Employees);

(b) Any claim, lawsuit, loss, damage, or liability brought by or on behalf of any UMMC or Midtown volunteer or employee who is not a member of the medical staff of UMMC or Midtown; and

(c) Any claim, lawsuit, loss, damage, or liability arising out of supervision or administrative services related to such UMMC or Midtown volunteer or employee, which services were performed in good faith for UMMC or Midtown by the UMB faculty pursuant to Article IV (UMB Faculty Services).

2. UMMS will defend, indemnify, and hold harmless UMB with respect to all claims related to the employment relationship prior to the Transfer Date between UMMC Personnel and the University and the State during a time when such personnel were assigned in UMMC.

3. Obligations and liabilities of UMMS to USM and UMB may not be transferred to the UMMC LLC and/or Midtown. Any obligations and liabilities of UMMC or Midtown provided in this Agreement are the obligations and liabilities of UMMS, and any commitments, waivers or other actions undertaken by UMMC or Midtown in this Agreement are imputed to UMMS.

[END OF ARTICLE VII]

ARTICLE VIII. MEDICAL STAFF

A. UMMC's by-laws of the UMMC medical staff provide that all members of the regular medical staff (subject to certain exceptions) must hold faculty appointments at the School of Medicine or the School of Dentistry.

B. Faculty applications to the medical staff of UMMC will be submitted as required under the UMMC medical staff by-laws, and will be granted or denied by UMMC following review in accordance with the by-laws.

C. The Schools of Medicine and Dentistry will use their best efforts to process faculty appointments within 120 days from faculty hire, will notify UMMC when faculty appointments are complete, and will notify UMMC when faculty appointments are terminated, all of the foregoing requirements applying only with respect to faculty who apply for membership in the regular medical staff.

D. If UMMC should consider seeking termination of medical staff privileges granted to any faculty member, or asking that any member of the faculty resign from the medical staff, before initiating any such action the UMMC-CEO or designees shall consult with the Dean of the faculty member's school, and, except in an emergency, before taking action shall permit that Dean a reasonable time to consult with the President and the Office of the Attorney General concerning the impact of such action upon the faculty status of the medical staff member.

[END OF ARTICLE VIII]

ARTICLE IX. ENDOWMENTS

A. Any endowments or gifts received by UMB during the Fiscal Year that are explicitly for the benefit of UMMS or any of its parts will be identified to UMMS by UMB and transferred as UMMS directs, both within ninety (90) days of receipt.

B. Any endowments or gifts received by UMMS during the Fiscal Year that are explicitly for the benefit of UMB or any part of the UMB will be identified to UMB by UMMS and transferred as UMB directs, both within ninety (90) days of receipt.

C. If a court order or other approval required by law is necessary to transfer any endowment or gift, the parties will cooperate to seek needed action in a timely manner, recognizing that delays in seeking or obtaining approvals may delay transfer of endowments or gifts.

[END OF ARTICLE IX]

ARTICLE X. ADMINISTRATIVE MATTERS

A. Governing Law.

This Agreement is subject to and shall be interpreted in accordance with the laws of the State of Maryland and shall be liberally construed to effect the purposes of the Education Article as stated therein. If any provision of this Agreement shall be determined by a court of law to be unlawful, that provision shall be null and void, but the remainder of this Agreement shall remain in effect. Nothing contained in this Agreement shall be deemed or construed to waive or abrogate in any way the sovereign immunity of the State, USM, or UMB, or to deprive USM, UMB or any officer or employee thereof of sovereign immunity.

B. Interpretation Disputes.

If there should be any dispute between the parties related to the interpretation or administration of this Agreement, the President and the UMMC-CEO, or their designees, shall consider fully the dispute and seek to make a joint decision for resolution of the matter within 30 days. If they are unable to reach a joint decision, the President or the UMMC-CEO may request that a committee comprised of three (3) members of the Board of Directors and three (3) members of the Board of Regents be convened to meet and attempt to reach a resolution acceptable to the institutions' governing boards, using a process and procedures as shall be established by such ad hoc committee.

C. Medical System University Personnel.

All records generated by UMMC related to the employment of Medical System University Personnel shall be the property of UMMC for all purposes. UMB shall have access to all personnel records of Medical System University Personnel and may review and photocopy such records at the expense of UMMC. All business records, patient records and materials of any type whatsoever generated by UMB administrative units or by Medical System University Personnel in the course of performing services to UMMC pursuant to this Agreement, rather than in the course of UMB's public business, shall be the property of UMMC. UMB shall have access to such records and materials for its purposes including, but not limited to, audits of the costs of services to UMMC and evaluation of personnel performance. Unless prohibited by law, UMB may review and photocopy such records and materials at its own expense.

D. Payment Schedule for Compensation due to UMB from UMMC.

Compensation due UMB from UMMC is payable according to the following schedule:

1. Administrative Services Payment Schedule. Payments for services described in Article III (Administrative Services) are due in twenty-four equal installments payable on the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year. Each installment shall be one-twenty-fourth (1/24) of the total in *Schedule 1*. This payment schedule applies to amounts set forth in the applicable *Schedule 1*. It does not apply to any costs invoiced between the parties as provided for in Article III.

2. Faculty Services Payment Schedule. Payments by UMMC for faculty services described in Article IV.A, Article IV.B, and Article IV.C, and **Schedules 2A, 2B, 2C**, (*Medical Faculty*), **Schedule 3** (*Pharmacy Faculty*), and **Schedule 4** (*Dentistry Faculty*) are due in installments of one-twenty-fourth (1/24) of the total of payments stated in those Schedules. Installments are due on the fifteenth and thirtieth days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

3. UMMC-Supported Employees Payment Schedule. Payments by UMMC described in Section VI.A (relating to Medical System University Personnel), and Section VI.D.1, (related to UMMC-Supported Employees), will be made semi-monthly on the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

E. Payment Schedule for Compensation due to UMMC from UMB.

1. Payment for Space Use. Compensation due from UMB to UMMC for space usage will be payable in installments of one-twenty-fourth (1/24) of the total stated in **Schedule 5**. Installments are due the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year. This payment will be effectuated by UMMC reducing each installment payment due to SOM pursuant to Section IV.D.2 for SOM Faculty services in an amount equal to the amount due to UMMC for UMB's use of space in the same installment period.

2. Payment for Nursing School Faculty Services. Compensation from the School of Nursing for faculty services as agreed to in writing in accordance with Section IV.D, will be payable in a single payment due no later than June 30, 2023.

3. UMB-Supported Employee Payment Schedule. Payments by UMB described in Section VI.D.2.b (related to UMB-Supported Employees), will be made semi-monthly on the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

4. Employee Health Costs. As set forth in Section III.B.2 and **Schedule 6**, SOM will pay UMMC the amount of \$65,000 to help defray certain employee health costs associated with physician clinical privileges such as annual screenings, immunizations, or fit testing which UMMC requires of SOM Faculty.

F. State Appropriations to USM or UMB for UMMS. If any State appropriated funds are appropriated to USM or UMB for the Fiscal Year and provided by the State for transfer to UMMC, the funds will be paid to UMMC by USM or UMB in two equal installments, due July 1, 2022 and January 2, 2023.

G. Invoicing Process

1. UMB shall invoice UMMC (a) once for semi-monthly payments due to USM or UMB pursuant to this Agreement and (b) periodically, as provided in this Agreement, for other billable services and cost reimbursements, such as extra costs or fee for service costs. UMMC semi-monthly payments to UMB will be made by electronic funds transfer in accordance with

instructions provided by UMB. Other payments from UMMC to UMB will be made by electronic funds transfer if feasible and if payment information is provided by UMB when required payments are invoiced. If UMMC is unable to issue payment via electronic funds transfer, payment shall be made by check to UMB as promptly as possible after the due date for the payment.

2. Payments due UMMS and/or UMMC from UMB shall be paid by the State of Maryland by check, using check mailing instructions provided by UMMS and/or UMMC, as applicable, or pursuant to the most current payment methodology as communicated by UMMS and/or UMMC, subject to State law, regulation or policy permitting use of that means of payment.

3. If the due date for any payment is a date when the payee's offices are closed, the payment shall be made on the next day that both parties' offices are open.

4. Late Fees. If any payment due UMB from UMMC pursuant to this Agreement is not transferred to or delivered to UMB within one week of its due date, the amount due will accrue interest at the rate of six percent (6%) per annum from the date the payment was due until the date it was received by UMB. If any payment due to UMMC from UMB pursuant to this Agreement is not transferred to or delivered to UMMC within one week of its due date, the amount due will accrue interest at the rate of six percent (6%) per annum from the date the payment was due until the date it was received by UMMC. Charges for late payment of invoices are subject to Title 15, Subtitle 1 of the State Finance and Procurement Article of the Annotated Code of Maryland.

H. Agreement Term. The term of this Agreement is July 1, 2023 through June 30, 2024. If USM and UMMS do not enter into an Annual Contract for the following fiscal year, this Agreement shall remain in force until another annual contract is approved, which could occur after the following fiscal year has begun. Seed support payable pursuant to *Schedule 2B* shall only continue for the defined period of time as provided in Section IV.A.2.

I. Amendments to this Agreement. Proposed amendments to this Agreement, including amendments of the Exhibits and Schedules, must be stated in writing, and must be considered and recommended to the Board of Directors and the Board of Regents in the same manner that this Agreement was considered and recommended unless the two boards specify a different procedure. Approved amendments must be set forth in a writing signed by the parties.

J. Changes Without Amendment.

Without following the amendment procedures in Section X.I., the President and the UMMC-CEO, or their designees, may agree to the changes summarized below via a written and signed agreement.

1. **Changes to Administrative Services and Faculty Services.**

(a) Less than 25% Change to Service Volume. Increase or decrease the services provided to UMMS, UMMC or Midtown by UMB, provided that any such change in administrative or faculty services provided by a UMB administrative unit or School will not result in a cumulative increase or decrease of more than twenty-five percent (25%) in the total agreed

cost of services provided by that UMB administrative unit or School, as shown on **Schedule 1, 2A, 2B, 2C, 3 or 4**;

(b) Increase of Costs to Reflect Increase of Salary/Benefits. Increase costs to be reimbursed to reflect any mutually agreed to increase in salaries, fringe benefit costs, and other personnel costs associated with **services** provided by that party to the other party;

(c) Shifting of Costs Related to Relocated/Expanded Service to Midtown. Shift between **Schedule 2A** and **Schedule 2C** if UMMC clinical services are relocated to or expanded to Midtown, or vice versa.

2. **Changes to Space Use.** Increase or decrease the space of one party used by the other party, if such change will not result in a cumulative increase or decrease of more than ten percent (10%) in the compensation paid to UMMS as shown on **Schedule 5**.

3. **Changes in SOM Faculty Compensation.** Changes described in Section IV.A.5.

4. Any actions pursuant to this Section X.J shall be effective as of the date agreed by the authorized approvers and payments thereafter shall be adjusted appropriately. With respect to changes to administrative services, the President and the UMMC-CEO may delegate authority to approve such changes to appropriate officers who report to them.

K. Access to Books and Records. Unless UMB is instructed to the contrary by UMMC, UMB shall make such of its records as are necessary to verify the nature and extent of the costs of services provided to UMMC and Midtown available to the Secretary of the United States Department of Health and Human Services, the United States Comptroller General, and their duly authorized representatives to the extent required by law for a period of four years after services were provided. Similar access to records and contracts between UMB and organizations related to UMB or under contract to UMB also shall be made available, to the extent required by law.

L. UMB Fringe Benefit Rates and Adjustments.

1. The compensation from UMMC to UMB for faculty, staff, and resident services (see **Schedules 2A, 2B, 2C, 3, and 4**) includes a charge for fringe benefits at a standard fringe benefit rate set by UMB (subject to approval of the United States Government) for use in UMB grants and contracts.

(a) For UMMC funding to support salary and fringe benefit costs of UMB faculty and staff employees with responsibilities to UMMC and/or Midtown, as described in **Schedules 2A, 2B, 2C, and 3**, Section VI.F.2., and Section X.D.3, the standard UMB fringe benefit rate for the relevant category of personnel will be used.

(b) For the Fiscal Year, the rates are **28.8%** for faculty, **39.2%** for exempt staff, and **18.8%** for residents.

(c) Fringe benefit changes during the Fiscal Year will be applied as of their effective date, and UMMC will be notified by the Dean's Office or UMB Financial Services of revised rates and adjustments to required semi-monthly payments.

2. To aid in the implementation of the standard fringe benefit rate, UMB will reduce the total annual payment required from UMMC under *Schedules 2A, 2B, and 2C* by the sum of **\$4,778,533.00**, which has been agreed to by UMB and UMMC. This adjustment will be applied *pro rata* against the payments referred to in Section X.D.2.

(a) This adjustment will not be increased if the total of *Schedules 2A, 2B, and 2C*, or the total of any one of them, is increased by the parties' agreement.

(b) Consistent with federal requirements pertaining to use of standard fringe benefit rates, UMB will not use or apply federal funds to reduce the payment due from UMMC as described in this Section X.L.

M. Assertion of Defenses on Behalf of UMB.

1. No provision of this Agreement requiring UMMS or UMMC to defend, indemnify, and hold harmless the State, UMB, USM, or their personnel, is intended to waive the defenses of sovereign immunity, limited immunity, or any other immunity, or to waive any other defense available to any claim or action being defended by UMMS pursuant to this Agreement. UMMS or UMMC may assert on behalf of USM or UMB all defenses that might be asserted by the Office of the Attorney General in opposition to such claims or actions. The Office of the Attorney General shall be consulted by UMMS regarding use of immunity defense.

2. No provision of this Agreement requiring UMMS or UMMC to defend, indemnify and hold harmless the State, UMB, USM, or their personnel is intended to limit, waive, or release UMMS's or UMMC's right or ability to sue or otherwise pursue any claim, lawsuit, loss, damage, or liability against any State, UMB or USM personnel resulting from such personnel's criminal conduct, gross negligence or malice outside the scope of public duties, including, but not limited to, embezzlement or other improper or illegal diversion of funds. UMMS or UMMC will advise the President, UMB, and the Office of the Attorney General before initiating any such action.

N. Regulatory Compliance.

UMMC and UMB are not a single affiliated covered entity for purposes of the Health Insurance Portability and Accountability Act of 1976 ("**HIPAA**" - Public Law Number 104-191). Further, as a general matter, each party shall comply with all applicable federal, state, and local laws in performing their respective obligations thereunder, including but not limited to the federal and state laws addressing anti-kickback, self-referral, fraud, waste, and whistleblower protections for those reporting violations of such laws.

[END OF ARTICLE X]

ARTICLE XI. SUBSIDIARIES

UMB approves the establishment of non-profit or for-profit subsidiaries or entities related to UMMS subject to the conditions set forth in this Article XI. “**Subsidiary**” as used in this Article XI refers to a subsidiary or related entity, as defined in Section A of this Article XI.

A. Definitions

1. “**Subsidiary**” means a stock corporation if a majority of any class of its voting stock is owned by UMMS, another subsidiary, or a related entity.

2. “**Related entity**” means any non-stock entity if the corporation owns a controlling interest in the entity or controls election or appointment of a majority of the entity’s governing board.

B. Conditions Applicable to All Subsidiaries

1. The Board of Directors of UMMS may establish or acquire subsidiaries. Unless otherwise specifically provided by action of the Board of Regents, State law, or other provisions of this Agreement, the following conditions shall be observed with respect to each subsidiary.

2. No land or buildings transferred at any time to UMMS by the State or UMB shall be transferred to a subsidiary without prior approval of the Board of Regents.

3. If the President concludes at any time that the purpose of any subsidiary includes an activity affecting the educational or research activities of any professional school at the UMB, with input from the UMMC-CEO, the President may name one of the members of the board of directors of the subsidiary.

4. UMMS will require the subsidiary to indemnify any director named by the President to the fullest extent permitted by Maryland law and shall maintain commercial directors’ and officers’ liability insurance or other adequate insurance to protect the director from financial risk or loss. The director named by the President shall in no event be protected less fully than any other director of the subsidiary.

5. UMMS shall defend, indemnify, and hold harmless UMB, the Board of Regents, and the officers and employees of UMB with respect to any claims, demands, actions or suits asserted against UMB relating to activities of a subsidiary. In the course of providing defense hereunder, UMMS may raise defenses of sovereign immunity and other immunities available to UMB to the extent provided by Maryland law and will consult with the Attorney General’s Office as appropriate. It is the intention of the parties that no defense available to UMB, the Board of Regents or officers or employees of UMB shall be waived or limited as a result of UMMS’s agreement to defend and indemnify UMB, the Board of Regents, and officers and employees of UMB.

6. Annually, in connection with preparation of the Annual Contract, UMMS shall report to UMB the names and functions of all extant subsidiaries. If the Board of Regents determines that the Annual Contract should not grant continued approval for the operation of any subsidiary, UMMS will terminate the subsidiary status of the entity in question. A term of one year shall be allowed for this action.

C. Existing Subsidiaries and Special Provisions

1. The subsidiaries of UMMS as of June 30, 2023 are listed in *Schedule 7*. The Dean-M is required to be an *ex officio* voting member of the board of directors of the James Lawrence Kernan Hospital, Inc. (d/b/a University of Maryland Rehabilitation & Orthopaedic Institute) (“UMROI”), and Section XI.B.2 is not applicable to that hospital.

2. Midtown, which is a subsidiary, is subject to the provisions concerning it that are included in this Agreement.

3. USM and UMB previously approved the establishment of the UMMC LLC as a subsidiary of UMMS, as provided by State law, provided that the President and the Dean-M are non-voting members of the UMMC LLC board.

[END OF ARTICLE XI]

ARTICLE XII. OTHER AGREEMENTS

A. This Agreement, as mandated by Section 13-306 of the Education Article, must include all financial obligations between the parties. From time to time, the parties may enter into other arrangements and in doing so shall document such in a written document signed by their respective. authorized representatives. Via this Article XII, those arrangements are incorporated by reference in accordance with the intent of the Medical System Law.

B. UMMS, the UMMC LLC and UMB have entered into a Mission Support Agreement (“MSA”) which will be effective during the Fiscal Year. The MSA is attached as **Schedule 8** to this Agreement. **Schedule 8** states an agreed lump sum payment to the School of Medicine due in October of the Fiscal Year, pursuant to the terms of the MSA.

[END OF ARTICLE XII]

IN WITNESS WHEREOF, the parties, by their authorized officers, execute this Agreement.

UNIVERSITY SYSTEM OF MARYLAND
by University of Maryland, Baltimore

By: _____
Bruce E. Jarrell, MD, FACS
President
University of Maryland, Baltimore

Date

**UNIVERSITY OF MARYLAND
MEDICAL SYSTEM CORPORATION**

By: _____
Mohan Suntha, MD, MBA
President and Chief Executive Officer
University of Maryland Medical System
Corporation

Date

**UNIVERSITY OF MARYLAND
MEDICAL CENTER, LLC**

By: _____
Bert W. O'Malley, MD
President and Chief Executive Officer
University of Maryland Medical Center LLC

Date

SCHEDULE 1 - FY 2024
PAYMENT TO UMB FOR ADMINISTRATIVE SERVICES

Administrative Services
(Exhibit B)

Facilities Management (Operations and Maintenance)	\$ 19,885
Public Safety	\$ 1,289,230
Subtotal	<u>\$ 1,309,115</u>

Environmental Health and Safety
(Exhibit C) \$ 726,709

TOTAL **\$ 2,035,824**

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**SCHEDULE 2A - FY 2024
SCHOOL OF MEDICINE FACULTY SERVICES
BASE PAYMENTS FROM UNIVERSITY OF MD MEDICAL CENTER**

Department	Base Amount
Anesthesiology	\$ 13,075,707
Critical Care	2,635,691
Dermatology	187,348
Diagnostic Radiology	7,286,242
Emergency Room	4,458,715
Family Medicine	452,131
Infection Control / Epidemiology	340,292
Medicine	6,373,964
Neurology	1,528,545
Neurosurgery	828,334
OB/Gyn	5,751,053
Oncology	2,244,533
Ophthalmology	508,389
Orthopedics	2,996,251
Otorhinolaryngology	1,128,919
Pathology	3,148,313
Pediatrics	7,323,469
Psychiatry	5,892,152
Radiation Oncology	1,962,014
Shock Trauma	9,821,999
Surgery	7,563,760
Total Salary	85,507,822
Fringe Benefits Estimated at 28.80%	24,626,253
Total Salary plus Fringes	\$110,134,075

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2023. The projected cost amount will be amended during the year as new recruited positions are filled and as agreed to by UMMC.

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**SCHEDULE 2B - FY 2024
SCHOOL OF MEDICINE FACULTY SERVICES
SEED PAYMENTS FROM UNIVERSITY OF MD MEDICAL CENTER**

<u>Department</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
Anesthesiology	\$ -	\$ -	\$ -	\$ -
Critical Care	950,029	902,528	857,401	814,531
Dermatology	42,608	40,478	38,454	36,531
Diagnostic Radiology	-	-	-	-
Emergency Room	-	-	-	-
Family Medicine	-	-	-	-
Infection Control / Epidemiology	-	-	-	-
Medicine	11,983,056	11,383,903	10,814,708	10,273,973
Neurology	1,023,668	972,485	923,860	877,667
Neurosurgery	3,659,310	3,476,345	3,302,527	3,137,401
Ob/Gyn	852,452	809,829	769,338	730,871
Oncology	539,536	512,559	486,931	462,585
Ophthalmology	-	-	-	-
Orthopedics	1,676,779	1,592,940	1,513,293	1,437,628
Otorhinolaryngology	1,074,369	1,020,651	969,618	921,137
Pathology	-	-	-	-
Pediatrics	3,296,281	3,131,467	2,974,894	2,826,149
Psychiatry	-	-	-	-
Radiation Oncology	-	-	-	-
Shock Trauma	-	-	-	-
Surgery	6,463,907	6,140,712	5,833,676	5,541,992
Total Salary	<u>\$ 31,561,995</u>	<u>\$ 29,983,895</u>	<u>\$ 28,484,700</u>	<u>\$ 27,060,465</u>
Fringe Benefits Estimated at 28.80%	<u>9,089,855</u>	<u>8,635,362</u>	<u>8,203,594</u>	<u>7,793,414</u>
Subtotal Salary plus Fringes	<u>\$ 40,651,850</u>	<u>\$ 38,619,257</u>	<u>\$ 36,688,294</u>	<u>\$ 34,853,879</u>
<i>(Less)- UMB PSC/Fringe Reduction</i> <i>(Reallocation by UMB/UMMC to the SIPC)</i>	<u>\$ (2,021,895)</u>	<u></u>	<u></u>	<u></u>
Total Salary plus Fringe- After Seed Reduction	<u>\$ 38,629,955</u>	<u></u>	<u></u>	<u></u>

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2023. Projected cost also includes a \$2.0 million PSC reduction to be directly reallocated by the Medical School/UMMC via the Strategic Initiative Prioritization Committee (SIPC) for joint-decision utilization with FPI. Though shown on Schedule 2B, the Medical School may achieve the reductions at their discretion via Seed and/or Base support reductions by Service.

The projected cost amounts will be amended during the year as new recruited positions are filled and as agreed to by UMMC.

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**SCHEDULE 2C - FY 2024
SCHOOL OF MEDICINE FACULTY SERVICES
BASE PAYMENTS FROM UNIVERSITY OF MD, MIDTOWN**

<u>Department</u>	<u>PSC: Total Base Support</u>
Anesthesiology	\$ 1,538,515
Critical Care	667,712
Dermatology	-
Diagnostic Radiology	898,250
Emergency Room	3,312,894
Family Medicine	-
Infection Control / Epidemiology	43,792
Medicine	7,968,606
Neurology	441,524
Neurosurgery	-
OB/Gyn	-
Oncology	-
Ophthalmology	1,275,806
Orthopedics	911,081
Otorhinolaryngology	251,889
Pathology	304,037
Pediatrics	22,047
Psychiatry	2,497,672
Radiation Oncology	-
Shock Trauma	-
Surgery	454,275
Total Salary	20,588,100
Fringe Benefits Estimated at 28.80%	5,929,373
Total Salary plus Fringes	\$ 26,517,473

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2023. The projected cost amount will be amended during the year as new recruited positions are filled and as agreed to by UMMC.

SCHEDULE 3 - FY 2024
PAYMENTS FROM UMMC TO SCHOOL OF PHARMACY

	<u>Payment</u>
Faculty	\$ 411,268
Staff	\$ 579,501
Residents	\$ 199,200
Fringe Benefits @ 28.8% (faculty), 39.2% (staff), 18.8% (residents)	<u>\$ 383,059</u>
Subtotal	<u>\$1,573,028</u>
Operating Expense – General Operating Residents	\$ 3,000
TOTAL	<u>\$ 1,576,028</u>

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SCHEDULE 4 - FY 2024
DENTAL SCHOOL FACULTY SERVICES PAYMENTS FROM UMMC

<u>Department</u>	<u>Payment</u>
Dental School	\$ 502,565
Fringe Benefits @ 28.8%	<u>\$ 144,739</u>
TOTAL	<u>\$ 647,304</u>

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SCHEDULE 5 - FY 2024
COMPENSATION FOR SPACE USAGE
WITHIN OTHER PARTY'S FACILITIES

Net owed to UMMC by UMB: \$1,157,304

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SCHEDULE 6 - FY 2024
COMPENSATION FOR EMPLOYEE HEALTH SERVICES

Owed to UMMC by UMB: \$ 65,000

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SCHEDULE 7 – FY 2024

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION SUBSIDIARIES

1. 36 S. Paca Street, LLC
2. CMROC, LLC
3. Dimensions Assurance Limited
4. Dimensions Health Corporation
5. James Lawrence Kernan Hospital, Inc.
6. MD Medicine Comprehensive Ins. Program
7. Mt Washington Pediatric Hospital, Inc.
8. Terrapin Insurance Company
9. UM Capital Region Health, Inc.
10. UMMC I, LLC
11. UMRMC I, Inc.
12. UMRMC, LLC
13. UMSJ Health System, LLC
14. University of Maryland Baltimore Washington Medical System, Inc.
15. University of Maryland Care Transformation Organization, LLC
16. University of Maryland Charles Regional Health, Inc.
17. University of Maryland Ecare, LLC
18. University of Maryland Health Ventures, LLC
19. University of Maryland Medical Center, LLC
20. University of Maryland Midtown Health, Inc.
21. University of Maryland Quality Care Network, LLC
22. University of Maryland Shore Regional Health, Inc.
23. University of Maryland Upper Chesapeake Health System, Inc.
24. UniversityCare, LLC
25. UMMS Ambulatory Care, LLC
26. University of Maryland Medical Regional Supplier Services, LLC

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SCHEDULE 8 – FY 2024
MISSION SUPPORT AGREEMENT

TARGET AREAS FOR MISSION SUPPORT PAYMENT TO BE SPENT IN FY 2024*

Target Area	Projected Funds Required	Specific Use of Funds
Health Science Research Facility III	\$5.15 Million	Based on FY 2023 performance to be paid in FY 2024. Applied by UMMS in FY 2024 to repay an advance to UMSOM from mission support funds provided to UMSOM in earlier years. This is the final installment. These funds are not being transferred to UMSOM in FY24.
Xeno-transplant patient	\$1.01 Million	Based on FY 2023 performance to be paid in FY 2024. Reserve for any uncovered hospital and practice bills incurred related to a xeno-transplant patient care in FY 2024.
UM - Medicine Institute for Neuroscience Discovery	\$250,000	A reallocation of \$229,000 previously approved Mission Support Payment based on FY 2021 performance but unspent in FY 2022 and \$21,000 previously approved based on FY 2020 performance but not spent in FY 2021.
Support for the UMB AVP for Population and Community Health (<i>Dr. Esa Davis</i>)	\$1.03 Million	A reallocation of \$1,030,000 from the previously approved Mission Support Payment based on better than expected FY2022 operating performance.

*This schedule is to be updated each Fiscal Year based upon the approved Target Areas and Mission Support Payment available for such Fiscal Year. This schedule will also reflect any Target Area reallocations related to previously approved Mission Support Payments. This schedule reflects Mission Support Payments to be paid during FY 2024.

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EXHIBIT A - FY 2024

UMMS PRE-CLINICAL EDUCATION REQUIREMENTS

(applicable to UMMC, UMROI, and Midtown (collectively, "Affiliated Sites"))

I. Education

- a. Universal Blood/Body Fluid Precautions & Infection Control (OSHA)
- b. Prevention of Hepatitis B Virus Infection (OSHA)
- c. Handling of Contaminated Needles and other Sharps (OSHA)
- d. Management of Blood Spills (OSHA)
- e. Procedures of Reporting and Management of Occupational Exposure to Blood/Body Fluids/Tissue (OSHA)
- f. Fire Safety (OSHA)
- g. Hazardous Materials (OSHA)
- h. Health Insurance Portability and Accountability Act (HIPAA)

II. Health Insurance

Students must have health insurance satisfying UMB requirements. The health care sites will provide first aid for minor illnesses or injuries, at expense of students, or students may seek first aid from the UMB Student Health office.

III. Immunizations/Evidence of Immunity/Other Health Information

- a. Measles/Mumps/Rubella
- b. HBV vaccination series and antibody titer result, if not immune also require certificate of declination
- c. Varicella
- d. Negative PPD or TB blood test for Tuberculosis, or other medical evidence acceptable to the health care site if PPD is not negative
- e. COVID-19 Primary Series (and boosters if available)

IV. Documentation

UMB shall maintain documentation that students assigned to Affiliated Sites have satisfied the above requirements and provide a copy of the documentation to the Affiliated Site upon request.

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EXHIBIT B - FY 2024
SERVICES PROVIDED BY UMB TO UMMC

I. FACILITIES MANAGEMENT (OPERATIONS AND MAINTENANCE):

- a. Trash pickup along the south side of Baltimore Street from Arch Street to Greene Street. This includes sweeping and picking up litter. Emptying trash cans is not included.
- b. Using plows or snow blowers, but not by hand shoveling, to open the following areas to vehicular traffic:
 - 1. Ambulance bays along the east side of Penn Street between Lombard and Redwood Streets; and
 - 2. Loading dock facilities at the rear of UMMC adjoining Arch and Redwood Streets south of Baltimore Street.
- c. In the case of extraordinary snow events (generally six inches and above) UMB will bring in outside snow removal contractors and/or call in UMB staff on overtime.
- d. Also, in the case of an extraordinary event, UMB, subject to availability of personnel and equipment of UMB and/or its contractors, will assist UMMC upon its request in opening and maintaining sidewalks adjoining UMMC.
- e. UMMC will reimburse UMB, per event, for an appropriate share of the cost of contractors and/or overtime if UMMC requires services of such contractors and/or additional staffing. UMMC and UMB will determine a cost sharing formula based on the size of the cleared ambulance bays, dock areas, roadways and walks adjacent to UMMC as compared to the size of the total cleared area at UMB.
- f. UMMC acknowledges that UMB will not issue purchase orders for maintenance or other tasks in UMMC or Midtown.
- g. UMMC acknowledges that UMB will not have any obligation to provide space or services for first responders or other people when a first responder is admitted as a patient in the Shock Trauma Center.

II. MAIL SERVICES:

UMB will perform delivery and pick up of mail to and from the UMMC central mailroom.

III. UMB PUBLIC SAFETY SERVICES:

A. Police Services.

1. UMB will provide supplemental UMB Police Department services for UMMC, supporting the UMMC Security Operations. The UMB Chief of Police or designee and the UMMC Chief Operating Officer, or designee, will agree upon protocols for (a) notice to UMMC of security/safety incidents that may impact or concern UMMC; (b) police services being provided in a manner compliant with regulatory requirements applicable to UMMC, including The Joint Commission's standards; and (c) compliance with requirements of the federal Clery Act applicable to UMB that include emergency reporting rules, criminal activity data reporting, and annual reporting for an area including UMB, UMMC Complex and some adjacent properties that are owned or leased by UMMC or UMMS or other UMB, UMMS and UMMC affiliates.

2. UMB shall provide one uniformed police officer, 24 hours a day, 7 days per week, integrated into the campus patrol, and one uniformed police officer, 24 hours a day, 7 days per week, posted at the UMMC Emergency Department ("**Emergency Department Officer**").

3. The duties and responsibilities of the police officer integrated into the campus patrol will include but will not be limited to serving to protect the safety and security of UMMC staff, patients and visitors, in part by patrolling the sidewalks bordering University Plaza and the sidewalks along commercial corridors east of the campus (e.g., 400 block of West Baltimore Street) and UMB campus walkways and UMB parking garages used by UMMC staff, patients, and visitors. Upon reopening of Lexington Market, patrols will include Paca Street, between UMMC and Lexington Market.

a. "**UMB Campus**" means all UMB-owned buildings, garages, parks, and other grounds on the east side of Martin Luther King Jr. Blvd. between Washington Blvd. and Saratoga Streets.

b. "**UMMC Complex**" means UMMC buildings (to include the R Adams Cowley Shock Trauma Center), UMMS owned or controlled parking lots and garages, the Paca/Pratt Building, and any other buildings on the UMB Campus owned, leased, or managed by UMMC or UMMS.

4. With respect to the Emergency Department Officer's obligations in the UMMC Emergency Department, the UMMC Emergency Department includes the waiting areas and treatment areas of the Adult Emergency Department (AED) and the Pediatric Emergency Department (PED). The Emergency Department Officer will be assigned to a stationary fixed post in the UMMC Emergency Department. The Emergency Department Officer will be assisted on an

as-needed basis, as the Emergency Department Officer or the supervisor of that officer determines necessary, by the uniformed police officer integrated into the campus patrol.

5. The duties of the Emergency Department Officer will include but are not limited to:

a. Promptly responding to all calls from UMMC for assistance in or around the immediate area of the Emergency Department, including the immediate exterior of the Emergency Department building as necessary, to mitigate or deescalate the situation requiring the officer's involvement.

b. Maintaining order in the Emergency Department and assisting and backing up UMMC Security on incidents which occur in or around the immediate area of the Emergency Department.

c. Attending weekly and/or monthly meetings with UMMC Security to discuss issues and trends and to share intelligence and statistics. Attendance is not required on days and times the officer is off duty.

d. Assisting staff of the Emergency Department to file statements of charges with law enforcement if the staff are victims of threats, acts of violence, etc.

e. Enforcing all applicable laws through exercise of lawful police authority, including the authority to make arrests when appropriate.

f. Performing all police related duties, or other duties specified by the Police supervisor, and acting at all times in the best interests of the University and UMMC.

g. Upon request of UMMC Security, providing assistance when problems arise in controlling the ingress and egress of UMMC personnel at the Emergency Department and Shock Trauma entrances of UMMC.

h. Directing visitors to Emergency Department registration clerks. Assisting UMMC staff upon request in the event of issues or problems related to visitors.

i. Providing assistance to UMMC medical and psychiatric personnel in handling patients when so requested. Assisting UMMC Security to render weapons safe prior to UMMC Security handing the weapons over to the Baltimore City Police Department.

j. Remaining in the Emergency Department and surrounding areas, except in the event of responding to a Police Department supervisor's order to assist UMMC security and/or the Baltimore City Police in responding to an incident of the following nature: special incidents such as bomb threats, fires, combative or psychotic patients, and suicide attempts. The Baltimore City Police are expected to be the primary responding law enforcement unit for most special incidents. The UMB Police Department and the Baltimore City Police will coordinate responses

in accordance with any protocols developed by the Baltimore City Police, UMB Police Department, and UMMC security.

k. Advising the UMMC Security Shift Supervisor promptly of any incidents that occur within the Emergency Department that could potentially negatively impact UMMC.

6. UMMC shall provide space in the Emergency Department where the Emergency Department Officer can observe the entire waiting area for the AED. UMMC will equip such space with TV surveillance equipment for purposes of monitoring the Emergency Department By-Pass Corridor from the Security Desk.

7. The cost of salary and fringe benefits for both uniformed police officers assigned as discussed in this *Exhibit B* are included in *Schedule 1* to the Annual Contract and will be billed and paid as provided in the Annual Contract.

8. UMB will bill, and UMMC will pay, the costs of any equipment that must be purchased for the police officers assigned in the Emergency Department (such as uniform clothing and equipment, radio, and ballistic vest).

9. Any Personal Protective Equipment (including but not limited to N-95 masks) required to be used by the police officers posted to the Emergency Department will be provided by UMMC, and fit tests for provided masks will be the responsibility and expense of UMMC. Any additional Personal Protective Equipment required by UMB for the officers will be purchased by UMB and billed to UMMC. Personal Protective Equipment provided by UMMC to police officers will be consistent with equipment provided for UMMC personnel in the Emergency Department who are not routinely involved in patient care.

10. Annual equipment costs for each new Emergency Department police officer are estimated to be less than \$4,000. Personal Protective Equipment costs incurred by UMMC for the safety of the police officers cannot be estimated.

B. Baltimore City Police Involvement.

UMMC will seek the emergency or non-emergency services of the Baltimore City Police Department (“BCPD”) in the event UMMC determines Baltimore City police services are needed inside UMMC or UMMS buildings, or on UMMC or UMMS property, to back up the UMB police officer in the Emergency Department, or otherwise. The UMB Police will respond upon the request of the BCPD in emergency situations.

C. Incident and Crime Reporting.

1. The UMB Chief of Police or designee will advise the UMMC Director of Security of any incidents that occur on the UMB campus, of which the UMB Police Department is aware, that could negatively impact UMMC, its patients, staff, and visitors.

2. The UMMC Director of Security will coordinate the sharing of information to the UMB Chief of Police or designee about crimes that may pose a serious threat to the health or safety of the campus and near-campus communities to facilitate the issuance of Clery Act-required timely warnings and emergency notifications.

3. The Parties acknowledge that UMB need not obtain the approval to issue any warnings/notifications, nor is UMB required to seek preclearance of the content of any warning/notification. However, the Parties will create a system to inform each other about such warnings.

D. Records.

The UMB Police Department shall maintain records and issue reports to the UMMC Director of Security to include documentation of any:

1. Overtime paid to police officers involved in UMMC related arrests;
2. Court time for court appearances by police officers involved in UMMC related arrests; and
3. Copies of police reports concerning UMMC related arrests.

The UMB Police Department shall also maintain records of services provided to the UMMC Complex upon request of the BCPD in response to emergency or non-emergency calls. A copy of the records shall be provided to UMMC on a quarterly basis. The records shall include:

1. Number of calls to BCPD for support for emergency service, and number of calls for support for non-emergency service
2. Nature of calls
3. Number of arrests
4. Number of persons arrested by sex and age
5. Number of noncriminal calls
6. Nature of assistance given
7. Location of reported incidents
8. Unit response time
9. Amount of time spent handling calls for service

E. Payment.

1. Payment by UMMC for UMB Police Department services shall be in the amount, and payable upon the schedule, provided in the Annual Contract between UMB and UMMS. The payment compensates UMB for the services of two police officers, 24 hours per day, 7 days per week, and associated supervisory and administrative costs. This payment will cover the cost of salaries and fringe benefits of the officers required to staff two positions on a 24/7 basis.

2. On a fee for service basis, total cost not to exceed \$5,000 per year without the prior authorization of the UMMC Director of Security, the UMB Police Department will charge UMMC for services described in D.1 and D.2 above.

a. Bills for court time will be supported by documentation of the case, the subpoena issued to any UMB police officer whose court time is being charged, and a court clerk sign off evidencing the officer's attendance in response to a subpoena.

b. Court time or overtime will be billed at UMB's cost, taking into account shift differentials as applicable.

3. The UMB Police Department will supply the UMMC Director of Security with detailed support documentation for any fee for service activity.

F. Civil Action Representation.

Unless otherwise provided by any section of the Annual Contract or the laws of Maryland applicable to UMMC or UMMS:

1. The Attorney General of Maryland, or a member of the Attorney General's office, or counsel designated by the Attorney General, shall appear in a civil action against a UMB police officer or UMB security officer to represent the officer, subject to the determination of the Attorney General that the officer is eligible for State representation as provided in the State Government Article, Sections 12-304 to 12-310; and

2. The State of Maryland shall provide adequate funds for the satisfaction of any monetary award that has been rendered against a UMB police officer or UMB security officer in connection with a claim related to the officer's duties, subject to the requirements of the State Government Article, Sections 12-401 to 12-406.

EXHIBIT C – FY 2024
ENVIRONMENTAL HEALTH AND SAFETY SERVICES

Pursuant to the terms of the Annual Contract, UMB’s Office of Environmental Health and Safety (“EHS”) provides services to UMMC in two major program areas: (1) Radiation Safety Services, which are provided under UMB’s Broad Scope License (#07-014-01-MD) (the “**UMB Broad Scope License**”); and (2) hazardous chemical waste management program support.

Such services include the following:

1. **Radiation Safety Officer (“RSO”).**
 - a. UMB shall provide UMMC with the services of a qualified RSO, as designated on the UMB Broad Scope License and approved by the Maryland Department of the Environment (“MDE”).
 - b. The RSO is responsible for the implementation, monitoring, and maintenance of the radiation safety program at UMMC.

2. **UMB Broad Scope License.**
 - a. UMMC acknowledges that the UMB Broad Scope License was issued to UMB, and that UMB is providing Radiation Safety Services to UMMC pursuant to the UMB Broad Scope License.
 - b. Regulatory and operational compliance with the MDE’s UMB Broad Scope License requirements are the joint responsibility of both UMB and UMMC.
 - c. As part of this responsibility, UMB shall without limitation:
 - i. Coordinate and participate in the biannual MDE radioactive materials inspection at UMMC;
 - ii. Conduct all other required radiation safety program inspections;
 - iii. Perform an annual audit of the radiation safety program at UMMC;
 - iv. Provide support for Centers for Medicare and Medicaid Services (“CMS”) and Joint Commission inspections as needed;
 - v. Coordinate license amendments for new procedures; and
 - vi. Maintain:
 - (1) Authorized User status for Residents and Fellows;
 - (2) Authorized Medical Physicist status for Medical Physicists; and

(3) Authorized Nuclear Pharmacists status for Nuclear Pharmacists.

- d. As part of this responsibility, UMMC shall without limitation:
- i. Ensure that applicable radiation safety requirements are followed to ensure patient safety and be responsible for patient safety; and
 - ii. Deliver radiation safety communications to hospital staff. As appropriate, communications will be signed by appropriate UMMC leadership.

3. **Radiation Safety Committee.**

- a. UMB shall oversee and administer a Radiation Safety Committee (“**RSC**”) that oversees and is responsible for the radiation safety services provided to UMMC. The RSC shall include physicians, UMMC administration representatives, ancillary personnel, and members of each Authorized User group specified above.
- b. As part of this obligation, UMB shall, without limitation:
- i. Facilitate quarterly committee meetings, including the RSC and Human Use Subcommittee (“**HUSC**”)
 - ii. Support Radioactive Drug Research Committee (“**RDRC**”) meetings;
 - iii. Develop, coordinate, distribute, and edit meeting minutes along with applicable follow-up;
 - iv. Develop and distribute quarterly and annual reports;
 - v. Conduct procedure and policy reviews and generate a report of their findings and recommendations; and
 - vi. Provide necessary radiation safety compliance and safety support.

4. **Radiation Exposure Monitoring.**

UMB Responsibilities. UMB shall maintain a Radiation Exposure Monitoring Program for personnel who work under the UMB Broad Scope License at UMMC, or who otherwise work with radiation producing machines. As part of this obligation, UMB shall without limitation:

- a. Distribute, collect, and process dosimeters assigned to approved persons working at UMMC or approved locations within UMMC in accordance with the regulatory requirements outlined in COMAR 26.12.01.01, Sections D.201, D.202, D. 208, D.502 and D.1107.

- i. UMB will invoice UMMC, on a quarterly basis, for the necessary costs associated with dosimeters and their analysis by a National Voluntary Laboratory Accreditation Program (“NVLAP”) accredited vendor.
 - ii. UMMC shall not be responsible for the costs of dosimeters worn by non-UMMC employees within locations outside of UMMC, such as faculty practice plan locations.
- b. Review exposure reports of employees. For employees who exceed exposure thresholds as set by the RSC, and as indicated by those reviews in accordance with mutually agreed to protocols or policies, investigate any circumstances surrounding the unusual or overexposure of dosimeters and complete a report within a reasonable period, unless a shorter time is required by law.
- c. Provide exposure summaries to other institutions upon receipt of an approved release form (in accordance with COMAR 26.12.01.01 Section D.205) for former UMMC employees that were previously enrolled in the dosimetry program.
- d. Request and review prior employment exposure history for new UMMC employees enrolled in the UMB exposure control program, in accordance with COMAR 26.12.01.01 Section D.205.
- e. Evaluate potential exposure for declared pregnant workers by reviewing their exposure history. Based on the result of this review, communicate with the employee, the employee’s supervisor, and UMMC management about recommendations for possible changes to assigned duties.
- f. When determined to be necessary, use various bioassay methods to determine internal deposition of radioactive materials and resultant dose from absorption, ingestion, injection, or inhalation as a result of spills, accidental releases, or through certain therapeutic administrations of radioactive materials.
- g. Provide monitoring in areas that have the potential to reach or exceed dose limitations as outlined in COMAR 26.12.01.01 Section D.301.
- h. Track individual, group, and overall exposure trends as determined to be necessary by UMB EHS.
- i. Administer the As-Low-As-Reasonably-Achievable (“ALARA”) exposure reduction program as required by COMAR 26.12.01.01 Part D.
- j. Provide monthly updates to UMMC on the number of ALARA events that have occurred.
- k. Conduct annual ALARA program reviews; ensure that the program is properly implemented in accordance with the Radiation Safety Manual and other agreed

upon policies and procedures; and generate a report of its findings and recommendations.

UMMC Responsibilities. UMMC shall be responsible to do the following, in collaboration with and with the support of the UMB EHS Radiation Safety team:

- a. Provide the required information technology and physical infrastructure necessary to implement the radiation safety program to include, but not limited to Wireless Access Points throughout the hospital complex.
- b. Appoint UMMC staff members as dosimetry coordinators who shall:
 - i. Distribute monthly or quarterly dosimetry badges to radiation workers within UMMC in a timely manner.
 - ii. Ensure all previously distributed monthly and quarterly dosimetry badges are collected from radiation workers and are prepared for retrieval by UMB EHS Radiation Safety Team.
 - iii. Ensure all new radiation workers complete the Worker Registration Form prior to working with radiation producing machines or radioactive materials, and ensure that a copy of the form is provided to the UMB EHS Radiation Safety Team.
 - iv. Promptly inform the UMB EHS Radiation Safety Team of radiation worker termination if worker no longer requires dosimetry monitoring.
 - v. Promptly inform the UMB EHS Radiation Safety Team in the event of a radiation worker's lost or damaged dosimetry badge.
 - vi. Ensure pregnant radiation workers either:
 - (1) Complete the Pregnant Worker Declaration form, and ensure that the form is promptly provided to the UMB EHS Radiation Safety Team, or
 - (2) Ensure the radiation worker promptly contacts the UMB EHS Radiation Safety Team for guidance.
 - vii. Fulfill the role as liaison between radiation worker and the UMB EHS Radiation Safety Team.
 - viii. Assist the UMB EHS Radiation Safety Team with non-returned badge compliance.
 - ix. Assist the UMB EHS Radiation Safety Team with read compliance for the "Instadose" badges.

- x. Assist the UMB EHS Radiation Safety Team with worker response and compliance for ALARA notifications/investigations.

5. **Radioactive Materials Receipt and Inventory Control.**

UMB shall maintain a Radioactive Materials Receipt and Inventory Control program covered under the UMB Broad Scope License in accordance with the license conditions and COMAR 26.12.01.01 Part A.4(c).

6. **Shipping of Radioactive Materials.**

UMB shall provide packaging and transportation preparation assistance for off-site shipments in accordance with state and federal regulations for radioactive materials that were obtained under the UMB Broad Scope License.

7. **Therapeutic Procedures.**

- a. UMB shall provide health physics radiation safety services for therapeutic procedures performed at UMMC using radioactive materials. Services include facility preparation, procedure monitoring, post-treatment contamination evaluation, site decontamination, and disposal of contaminated materials.
- b. UMB is responsible for facility preparation and site decontamination within UMMC facilities. This applies to the following therapeutic procedures:
 - i. Iodine – 131 Ablation procedures. The support described above will be provided for up to 5 procedures in the contract period. Support for procedures in excess of 5 will be billed to UMMC at the rate of **\$1,000 per procedure**.
 - ii. Yttrium - 90 Spheres and Therasphere procedures. The support described above will be provided for up to 60 procedures in the contract period. Support for procedures in excess of 60 will be billed to UMMC at the rate of **\$350 per procedure**.
 - iii. Gliosite procedures. The support described above will be provided for up to 2 procedures in the contract period. Support for procedures in excess of 2 will be billed to UMMC at the rate of **\$350 per procedure**.
 - iv. Lu-177 Prostate Cancer Treatment - The support described above will be provided and billed to UMMC at the rate of **\$350 per procedure**.
- c. For support of radioactive materials procedures not named above, support will be billed to UMMC at the rate of **\$65 per hour** for technical staff and **\$100 per hour** for the Radiation Safety Officer. UMB shall provide a description of the RSO and/or

technician's time spent during the invoiced period in a level of detail reasonably requested by UMMC.

8. Inspections and Compliance.

- a. UMB Responsibilities. UMB shall administer an inspection and compliance program. UMB will provide recommendations, guidance, and oversight for the implementation of actions required to control radiation exposure to UMMC personnel that work in areas where radioactive materials are used under the UMB Broad Scope License. As part of that task, UMB shall:
 - i. Conduct all radiation safety program inspections.
 - ii. Conduct periodic audits of areas where radioactive materials are used under the UMB Broad Scope License to determine compliance with applicable license conditions and State regulations.
 - iii. UMB shall conduct radiological inventories, and contamination (i.e., leak tests) surveys for sealed radioactive sources used under the UMB Broad Scope License in accordance with COMAR 26.12.01.01 Part C. 37, C.43 (g) and D.40.
 - iv. Ensure notification of UMMC of potential violations and suggestions for corrective actions to be taken.
- b. UMMC Responsibilities. As a partner in ensuring compliance, UMMC shall be responsible to do the following:
 - i. Identify which of its employees are authorized to work with radioactive material and provide a roster of employees quarterly to UMB.
 - ii. Ensure all UMMC employees and UMB employees operating within UMMC facilities:
 - (1) Are informed of all possible radiation hazards; and
 - (2) Adhere to all radiation safety policies and procedures.
 - i. Either independently or with UMB, administer corrective, remedial, or disciplinary action for UMMC employees or contractors found not in compliance with radiation safety policies, procedures, or protocols to include, but not limited to:
 - (1) Restricting access to radioactive materials;
 - (2) Requiring attendance at remedial training; or
 - (3) Any other appropriate action as determined by either the UMB or UMMC EHS Directors or their designee(s).

9. **Training.**

- a. UMB shall provide training in various applicable topics to personnel using radioactive material obtained under the UMB Broad Scope License as required by license conditions and COMAR 26.12.01.01 Part J.12 and G.310 and G.410. UMB shall also provide training in various applicable topics to personnel operating (or working in close proximity to) radiation producing machines under UMB registration(s).
- b. In the creation of such training UMB agrees to collaborate with UMMC for the purpose of ensuring the training material is crafted in an easily understandable format by UMMC staff.
- c. Trainings will include:
 - i. Fluoroscopy Training (initial and annual refresher) – monthly live (instructor-led) trainings provided virtually or at a UMMC provided location scheduled at times to reflect UMMC staff availability (ex. alternating between 7:00 am and 4:00 pm start times); twelve (12) sessions will be included, with additional requested training available at **\$150 per session**;
 - ii. 13th Floor I-131 Training (annual) – in-person training provided at UMMC at times to reflect UMMC staff availability (ex. early morning to cover two shifts). Four (4) sessions will be included, with additional requested training available at **\$80.00 per session**;
 - iii. Radiation Safety Awareness Training for Pathology Staff – on-demand virtual training;
 - iv. 4th Floor Nursing Staff Awareness Training – on-demand virtual training;
 - v. Nuclear Medicine Radiation Safety Training (annual) - in-person training provided at UMMC at times to reflect UMMC staff availability (ex. early morning to cover two shifts). Three (3) sessions will be included, with additional requested training available at **\$80.00 per session**;
 - vi. Dosimetry Program Training. UMB will provide instruction to UMMC dosimetry coordinators as needed to maintain compliant operation of the dosimetry program; and
 - vii. Additional training requests may be honored based on staff availability at a rate of **\$75/hour** for training development and delivery.
- d. UMMC is responsible for ensuring UMMC staff attendance and completion of any required training as determined by law, regulation, or policy.

- e. Either independently or with UMB, UMMC shall administer corrective, remedial, or disciplinary action for any UMMC employee or UMB employee working within a UMMC facility who fails to complete any required radiation safety or related training. UMMC actions shall include, but are not limited to:
 - i. Restricting access to radioactive materials;
 - ii. Requiring attendance at remedial training; or
 - iii. Any other appropriate action as determined by either the UMB or UMMC EHS Directors or their designee(s).

10. **Emergency Response.**

UMB shall provide an emergency rapid response team to respond, 24-hours per day, to radiation accidents/incidents at locations within UMMC where radioactive materials are used under the UMB Broad Scope License.

- a. During normal business hours (8:00 a.m. – 4 p.m. M-F), response time will be 90 minutes or less following notification.
- b. After regular EHS business hours, on weekends, and holidays, response time will be 4 hours or less.
- c. UMMC agrees to use a notification procedure specified by the UMB EHS Director or designee to activate any emergency rapid response resources.

11. **Radiation Producing Machines.**

With regard to radiation producing machines, UMB shall:

- a. Conduct certification inspections, complete associated paperwork, and perform follow-up inspections, as needed;
- b. Conduct annual compliance testing to include, but not limited to, evaluation of compliance with COMAR 26.12.01.01 Section F;
- c. Conduct other required testing, such as “The Joint Commission” accreditation testing and new machine acceptance testing;
- d. Perform machine inspections following repair or component changes, or other follow-up inspections as deemed necessary by EHS;
- e. Provide consultation related to regulatory compliance and other radiation safety issues pertaining to radiation-producing machines;

- f. Provide assessments of patients' radiation dose as they apply to COMAR public dose thresholds;
- g. Develop and submit paperwork to renew UMMC's radiation-producing machine registrations, which are issued by MDE. Develop and submit paperwork to add units to and remove units from UMMC's registrations; and
- h. Upon request of UMMC, and subject to the availability of EHS resources, perform shielding design for radiation producing machines covered by this agreement at a rate of **\$100 per hour**. This will be billed separately and is not included in the base cost on *Schedule 1*.
- i. Develop and distribute a quarterly activity report for radiation producing machines for the RSC.
- j. In coordination with UMMC, maintain the radiation producing machine and radioactive materials safety manuals. These manuals are intended to be ready references for staff working with radiation at UMMC. They do not replace consultation with the RSO when needed;

12. **Hazardous Waste Management.**

UMB shall provide up to 0.4 FTE for the management of the UMMC radioactive and hazardous chemical waste generated during regular operations. Should a surge occur that requires more than 0.4 FTE in a given month, UMMC will be invoiced at a rate of **\$36.35 per hour**.

13. **Radioactive Waste Management.**

UMB shall provide the following services:

- a. Provide technical assistance to UMMC personnel in the identification and management of radioactive waste generated under the UMB Broad Scope License;
- b. Collect and process radioactive waste consigned to UMB for on-site disposal;
- c. Prepare radioactive waste for off-site disposal to include preparation of radioactive waste manifests;
- d. Analyze and dispose of radioactive materials. The cost of this service will be billed quarterly to UMMC; and
- e. Review procedures and records for radioactive waste held for on-site decay by UMMC's Nuclear Medicine Pharmacy.

14. **Hazardous Chemical Waste Management.**

- a. UMB shall provide the following services for UMMC facilities covered under Hazardous Waste Generator Permit No. MDD150702553:
 - i. Coordinate UMMC participation in a University System of Maryland contract for the disposal of chemical waste, such that UMMC's hazardous waste may be disposed pursuant to that vendor contract (“**USM Waste Disposal Contract**”);
 - ii. Provide technical assistance to UMMC personnel for the identification and proper handling and management of hazardous chemical waste;
 - iii. Pick up and move hazardous chemical waste from the point of generation to facilities designated for use by UMMC for the accumulation, processing, and temporary storage of hazardous chemical waste;
 - iv. Timely prepare the Hazardous Waste Manifest (Form OMB No. 2050-0039) in accordance with 40 CFR 262.20 and the Land Disposal Restriction form in accordance with 40 CFR 268.7 for signature by UMMC personnel; and
 - v. Timely prepare and submit the biennial report in accordance with 40 CFR 242.41 for signature by UMMC personnel.
- b. UMB shall invoice UMMC, on a quarterly basis for the costs associated with analysis of hazardous chemical waste; materials, supplies, and services used in the analysis or disposal; or modifications to the accumulation facilities which may be necessitated by the quantities or types of waste generated.
 - i. With respect to the costs for disposal of hazardous chemical waste, UMMC shall pay those costs directly to the vendor party to the USM Waste Disposal Contract.
- c. In order for both parties to be in compliance with applicable laws, regulations, and standards for the management of hazardous chemical waste, UMMC shall:
 - i. If classified as a large quantity generator, write a contingency plan in accordance with 40 CFR 264 Subpart D and 40 CFR 265 Subpart D (can be combined with the Emergency Action/Fire Prevention Plan required by 29 CFR 1910.132);
 - ii. Train UMMC hazardous waste personnel per COMAR 26.13.05.02 and 49 CFR 172 Subpart H;
 - iii. Store hazardous waste at the point of generation per 40 CFR 265.170-178; and
 - iv. Ensure hazardous waste storage facilities meet NFPA and IBC code requirements as well as the requirements in 40 CFR 265.1100.

- d. The term “hazardous chemical waste” in this section excludes pharmaceuticals or pharmaceutical byproducts.
 - i. Pharmaceutical or pharmaceutical byproduct waste shall be collected by UMMC staff from the point of generation and transported to facilities designated for use by UMMC for the accumulation, processing, and temporary storage of hazardous chemical waste.
 - ii. UMB staff shall then prepare the accumulated pharmaceutical or pharmaceutical byproduct waste for transport and final disposal.

15. **Clinical Research.**

UMB is responsible for research support. Human subjects protocol reviews and follow-up are excluded from the Radiation Safety Services to be provided by UMB to UMMC, and UMMC has no obligation to pay for such services.

16. **Contingencies.**

- a. It is recognized by both parties that additional services may be needed during the contract term. These services may be an expansion of the type or number of existing services, or may be new services. UMB EHS has typically been able to manage these unrecognized services without additional cost through careful evaluation of priorities, the efficiency and productivity of EHS personnel, and in some instances, temporarily assigning EHS personnel from other areas to assist.
- b. If during the contract term, UMB EHS is asked by UMMC to provide additional or new services, or UMB EHS identifies the need for a significant expansion of services to maintain compliance with the UMB Broad Scope License requirements and conditions that cannot be effectively managed by existing resources, UMMC and UMB may mutually agree, in writing, to increase the cost of the contract or direct bill for external contracted services. Examples may include extensive planning and radiation safety staff support for a new type of radiation therapy, extensive auditing and procedure review for a compliance inspection, or request for services for a new building or expansion of the existing facility.

17. **Communication.**

With respect to any and all reviews, evaluations, inspections, audits or the like related to UMMC’s program described in this *Exhibit C*, UMB agrees to provide UMMC with a report of the findings, conclusions and/or recommendations within 10 days of finalization of such review, evaluation, inspection, audit or the like.

18. **Oversight and Management. Reporting Obligations.**

- a. UMB EHS leadership (Director or designee) will provide management direction and oversight of the UMB services provided to UMMC as described in this *Exhibit C*. The UMMC Director of Safety and Environmental Health (SEH) will be the primary administrative point of contact for UMMC with whom the UMB EHS leadership shall communicate.
- b. To the extent UMB carries out any of its obligations set forth in this *Exhibit C* through a third-party contractor or other entity, UMB acknowledges, understands, and agrees that UMB is responsible for monitoring and overseeing such third party's performance and is responsible for that party's performance of services within the scope of this *Exhibit C*.
- c. UMB EHS leadership and the UMMC SEH Director shall meet monthly to review performance pursuant to this *Exhibit C* and to address any operational or performance issues. In addition, each party will immediately notify each other of any actual or potential adverse event of which each becomes aware, including, without limitation, the following:
 - i. Events related to UMMC employee radiation exposure monitoring;
 - ii. Injury to any UMMC team members, or illness arising from work under this Agreement;
 - iii. Accidental release of a radioisotope or hazardous waste related to UMMC;
 - iv. Issues with UMMC shipments of radioactive materials;
 - v. Regulatory agency visit, inspection or request for information related to UMMC;
 - vi. Any report to a regulatory agency related to UMMC under this Agreement; and
 - vii. Expected or known failure to meet the terms of this Exhibit.
- d. To the extent UMB EHS recommends corrective actions related to their operation of the programs described herein, UMMC management agrees to implement such recommendations. To the extent there is a dispute, such shall be elevated to UMMC's Chief Operating Officer and UMB's Chief Business and Finance Officer to resolve the conflict.

19. **Compensation**

- a. Unless otherwise specified herein, in exchange for providing the services described in this *Exhibit C*, UMMC agrees to pay UMB the compensation set forth in *Schedule 1* of the Annual Contract.
- b. **Annex 1** (attached) sets forth Projected Costs for Services in FY 2024 and the EHS Effort Breakdown in Full Time Equivalents.

Annex 1

Projected Costs for Services in FY 2024

Position	Salary	% FTE	
Radiation Safety Officer	\$ 180,000.00	1	\$ 180,000
Assistant RSO	\$ 115,828.32	0.8	\$ 92,663
Lead Health Physicist	\$ 97,437.89	0.5	\$ 48,719
Health Physicist	\$ 84,865.50	0.7	\$ 59,406
Dosimetry Coordinator/Radiation Health Physics Tech	\$ 69,003.00	0.6	\$ 41,402
Director/ Associate Director	\$ 194,745.60	0.1	\$ 19,475
Administrative Assistant 1	\$ 50,437.32	0.4	\$ 20,175
EHS Operations Support (Haz Waste)	\$ 87,695.90	0.4	\$ 35,078
Total FTE		4.5	\$ 496,917
Fringe rate	39.2%		
Fringe Amount			\$ 194,792
Total Labor			\$ 691,709
Operating Expenses			\$ 35,000
Total Cost			\$ 726,709

EHS Effort Breakdown in Full Time Equivalents for FY 2024

Activity	RSO	Professional & Technical Staff	Admin Support	Director
Qualified Medical Radiation Safety Officer / Program Manger	1.0	N/A	N/A	0.025
Maintain a Broad Scope Radioactive Materials License		0.300	0.100	
Radiation Safety Committee		0.200		0.025
Exposure Monitoring Program		0.400	0.250	0.025
Radioactive Materials Receipt and Inventory Control		0.050		
Shipping of Radioactive Materials		0.050		
Therapeutic Procedures		0.200		
Inspections and Compliance		0.100		
Training		0.250		
Emergency Response		0.050		
Radiation Producing Machines		0.800		
Hazardous Waste (Chemical & Radiological) Management		0.400		
Program Oversight (Maintenance of radiation safety reports, records, and databases; Director's time; program improvement)		0.200	0.050	0.025
Full Time Equivalents (FTEs)	1.000	3.000	0.400	0.100
Total FTE = 4.5				



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 7, 2023

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: June 7, 2023
Time: 10:30 a.m.
Location: Video Conference

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.

CONVENING CLOSED SESSION

- (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:

The awarding of new contracts for software implementation services and maintenance of HVAC systems. The proposed FY 2025 Capital Budget submission and potential adjustments to the submission.

REASON FOR CLOSING:

To maintain confidentiality of discussions of bid proposals prior to BOR approval and the awarding of a new contracts (§3-305(b)(14)); and, to maintain the confidentiality (pursuant to executive privilege) of proposed capital budget prior to Governor's submission to legislature (§3-305(b)(13)).