



**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

Minutes of the Public Session  
June 14, 2011  
University of Baltimore

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Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:00 a.m. Regent Florestano moved and Regent Gooden seconded to convene in closed session. At 10:01 a.m., the Committee voted unanimously to go into closed session under State Government Article Section 10-508(a) to discuss and take action on several institutional real property transactions; to discuss a separate institutional real estate transaction; contracts prior to their award; and the investment of public funds. The session adjourned at 10:34 a.m.

Regent Attman reconvened the public session at 10:45 a.m. Those Regents participating included: Mr. Kendall, Dr. Florestano, Ms. Gooden, Mr. Gossett and Mr. McMillen. Also present were: Mr. Vivona, Dr. Perman, Mr. Travieso, Mr. Brockenbrough, Ms. Byington, Ms. Doyle, Ms. Crockett, Mr. Rose, Ms. Schaefer, Mr. Schuckel, Mr. Sheehan, Mr. Farley, Mr. Siemer, Mr. Lockett, Mr. Short, Mr. Salt, Ms. West, Ms. McMann, and other members of the USM community and the public.

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

President Perman gave an overview presentation on the update to the facilities master plan. He noted that the University awards more than 61% of all first professional degrees in the State of Maryland. Students, faculty and staff provide more than 2 million hours of community service to the citizens throughout the State. He explained that the University has a tremendous economic impact—partnerships with the BioPark, clinics, and hospitals generate \$6 billion in total output in West Baltimore and statewide from the \$180 million in general fund support. Planning principles embraced in the Plan Update include: campus identity and campus edges; identity for each school as a place on campus; connectivity of open spaces and University Plaza as Campus Green; neighborhood connections; traffic, parking, and transit service; and sustainable initiatives. He further noted that the Plan Update also looks outward, beyond the campus boundaries to the surrounding communities. Much of the future development will occur in three areas: west of Martin Luther King, Jr. Blvd within the BioPark; north of Fayette Street between MLK Blvd and Greene Street; and east of campus, in the West Side Renaissance's mixed-use neighborhood development. A few key features of the 2010 Plan Update include: creation of an identifiable and vibrant campus community; identification of space needed by schools to fulfill their missions; continual expansion of the research enterprise, including Health Science Facilities III and IV, as well as a Neuropsychiatric Research Facility; expanded emphasis on inter-professional activities; commitment to renew existing facilities to ensure their continuing usefulness; focus on embracing Martin Luther King, Jr. Blvd. and communities to the west; and, consideration of the University of Maryland Medical Center facility needs and plans

Regent Attman thanked Dr. Perman for his presentation.

**The UMB Facilities Master Plan will be on the September 1 agenda for consideration of approval by the Finance Committee.**

2. Proposed FY 2012 Contract between University of Maryland, Baltimore and the University of Maryland Medical System Corporation (action)

Vice Chancellor Vivona summarized the item. The annual agreement between UMB and the Medical System states the agreed upon terms for the use of space, faculty services, and other administrative services. He pointed out that everyone involved at UMMS and UMB worked well together to get to this contract and added that for the third year now, the agreement has been approved by the UMMS board and is coming before the Board of Regents prior to the start of the fiscal year. The proposed contract before the board will result in a net transfer of \$92.6 million to UMB. This is an increase of \$10.6 million over the FY 2011 amount.

**The Finance Committee recommended that the Board of Regents approve the FY 2012 UMB-UMMS Annual Contract as submitted.**

(Regent Florestano moved recommendation, Regent Gossett seconded, unanimously approved)

3. FY 2013 Capital Budget Request; and FY 2013-2017 Capital Improvement Program (action)

Mr. Vivona summarized the item. The Capital Improvement Program is the USM request for academic buildings. It is primarily funded by the State. This item comes on the heels of the Finance Committee's May capital workshop that many Board members attended. He remarked that there was a very good and thorough discussion of the capital program, in particular its ties to the USM Strategic Plan. Mr. Vivona explained that one thing that was quite clear from the workshop discussion, namely, that the building and renovation requirements of the campuses require additional funding—particularly in the areas of research laboratory space, facilities renewal, and academic program space for STEM and health-related fields—to meet the mission of the University System and the goals set forth in the Strategic Plan.

Mr. Vivona explained that the request for approval contains two parts. First, is the FY 2013 capital budget of \$208.1 million; and the proposed FY 2013-2017 Capital Improvement Program of \$1.16 billion. In the second part, the Board is asked to delegate to the Chancellor the authority to work with the Administration to explore options for enhanced funding with particular emphasis on the areas he previously mentioned.

**The Finance Committee recommended that the Board of Regents approve the FY 2013 Capital Budget Request and the proposed FY 2013-2017 Capital Improvement Program and authorize the Chancellor to: (1) explore potential funding options with State leaders to enhance the CIP; (2) select and implement the most appropriate and beneficial request scenario, including the addition, acceleration and/or deferral of certain projects; and (3) make appropriate changes consistent with existing Board policies and guidelines (modifications to project costs/schedules via State processes as outlined above). The Finance Committee also recommended a minor adjustment to the Chancellor's recommended budget, advancing 50% of the FY 15 planning funds for Salisbury's Academic Commons. As a result, pre-planning would begin in FY 14 with an allotment of \$1.9 million.**

(Regent Gooden moved the amended recommendation, Regent Florestano seconded, unanimously approved)

4. FY 2012 System Funded Construction Program Request (action)

Mr. Vivona explained that the request for approval of the FY 2012 System Funded Construction Program is in the amount of \$104.4 million that is the first year of the proposed FY 2012-2016 System Funded

Construction Program of \$464.6 million. The request includes projects proposed for planning, construction and/or equipment funding in FY 2012—so, once we vote on it, it’s “activated.” He added that the System Funded Construction Program request is funded by USM resources. Many of these projects will be funded via the 33<sup>rd</sup> bond resolution. Lastly, he noted that given the continuing state of the economy and the difficulty in securing developer interest and financing, there are no requests recommended for private financing this cycle. However, this decision will be revisited if the circumstances change prior to FY 13.

**The Finance Committee recommended that the Board approve the FY 2012 System Funded Construction Program 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.**

(Regent Florestano moved recommendation, Regent Gossett seconded, unanimously approved)

5. University System of Maryland: Auxiliary Facility and Tuition Revenue Bonds Thirty-Third Bond Resolution (action)

Mr. Vivona noted that the resolution follows what was just approved in the System Funded Construction Program. The academic facilities projects included have been previously approved by both the Board and the General Assembly. He added that the resolution also amends the 22<sup>nd</sup> bond resolution adopted in June 2003 to include two academic facilities projects that were inadvertently omitted.

**The Finance Committee recommended that the Board of Regents approve the Thirty-Third Bond Resolution.**

(Regent McMillen moved recommendation, Regent Florestano seconded, unanimously approved)

6. University System of Maryland: Fiscal Year 2012 Schedule of Tuition and Mandatory Fees (action)

Mr. Vivona summarized the item. The FY 2012 resident undergraduate full-time and part-time tuition rates will not increase by more than 3%, for all institutions with the exception of Salisbury University. Resident undergraduate tuition at the University will increase by 6%—the first in a series of market adjustments. In addition, Coppin has requested a negative adjustment to market for its out-of-state undergraduate full-time tuition rate. This change would be significant at \$4,600 (about 36%). Mr. Vivona further explained that it would also require a continuation of a waiver of the existing requirement that non resident tuition cover at least the cost of education of an institution. However, this proposal will clearly make Coppin more competitive in its non resident market. He noted that it’s important to point out that auxiliary fees, also on this schedule, support those services and activities that are not funded by either tuition revenue or state general funds.

**The Finance Committee recommended that the Board of Regents approve the tuition and fee schedule as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be reported back to the Board.**

(Regent Gossett moved recommendation, Regent Gooden seconded, unanimously approved)

7. University of Baltimore: Facilities Master Plan Update (action)

Regent Attman summarized the item. President Bogomolny gave an overview presentation on the update to the UB facilities master plan during the March Finance Committee meeting. That was the first of a two-step process for plan approval. The master plan update is now before the Board for consideration for approval.

**The Finance Committee recommended that the Board of Regents approve the University of Baltimore's Facilities Master Plan Update and materials as presented in March. Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.**

(Regent Florestano moved recommendation, Regent Gooden seconded, unanimously approved)

8. Towson University: Dining Services Contract – Exercise Renewal Option (action)

Regent Attman summarized the item. Towson University is requesting approval from the Board of Regents to exercise the fourth renewal option to its dining services contract with Compass Group USA, by and through its Chartwells division, for boarding student meal plans, cash dining facilities and catered events on campus. Vice President Sheehan reported that the campus has been very satisfied with the contract and would likely be back next year for the fifth renewal option. Regent Florestano inquired if anyone had thought about bidding all of the institutions' dining contracts together? Mr. Sheehan responded that he thought that dining services was a very local operation, and a USM-wide contract might not be as responsive to Towson students.

**The Finance Committee recommended that the Board approve for Towson University the exercise of its unilateral option to renew its dining services contract with Compass Group USA, by and through its Chartwells division, for a one-year term in the amount of approximately \$15 million, beginning July 1, 2011.**

(Regent Gossett moved recommendation, Regent Attman seconded, unanimously approved)

9. Amendments to USM Policy VII-4.20 — Policy on Tuition Remission for Spouses and Dependent Children of Regular and Retired Faculty and Staff Employees of the University System of Maryland (action)

Mr. Vivona explained that the highlight of the amended policy is the change to its definition of dependent. Under the proposal, the policy would define "dependent child" as the child of an employee or retiree who is under the age of 26—or if older—is claimed as a dependent on the employee's federal tax return for the year in which tuition remission is granted. The current policy relied on the term 'financially dependent,' as that term was defined by the Internal Revenue Service; however, when the IRS Code was amended, that term and concept were eliminated. He further added that the proposed amendments also address an issue arising from the increasing admissions selectivity at some of our institutions, and they update the policy to enhance its clarity and align it with current practice.

**The Finance Committee recommended that the Board of Regents adopt the proposed amendments to the USM's tuition remission policy for spouses and dependent children.**

(Regent Florestano moved recommendation, Regent Gooden seconded, unanimously approved)

10. University System of Maryland: USM 403(b) Plan Amendments (action)

Assistant Attorney General Langrill summarized the item. Federal tax law permits limited options for employers to provide individual employees compensation which is deferred until the employee leaves employment. The USM already has a non-qualified Section 457(f) Contingent Deferred Compensation Plan. The plan requires that compensation be subject to a substantial risk of forfeiture for a set period of time, making its use desirable under narrow circumstances. At the request of the Board's Committee on Organization and Compensation, USM staff and the Office of the Attorney General explored other options permitted under federal tax law for deferred compensation to retiring USM personnel. The proposed amendments would authorize an additional option for USM. The amendments allow for post-severance contributions to a former employee's Section 403(b) retirement plan. Adopting the amendments will not require USM to utilize the post-severance compensation feature, but instead will permit greater flexibility in structuring individual compensation packages.

**The Finance Committee recommended that the Board of Regents approved the adoption of the proposed amendments to the USM's 403(b) Plan.**

(Regent Gossett moved recommendation, Regent Florestano seconded, unanimously approved)

With no further business, the meeting was adjourned at 11:50 a.m.

Respectfully submitted,

Senator Frank X. Kelly  
Chairman, Committee on Finance



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COMMITTEE ON FINANCE**

Notes from Executive Session

June 14, 2011  
University of Baltimore

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Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:00 a.m. Regent Florestano moved and Regent Gooden seconded to convene in closed session. At 10:01 a.m., the Committee voted unanimously to go into closed session under State Government Article Section 10-508(a).

Those Regents participating included: Mr. Kendall, Dr. Florestano, Ms. Gooden, Mr. Gossett and Mr. McMillen. Also taking part in the meeting were: Mr. Vivona, Ms. Doyle, Mr. Short, Mr. Salt, and Ms. McMann.

The committee had seven action items on its agenda. First, the committee discussed the two housekeeping services contracts. These items were recommended for approval by the Board. Second, the committee discussed the awarding of master contracts for technical and management IT consultant services. This item was recommended for approval by the Board. Third, the committee discussed the acquisition of two properties in Salisbury and one in the City of Baltimore. These items were recommended for approval by the Board. Fourth, the committee discussed the investment of public funds. This item was recommended for approval by the Board.

The session was adjourned at 10:34 a.m.

Respectfully submitted,

Senator Frank X. Kelly  
Chairman, Committee on Finance