APPROVED

BOARD OF REGENTS
COMMITTEE ON FINANCE

Minutes from Public Session
September 11, 2014
UMBC

Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:12 a.m. Senator Kelly read the *Convening in Closed Session statement* citing State Government Article Subtitle 5, Section 10-508(a) of the Open Meetings Act to discuss issues specifically exempted in the Act from the requirement for public consideration. Regent Kelly motioned and Regent Attman seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:12 a.m. to consider and make recommendations on the acquisition of real property and appointments to a board, and consider the investment of public funds. The session adjourned at 11:13 a.m.

The Committee reconvened in public session at 11:24 a.m. Those Regents participating in the session included: Senator Kelly, Mr. Attman, Mr. Gossett, Mr. Kinkopf, Mr. Rauch, Ms. Ahmed, and Ms. Motz (via telephone). Also present were: Mr. Vivona, Assistant Attorney General Bainbridge, Ms. Doyle, Mr. Hogan, Ms. Motsko, Mr. Palkovitz, Ms. Schaefer, Mr. Spinard, Mr. Oster, Mr. Burkheimer, Mr. Dworkis, Ms. Goedert, Mr. Page, Mr. Salt, Ms. Denson, Mr. Beck, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Amendments to USM Policy VII-4.20—Policy on Tuition Remission for Spouses and Dependent Children of USM Employees and Retirees (action)

Mr. Vivona summarized the item. The amendments to the policy are about opening up options for employee spouses and children. Adoption of the proposal would eliminate the conditions that must be met in order for spouses and children to attend an institution other than the employees' "home" institution of employment and receive a tuition remission benefit. Currently, the benefit for those employees hired after 1992 provides for 100% tuition remission at the home institution. A 50% tuition remission benefit is available at another USM institution, but only if one of two conditions is met—either the student is not accepted for admission at the home institution, or if the program of enrollment is not offered at the home institution. In these cases, an accepted student may enroll with a 50% benefit at another USM institution. Once implemented, the proposal as presented would eliminate the conditional requirements.

Mr. Vivona proceeded to highlight the benefits of an amended policy. Tuition remission is helpful in attracting and retaining the best faculty and staff. He added that this is one important advantage of having a system and that the collaboration and cooperation among institutions enhances all of the campuses. In addition, the availability of the tuition remission helps to keep the strong students in the state of Maryland which in turn leads to a more robust workforce.

Mr. Vivona then turned to address concerns of cost, which were raised earlier in the month during a discussion at the meeting of the Committee on Education Policy and Student Life. First, he commented on a $250,000 cost estimate, which he thought was likely not accurate. He did add, however, there is sometimes a "coming out of the woodwork" effect. He explained that the USM takes a look at tuition remission in the context of program capacity and space availability. So, for instance, a "sending" institution could theoretically lose a student, if he/she goes elsewhere, but on the other hand that institution might then backfill with either a resident or non-resident student. He added that similar to many of the important initiatives of the System, the balance of trade as well as costs would be monitored. Mr. Kinkopf asked if non-resident employee families, such as those residing in Virginia, would be charged an in-state or out-of-state rate for the remaining 50% of the tuition. Ms. Goedert indicated that she would seek clarification on that point. While noting that the proposed policy appeared very student, faculty and staff friendly, Ms. Ahmed asked if the institutions involved understood that there is the potential for a financial impact. Mr. Vivona responded that the issue was raised and discussed with the presidents, along with the financial vice presidents, and there was complete consensus to proceed during the two rounds of review. He added that many believe it would be a very good recruitment tool.

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 Attman moved recommendation, seconded by Regent Ahmed, unanimously approved)

2. Coppin State University: Sale of Property Known as the Hebrew Orphan Asylum to The Coppin Heights Community Development Corporation (action)

Mr. Vivona explained the University's request to sell three parcels associated with its Lutheran Hospital property to The Coppin Heights Community Development Corporation (CHCDC) for the development of a community health center. He noted a correction to the address of the largest lot as 2700 Rayner Avenue. The CHCDC plans to restore the facility and lease it to a local provider of health care. Mr. Salt pointed out that there are several conditions to be met prior to the execution of any sale. Importantly, CHCDC must sever its present ties to the University's foundation, thereby providing a legal and financial separation from the institution and the System. In doing so, the University and System would avoid any debt exposure or other liabilities for the project. Mr. Gossett voiced his agreement, adding that the entities should be completely separate, without interlocking directors or board members. He further went on to say that the Coppin report indicated that the institution should focus on education, and this action is in line with that charge. Ms. Ahmed noted that there are partnerships in place between the school and the CHCDC that benefit the students and it would be great to be able to continue these student partnerships. Senator Kelly inquired about the source of funding for the $12.4 million restoration project. Mr. Salt responded that financing would be the responsibility of the CHCDC and the institution would not play a role.

The Finance Committee recommended that the Board of Regents authorize Coppin State University to sell the Asylum Lots, as described, to The Coppin Heights Community Development Corporation for the purpose of developing a community health care facility; and, delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required for the disposition, consistent with applicable University System of Maryland regulations and policies and the terms described in the item. If this transaction cannot be successfully completed, the Clearinghouse process would continue anticipating marketing the property to find an alternative purchaser. In such an event, CSU shall return to the Board for approval prior to any such transaction is executed. The

University shall continue to work with the USM Office of the COO/VCAF and the Office of the Attorney General throughout the document development and disposition processes.

(Regent Attman moved recommendation, seconded by Regent Ahmed, unanimously approved)

3. University System of Maryland: Review of Capital Improvement Projects (information)

Mr. Beck reviewed the status report. The attachments include all ongoing capital projects over a one million dollar threshold. The report highlights new projects starting design, including two large projects—the Events Center at UMBC and the new Biomedical Science and Engineering Building at Shady Grove. Also, several major projects were completed during this reporting cycle, including the Prince Frederick Hall housing project that added 470 beds to the College Park campus; Towson's Center at Harford Community College; and Frostburg's Communication and IT Center, a $70 million project. Mr. Attman asked if any of the lead designers were Maryland architects. Mr. Beck responded, “yes many,” and then proceeded to cite several of the firms. Mr. Gossett added that it would be helpful to have the firm names included where possible.

The report was accepted for information purposes.

The public session was adjourned at 11:57 a.m.

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance