



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

December 7, 2018
Columbus Center

Minutes of the Public Session

Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:10 a.m. Regent Pevenstein read the *Convening in Closed Session statement* citing State Government Article Section 3-305 of the Open Meetings Act to discuss issues specifically exempted in the Act from the requirement for public consideration. Regent Pevenstein moved and Regent Pope seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:10 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 10:26 a.m.

The Committee reconvened in public session at 10:28 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Fish, Mr. Gossett, Ms. Gooden (via phone), Mr. Holzapfel (via phone), Mr. Neall, Mr. Rauch (via phone), and Mr. Pope. Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Mr. Neal, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Mr. Colella, Mr. Dworkis, Ms. Aughenbaugh, Ms. Kemp, Mr. Lockett, Mr. Lowenthal, Ms. Schaefer, Mr. Beck, Mr. Hickey, Mr. Muntz, Mr. Page, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Opening Fall 2018 Enrollment and FY 2019 Estimated FTE Report

Chad Muntz gave a presentation on enrollment. He noted that the fall 2018 headcount enrollment at the USM campuses grew by 1,247, for a total of 176,423 students. Excluding UMUC, USM's enrollment was essentially flat over last year. The updated estimated FY 2019 full-time equivalent student figure is 134,455. This represents an increase of 1,822 over FY 2018. Mr. Muntz pointed out that number of USM first-time, full-time undergraduate students set an enrollment record, reaching 14,921 in the fall. The growth was primarily located at two institutions, with 850 at the University of Maryland, College Park and 255 at Towson University. He explained, however, that the enrollment growth at some institutions was counter-balanced by enrollment losses at other institutions. The committee reviewed some historic enrollment trends for Maryland, and discussed enrollment strategy moving forward. The presentation is available online at <https://www.usmd.edu/regents/agendas/>.

The report was accepted for information purposes.

2. University of Maryland, College Park: Five-Year Energy System Operation and Maintenance Agreement—Interim Energy Bridging Program

Regent Pevenstein first delivered some background on the project. In late 1990s, the University entered into a public-private partnership with MEDCO and what was at that point called TriGen, to deliver energy services to the campus. The debt associated with that arrangement will be paid off in 2019. That arrangement facilitated a \$75 million capital investment into the energy facilities, that neither the State or University System had to directly borrow. The campus energy infrastructure has been ground-leased to MEDCO for a 30-year period, ending in 2029. MEDCO, together with the University, solicits and hires an operator to manage the energy assets and ensure the campus access to adequate energy at all times. The Energy Services Agreement—an agreement between UMCP and MEDCO—and also the Management, Operations and Maintenance Agreement—a contractual arrangement between MEDCO and the operator—will come to an end in 2019.

Turning to the present time, Regent Pevenstein stated that the University is asking for approval to have MEDCO contract with the current operator, College Park Energy, for up to five more years. This will provide the University's facilities experts and their advisers time to assess the current energy services landscape and make an informed and strategic choice that will serve the institution's needs for the next 20-30 year period. He added that there is just not enough time between now and when the current arrangement expires next year to do that. In response to a question, Mr. Colella indicated that the campus should be ready to move forward, prior to the five-year time period allotted. He explained that they have hired consultants and there is a team in place. He added that they are currently on schedule and their strategy is to stay within the utilities budget utilizing energy efficiencies. He acknowledged that they are expecting a major re-capitalization and will return to the regents and provide updates throughout.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park to enter into an Interim Energy System Services Agreement with MEDCO to operate and maintain the existing energy systems for a period of up to 5 years, beginning September 1, 2019.

(Regent Pevenstein moved recommendation, seconded by Regent Gossett; unanimously approved)

3. Frostburg State University: 2018 Facilities Master Plan

Regent Pevenstein reminded everyone that President Nowaczyk gave a very informative presentation of the University's master plan at the October meeting. The plan was produced in-house by Frostburg staff and it was very thorough and well-executed.

The Finance Committee recommended that the Board of Regents approve Frostburg State University's 2018 Facilities Master Plan and materials as presented at its October 2018 meeting, 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.

(Regent Pevenstein moved recommendation, seconded by Regent Pope; unanimously approved)

4. Towson University: Increase Authorization for Glen Dining Renovation Project

Regent Pevenstein summarized the item. In last year's System-Funded Construction Program as approved by the Board in June of 2017, Towson received authorization for a cash-funded project to renovate its Glen Dining Hall on campus. This is the facility that sits in the center of the four towers of the Glen Residence Halls facility. He noted that the original projected estimate was \$8.8 million, to be funded by Towson's auxiliary cash balances. The project was designed and bid over the last 16 months and the prices have come in higher than previously estimated. According to the project team, the increase can be attributed to several factors. First, materials costs, particularly steel and metal components. Second, the regional construction labor market has impacted the project, and lastly, the extent of repairs needed to repair mechanical, electrical and plumbing systems in the 35 year-old building was greater than anticipated. Regent Pevenstein went on to say that the University reduced the scope of the project as much as possible through value engineering, but still found themselves to need an additional \$1.6 million, which Towson has agreed to cover with their auxiliary funds. Nearly \$1.4 million of this amount will come from funding that was left from a prior authorization for the Newell Dining renovation project, so the net impact on Towson's cash balances will be limited. The institution has asked for an increase in authorization from \$8.8 million to \$10.4 million. In response to a question from Regent Pope, Mr. Lowenthal indicated that the work would be completed for the most part over the summer.

The Finance Committee recommended that the Board of Regents approve the increase for this project for a new total project cost of \$10,400,000 as described in the agenda item.

(Regent Pevenstein moved recommendation, seconded by Regent Gossett; unanimously approved)

The meeting was adjourned at 11:26 a.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance



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Minutes of the Closed Session

Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:10 a.m. in the Multi-Purpose Room of the Columbus Center.

Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Fish, Mr. Gossett, Ms. Gooden (via phone), Mr. Holzapfel (via phone), Mr. Neall, Mr. Rauch (via phone), and Mr. Pope. Also taking part in the meeting were: Chancellor Caret, Ms. Herbst, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Ms. Wilkerson, Mr. Neal, Mr. Beck, Mr. Hickey, and Ms. McMann. Ms. Petronka, Mr. Ashmore, Mr. Sutton, and Mr. Zengel also participated in the session.

1. The committee considered and unanimously recommended awarding multi-vendor contracts for audio visual hardware providers and audio visual service providers (§3-305(b)(14)). (moved by Regent Pevenstein; seconded by Regent Pope)

The meeting was adjourned at 10:26 a.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance