



**BOARD OF REGENTS
COMMITTEE ON FINANCE**

Minutes from Public Session
November 20, 2014
UMUC

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:03 a.m. Senator Kelly 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 Attman Kelly motioned and Regent Slater seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:03 a.m. to consider and make a recommendation on the acquisition of real property. The session adjourned at 10:10 a.m.

The Committee reconvened in public session at 10:13 a.m. Those Regents participating in the session included: Mr. Attman, Senator Kelly (via telephone), Ms. Ahmed, Mr. Gossett, Mr. Kinkopf, Mr. McMillen, Ms. Motz, Mr. Rauch, and Mr. Slater. Also present were: Dr. Kirwan, Mr. Vivona, Ms. Moultrie, Mr. Hogan, Ms. Doyle, Assistant Attorney General Bainbridge, Mr. Colella, Ms. Byington, Ms. Kropp, Mr. Lowenthal, Mr. Shoenberger, Mr. Lockett, Mr. Oster, Ms. Phelps, Ms. Denson, Mr. Page, Mr. Salt, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University of Maryland University College Facilities Master Plan (action)

Regent Attman reminded everyone that Dr. Miyares gave an overview presentation on the facilities master plan at the October meeting of the committee. He stated that it was very well received, very innovative and forward-thinking, and that he had not heard of any issues with the master plan. This is the second step in the process for approval of the plan.

The Finance Committee recommended that the Board of Regents approve the UMUC Facilities Master Plan and materials as presented to the Committee in October. 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 Gossett moved recommendation, Regent Slater seconded, unanimously approved)

2. University of Maryland, Baltimore: Contract Renewal for Scientific Supplies (action)

Mr. Vivona summarized the item. UMB is seeking to exercise the fourth of five one-year renewal options of a University System-wide scientific supplies contract that has been co-awarded to VWR International and Fisher Scientific. He pointed out that this is also a consortia approach for doing a procurement and that it does require MBE participation. He indicated that this is a very cost efficient

contract with discounts ranging from 5% to 73%, while reminding the regents that many of the savings fall closer to the 5% figure. Regent Attman concurred that it was a very efficient contract.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore, that it may execute the fourth renewal option of the aforementioned contract consistent with the University System of Maryland Procurement Policies and Procedures; Section VII.C.2.

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

3. Opening Fall 2014 Enrollment and FY 2015 Estimated FTE Report (information)

Dr. Muntz gave a presentation on the opening fall enrollment. The USM has a preliminary headcount of 162,277 students, an uptick of about 8,959 students from last year. However, within that figure several events are at play, including the reorganization of the manner in which UMUC administers and reports its overseas online enrollments, which account for much of the increase. For the third year in a row, enrollment at HBI's has fallen. While UMUC's stateside enrollment is up, there is only a slight growth of enrollment at several traditional campuses. Importantly though, first-time full-time freshmen enrollment is up. Several slides in the presentation illustrated that the absence of the enrollment funding initiative continues to compromise enrollment and degree attainment goals.

(A copy of the slide presentation is on file with the official copy of the meeting minutes in the Office of the Chancellor.)

The Report was accepted for information purposes.

4. University of Maryland, College Park: Renovation, Conversion, and Expansion of the Cole Student Activities Building (action)

Dr. Loh, Dr. Hatfield, Dr. Pollock, and Mr. Pines, presented a proposal to transform the Cole Student Activities Building into an academic, research and indoor football complex. Dr. Loh called the project a transformative project that would completely integrate education, research, and athletics with the creation of a Terrapin Performance Center; a Center for Sports Medicine, Health and Human Performance; and an Academy for Innovation and Entrepreneurship. The latter—an innovation lab for prospective entrepreneurs—Dr. Loh stressed as the piece that would set the University apart from all others in the country. The sports medicine and performance center would be another significant MPower collaboration, partnering UMCP, the University of Maryland, Baltimore, and the University of Maryland Medical System. Thirty-percent of the facility will be devoted to academic and research space. The bowl of the arena will be excavated, converted and expanded into a full size indoor football practice field. Outdoors, two practice fields will be constructed. Importantly, the facility will be open and available to all students when not in use by the athletic teams. During his presentation, Dr. Loh highlighted several centrally located parcels on a campus map that will become available for use for future academic facilities. Dr. Loh indicated that University already has \$45 million in private donor pledges for the \$155 million project. A recent event held on the campus hosted many potential donors for the project as well. The University will need to raise another \$50 million in private donations to complement \$25 million of state capital funding and \$25 million of institutional funding.

Dr. Hatfield discussed the opportunity to bring in expertise from Baltimore which will provide the ability to conduct clinical trials in a medically safe environment, perform motion analysis, provide

undergraduate students with experiential learning activities, and help to attract the best and brightest. He reflected on the impact to scholars and student mentoring. He suggested that the project presented a unique opportunity to provide a national model for team science and the promotion of public health. Dr. Pollock stated that providing a robust clinical presence for the student-athletes was imperative and that the project offered the ability to create a sports medicine center of excellence for the DC region. Dr. Pines also spoke of the MPower collaborations, and emphasized that the endeavor is not just for the sports athletes, but for the citizens of Prince George's County and the State of Maryland.

While very supportive of the proposal, the committee members raised several concerns. First, Regent Slater asked about the project's place in the capital queue, and also, the possibility of creating a stand-alone Center for Sports Medicine. Mr. Vivona responded that the project's capital funding was pre-authorized during the last legislative session, and the project would have been actively considered this year. He added that given the characteristics of the project, particularly the heavy amount of donor-based funding, it was a candidate to move along. In its initial stages, the project was sized at about \$200 million, however, it had been optimized at a level of expected external revenue. President Loh indicated that it takes a good deal of funding to start new programs, and the reality is that the front porch of the university is athletics and the challenge is to link the porch to the rest of the house. He added that many of the donors are passionate about athletics, so this project presents an opportunity to bridge the two pieces. In response to Regent Slater, he noted that funding had not previously materialized for a stand-alone facility. Senator Kelly stated that the project was attractive for a lot of reasons, particularly the two campuses working together. He stated that the sports medicine aspect of the project is extremely important given the injuries sustained by athletes today. Regent McMillen spoke of the historic significance of the Cole facility and reflected on the future path of college football with regard to the raised awareness of head injuries. He questioned what would happen if the fundraising efforts were to fall short. Regent Kinkopf echoed a similar concern. Mr. Vivona responded that the school would have to reach the goal of \$90 million, and if for some reason the fundraising stopped, one would likely know in the next two years. He added that a mid-point correction could be put in place. Regent McMillen stated that it would be important to know the timeframe and consequences of the project's "trigger points" and asked that the Board receive a written response prior to its meeting in December. Regent Rauch added that it was important that the University's budget be protected. Regents Attman and Gossett voiced their support for the project, noting that it was a great preservation of Cole.

While offering her support of the project, Regent Ahmed explained that numerous student groups and activities would be displaced as a result of the renovation and repurposing of the facility. She pointed out that many of the groups could suffer over the period of uncertainty and have a hard time sustaining membership and interest without a home base. She gave an impassioned plea for the development of a relocation plan for the student groups that would be impacted by the project. Regent Ahmed then offered an amendment intended to tie the approval of the project to the development of a student group/activities' space plan by the UMCP administration prior to the December 12 Board meeting. In response to this request, Dr. Loh indicated that he would work with the student groups and cited several facilities undergoing renovation that could be looked at as potential solutions to the space issues. He also noted that he recently met with student leaders who were seeking space for an additional 60 groups on campus. Mr. Colella pointed out that even with the Board's approval, there would not be any construction activity until December of 2015, thereby providing twelve months before any student group is affected. After a thoughtful discussion of the proposed language among the regents, and following a vote on the amendment with several members dissenting, Mr. Attman proposed that additional language be fleshed out and added to the existing recommendation. [That language was subsequently circulated among the committee members, received support and is included below.] The discussion then turned back to the cost of the project and the issue of fundraising. Dr. Loh reiterated

there was a large enough pool of qualified individuals with the capacity and inclination to donate to the project, adding “we would not be here if we did not think we could meet the goal.” Regent Slater inquired about the cost for a stand-alone Center. Mr. Vivona, noting that it was not “costed out” separately, estimated somewhere in the neighborhood of \$40 – \$50 million. Regent Kinkopf shared his concern that the project not displace another capital project. Mr. Vivona responded that he was pretty confident that there would be disappointments at the end of the legislative session with regard to the capital budget, unrelated to the project. Dr. Kirwan concluded the discussion by offering his full support of the project, asserting that it provides enthusiastic and generous support of academic units, will become a signature product of MPower, and leverages a great deal of private funding.

The Finance Committee recommended that the Board of Regents approve this request for the University of Maryland, College Park to design and construct a new academic, research and athletic facility, as described. As part of this recommendation, UMCP will develop a detailed financial plan for the project that specifies UMCP's external and internal funding sources and that demonstrates UMCP's commitment to its fund balance obligations.

Further, the University will work with the Office of the Chief Operating Officer/Vice Chancellor for Administration and Finance (COO/VCAF) to develop the appropriate financial pro forma detailing project costs, revenue sources, and draw/repayment schedules.

Finally, the University will provide USM and the Finance Committee with regular updates on the status of the fund raising efforts from all sources, including donors, the State and UMCP.

THE FINANCE COMMITTEE ALSO RECOMMENDS THAT WITH REGARD TO THE STUDENT GROUPS AND ACTIVITIES THAT WILL BE DISPLACED AS A RESULT OF THE CONVERSION OF THE COLE STUDENT ACTIVITIES BUILDING, UMCP SHALL WORK WITH THE STUDENT LEADERSHIP AND MAKE A GOOD FAITH EFFORT TO ENSURE THAT THE RESULTANT SPACE NEEDS ARE MET IN A TIMELY AND COST EFFECTIVE MANNER.

(Regent Gossett moved recommendation, Senator Kelly seconded, unanimously approved)

Dr. Pollock serves as Chair, Department of Orthopaedics, University of Maryland School of Medicine and Chief of Orthopaedics, University of Maryland Medical System. Dr. Hatfield serves as Chair, Department of Kinesiology and Associate Dean for Faculty Affairs, School of Public Health, UMCP. Mr. Pines serves as Dean and Nariman Farvardin Professor of Aerospace Engineering at the A. James Clark School of Engineering, UMCP.

(Regent Gossett moved recommendation, Senator Kelly seconded, unanimously approved)

The public session was adjourned at 11:55 a.m.

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance