



**BOARD OF REGENTS
COMMITTEE ON FINANCE**

September 8, 2016
University of Maryland, Baltimore

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 Gossett moved 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 10:10 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 10:25 a.m.

The Committee reconvened in public session at 10:25 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, and Mr. Rauch. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Ms. Moultrie, Mr. Sadowski, Assistant Attorney Generals Bainbridge and Lord, Mr. Beck, Mr. Page, Mr. Hickey, Mr. McFadden, Ms. Denson, Mr. Lurie, President Burnim, institutional vice presidents and other members of the USM community, and the public.

1. Bowie State University: Facilities Master Plan Update (presentation)

President Burnim presented the master plan, built upon enrollment growth expectations of an increase in enrollment from 5,400 students in Fall 2014 to almost 7,000 over the 10 year horizon. Included in the plan were new academic buildings, new student housing projects of 900 beds, and improvements in a number of existing buildings overdue or in need of renovation.

A discussion followed President Burnim's presentation. Regents Neall and Pevenstein expressed concern about the 20% increase in enrollment projected in the development plan, given the relatively flat demographics expected in the future. President Burnim cited three things the campus is doing to grow enrollment: (a) using their convenient and central location as an advantage; (b) pursuing the "growth institution" title the Board had traditionally given them; and (c) hiring a consultant to help grow enrollment. Bowie had 5,695 FTDE in Fall 2014 and they expect this fall to have 5,700-5,800 enrolled—well on their way to the future goal. Regent Neall said the facilities growth seemed ambitious without significant enrollment growth and Regent Gossett suggested reallocating resources and facilities to grow enrollment now and thereby show just cause to the State and the Board that stronger capital support is required. Regent Gooden suggested stronger ties and partnerships with the community colleges; and Regent Attman also suggested more programmatic relationships with other USM institutions like the University of Maryland, College Park. Chancellor Caret noted that the System projection in this market is 1-1/2 to 2% per year growth in enrollment over the next decade. Regent Pevenstein reminded committee members that this plan would come back to them for consideration for approval at their next meeting.

2. University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects (action)

Regent Pevenstein summarized the item and explained the need and precedent of approving the use of System cash on a temporary basis, to be reimbursed from the next bond issue's proceeds. Regent Pevenstein pointed out the market preference for having complete information.

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

3. University of Maryland, Baltimore: Technical Change to Tuition Schedule for Master of Public Health Dual Degree Program (action)

Regent Pevenstein summarized the item briefly as a technical adjustment/change to the tuition schedule.

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

4. University of Maryland, Baltimore: Creation of a Ground Lease with the University of Maryland Medical System Corporation (UMMS) or its affiliate for Demolition of former Walter P. Carter Center Building and Creation of Surface Parking Lot (action)

Regent Pevenstein summarized the item noting that UMMS would bear the cost of demolition. Regent Attman asked about the amount of the lease payment. An attorney with the OAG responded that the payment was \$1 annually. Regent Pevenstein noted for the record the overlap in membership of the governing boards—two Regents and the Chancellor are also members of the UMMS Board. Additionally, Regent Pevenstein chairs finance committees for both UMMS and USM.

(Regent Pevenstein moved recommendation, seconded by Regent Gooden, unanimously approved)

5. University of Maryland, Baltimore: University of Maryland Midtown Health, Inc. Lease of Space in School of Nursing Building for Urgent Care Center (action)

Regent Pevenstein summarized the item noting that UMMS would facilitate enhanced nursing training potential at the mid-town UMMS campus. Annual lease payments of \$228,000 were noted.

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

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

Mr. Beck reviewed the summary and discussed the now semi-annual report, noting 12 new contracts. He pointed out the progress on Towson University's West Village project Phase III & IV which will add 700 beds, the completion of UMCES' Truitt Lab's renovation, and the new parking garage at Universities at Shady Grove, noting the contribution by Montgomery County as evidence of the county's interest in further collaboration with the System.

The meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance



**BOARD OF REGENTS
COMMITTEE ON FINANCE**
September 8, 2016
University of Maryland, Baltimore

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 Board Room in the Saratoga Building.

Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, and Mr. Rauch. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Ms. Moultrie, Mr. Sadowski, Assistant Attorney Generals Bainbridge and Lord, Mr. Beck, Mr. Page, Mr. Hickey, and Ms. Denson. Mr. Pyles was present for a portion of the meeting.

1. The committee considered a real property acquisition in the City of Salisbury (§3-305(b)(3)). The matter was deferred to a future meeting.

The meeting was adjourned at 10:25 a.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

October 6, 2016
Universities at Shady Grove

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 10:48 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 Gossett seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:48 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 12:35 p.m.

The Committee reconvened in public session at 12:40 p.m. Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Gossett, Mr. Holzapfel, and Mr. Neall. Mr. Attman, Ms. Gooden, Ms. Johnson, and Mr. Rauch participated by phone. Also present were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Ms. Moultrie, Assistant Attorney Generals Lord and Langrill, Dr. Bell, Mr. Appleton, Mr. Brockenbrough, Mr. Colella, Mr. Danik, Mr. Oster, Ms. Rhodes, Ms. Schaefer, Mr. Shoenberger, Mr. Page, Mr. Hickey, Ms. Mann, Ms. Skolnik, Mr. Lurie, Ms. Beckett, Ms. McMann, and other members of the USM community and the public.

1. Biennial Exempt Salary Structure Adjustment for Fiscal Years 2017 and 2018 (action)

Mr. Vivona summarized the item. He explained that every two years the USM surveys the market to determine whether the salaries are competitive or not with the employment market. The system is designed to be a lead/meet/lag system. While the USM often finds itself with a recommendation to adjust up to the market, only those staff members who fall below the new minimums of the salary scale will be increased up to the new minimums of each range. Mr. Vivona also indicated that salary adjustments required as of December 1 due to changes in the FLSA regulations have been factored into the new structures.

The Finance Committee recommended that the Board of Regents approve the adjustment of the USM Exempt Staff Salary Structures, effective during the first full pay period of January 2017.

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

2. Bowie State University: Facilities Master Plan Update (action)

Regent Pevenstein noted that there had not been any comments or concerns expressed to him since the previous meeting.

The Committee on Finance recommended that the Board of Regents approve the Bowie State University Facilities Master Plan Update and materials as presented to the Committee in September, 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 Johnson, unanimously approved)

3. University of Maryland, Baltimore: Approval to Sell 100 N. Eutaw St., 410-412 W. Fayette St., 414-418 W. Fayette St., and 405 Marion St., Baltimore, MD (action)

The University is seeking approval to sell four University-owned properties to a single developer for the purpose of developing a mixed-use project. A proposal was approved by the Board of Regents last year, but that development did not materialize and now one of the developers is seeking to purchase the properties outright. Regent Pevenstein noted that Dr. Perman is very committed to the west side redevelopment.

The Finance Committee recommended that the Board of Regents approve the sale of the properties to an affiliate of Focus Development, LLC; and, delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required consistent with applicable University System of Maryland Policy and Procedures on the Acquisition and Disposition of Real Property.

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

4. University of Maryland Eastern Shore: Transfer of Maryland Hawk LLC Graduate Student Housing Complex and Assumption of Associated Debt (action)

Regent Pevenstein explained that the Hawk Corporation was created to spur on economic development and build student housing. It has now reached the point financially where the University must step in to preserve its ability to collect on funds that were transferred from UMES to the Hawk Corporation. This will necessitate taking on approximately \$12 million in debt and ownership of the student apartment complex. This property will continue to provide housing going forward. Regent Brady questioned whether all of the risks had been explored and if there were any lurking issues. Mr. Page responded that there were still a few items to tap down. First, is the receipt of appraisals on the property, in which the value must exceed 95% of the outstanding debt. Second, the property must undergo an environmental phase I. In addition, the USM Office is working through the transaction documents with the Office of the Attorney General and the lenders. If something comes up in any of three aforementioned areas, the matter will return to the committee/Board for further consideration and action.

The Finance Committee recommended that the Board of Regents approve for UMES to enter into formal negotiations to facilitate transfer of title to the Hawk Plaza Student Housing complex, and assumption of the related debt obligations to Bank of Delmarva and the U.S. Department of Agriculture, contingent upon receipt of new appraisals resulting in a valuation of at least 95% of the outstanding debt AND PENDING THE SATISFACTORY CONCLUSION OF DUE DILIGENCE.

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

5. University of Maryland, College Park: Guaranty and Lease Assumption Agreement for the College Park Academy in Riverdale Park (action)

Regent Pevenstein indicated that in order for the joint venture to borrow the money necessary to fund the construction of the charter school, the University must in effect co-sign the CPA lease to provide the needed financial security. Mr. Colella described the role of the University in the joint venture, in response to a question from Regent Holzapfel, who was not a member of the Board last June when the initial document came to the committee for its consideration.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park to enter into a Guaranty and Lease Assumption Agreement and any other required documentation required to implement the transactions described above; and delegate to the Chancellor the authority to execute, after appropriate legal review, all required documentation consistent applicable University System of Maryland Policy and Procedures on the Acquisition and Disposition of Real Property.

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

6. University of Maryland, College Park: Update on the Implementation of Undergraduate Differential Tuition for Students Majoring in Engineering, Business and Computer Science (information)

Regent Pevenstein reminded everyone of the issue from the spring. Essentially, students who matriculated at the University with a large number of AP credits earned in high school were being assessed the tuition differential charge as early as the fall semester of their second year, based on accumulating 60 or more credits in total. The University has reviewed the matter and determined that full-time students will be charged no more than 4 semesters of the differential tuition pricing. Appropriate modifications will be made to the financial systems. Regent Pevenstein expressed his appreciation to the campus for taking another look at the implementation of the program. Ms. Niezelski, a UMCP parent who had addressed the committee on previous occasions, also expressed her gratitude to the members of the board for their willingness to hear her concerns and seek out a reasonable solution regarding the matter.

The item was accepted for information purposes.

7. University System of Maryland: Summary of Intercollegiate Athletics Workgroup Review of Program Finances for FY 2016 (information)

After an introduction by Regent Pevenstein, Regent Gossett provided a brief status report of the five division I ICA programs. Board policy requires routine, annual oversight of intercollegiate athletics. Institutions are expected to manage intercollegiate athletics on a self-supporting basis. Over the long-run, athletics should not be funded using monies collected for tuition or other purposes not related to athletics. USM Division I institutions have each had shortfalls from time to time, but overall are doing a credible job of trying to satisfy the Regents' expectations of being self-supporting programs.

Coppin's ICA program is carrying a liability to the University as a whole of more than \$8M, and is required to come up with a plan for its program to first eliminate the annual operating deficit. Regent Gossett noted that Coppin's student-athletes are achieving academically at a higher level than the student body as a whole. Turning to UMES, Regent Gossett stated that UMES has been using funds from another self-support operation, with the understanding of the Regents, while the institution adjusts revenues and fee levels so that athletics can be on a self-supporting basis going forward. He mentioned that UMBC and Towson have run small annual deficits from time to time, but have plans in place to restore amounts used temporarily. Regent Gossett explained that UMCP's intercollegiate athletics is a major campus enterprise with a degree of complexity that requires additional, close review by the Regents within the workgroup annually. The change in conferences, the need to fund and finance facilities required to compete in a Power 5 conference, and the legacy of funding arrangements associated with Maryland Stadium and the Xfinity Center, all play into the backdrop behind the campus' athletics finances that Regents must understand and monitor.

The item was accepted for information purposes.

The meeting was adjourned at 1:06 p.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

October 6, 2016
Universities at Shady Grove

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 10:48 a.m. in Room 4202 of the Camille Kendall Academic Center.

Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Gossett, Mr. Holzapfel, and Mr. Neall. Mr. Attman, Ms. Gooden, Ms. Johnson, and Mr. Rauch participated by phone. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Mr. Raley, Ms. Doyle, Ms. Moultrie, Assistant Attorney Generals Lord and Langrill, Mr. Beck, Mr. Page, Mr. Hickey, Ms. Skolnik, and Ms. McMann. President Loh, Dr. Rankin, Mr. Colella, Mr. Ullmann, Ms. Meinhard, Mr. Evans, and Mr. Gallo were present for a portion of the meeting.

1. The committee discussed a potential adjustment to the USM's FY 2018 Capital Budget to be submitted to the Governor (§3-305(b)(13)). There was no action taken on this item.
2. The committee considered the investment of the Common Trust Fund (§3-103(b)(5)). There was no action taken on this item.

The meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance