



UNIVERSITY SYSTEM  
of MARYLAND

BOARD OF REGENTS  
COMMITTEE ON FINANCE  
September 7, 2017  
Columbus Center, Baltimore

Minutes of the Public Session

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Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:04 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 Johnson seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:04 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 11:50 a.m.

The Committee reconvened in public session at 11:55 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Mr. Gossett, Mr. Holzapfel, Ms. Johnson, Mr. Neall, and Mr. Rauch. Also present were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Mr. Neal, Mr. Raley, Mr. Sadowski, Assistant Attorneys General Bainbridge, Langrill, and Palkovitz; Mr. Hickey, Mr. Page, Ms. Denson, Ms. West, Ms. Mann, Mr. Beck, Ms. Skolnik, Mr. Colella, Ms. Schaefer, Ms. Aughenbaugh, Mr. Oster, Mr. Cohen, Mr. Danik, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. UMCP: Business Entity – State Ethics Law Review

Regent Pevenstein summarized the item, which involves permitting two officers of the campus to participate on the Board of Directors of the Terrapin Development Corporation, a business entity that the Board approved last spring. It was determined that this decision fell outside of the state's Ethics Commission authority, and therefore was referred back to the Board of Regents for consideration.

**The Finance Committee recommended that the Board of Regents make the determinations that (i) service on the TDC board by the two Requisite Director vice presidents (both current incumbents and any of their successors who may serve ex officio) is necessary to the success of the development activity of TDC, and (ii) the conflict of interest can be managed consistent with the purposes of the State Ethics laws.**

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

2. Coppin State University: Proposed Voluntary Separation Program

Regent Pevenstein indicated that the item would be postponed for later consideration.

3. Coppin State University: BCCC Tuition Initiative

President Thompson described the initiative. Students who are graduates of Baltimore City Public High Schools and receive their Associate's Degree from BCCC will be eligible for a waiver of the remaining balance of tuition after their Federal Student Aid has been applied. Those qualifying students would be eligible for four semesters of this tuition program. The University intends to implement the proposed program in the fall of 2018. President Thompson closed by saying that she looked forward to working with the Mayor of Baltimore on this important program.

**The item was accepted for information purposes.**

4. USM: Review of Capital Improvement Projects

Mr. Beck indicated that there were two major projects completed during the review period—Bowie's Natural Science Building and UMCP's St. John's Learning and Teaching Center.

**The item was accepted for information purposes.**

At noon, Regent Pevenstein announced the Finance Committee's intent to adjourn the public session and reconvene in closed session. He read an amended *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 Attman seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session for the reasons stated on the revised *Convening in Closed Session statement* (available online). The closed session adjourned at 12:10 p.m.

The Committee reconvened in public session at 12:10 p.m.

Coppin State University: Proposed Voluntary Separation Program

President Thompson introduced her staff to the committee. She explained that the University is seeking approval to implement a Voluntary Separation Program, a "window" program that provides a financial incentive for certain eligible employees to separate from employment with the University. She explained that the Program would be offered to both faculty and staff, and pointed out that participation in the Program is voluntary and requires that anyone partaking in the Program must separate from employment on or before the following June.

**The Finance Committee recommended that the Board of Regents approve the proposed Coppin State University Voluntary Separation Program as presented.**

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

The meeting was adjourned at 12:20 p.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance



UNIVERSITY SYSTEM  
*of* MARYLAND

**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

September 7, 2017  
Columbus Center, Baltimore

Minutes of the Closed Sessions

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Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:04 a.m. in the Multi-Purpose Room.

Regents participating in the first closed session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Mr. Gossett, Mr. Holzapfel, Ms. Johnson, Mr. Neall and Mr. Rauch. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Mr. Neal, Mr. Raley, Mr. Sadowski, Assistant Attorneys General Bainbridge Langrill, and Palkovitz; Mr. Hickey, Mr. Page, Ms. Denson, Ms. West, Ms. Mann, Mr. Beck, Ms. Skolnik, and Ms. McMann. Mr. Gallo and Ms. Schaefer were present for a portion of the meeting.

1. The committee discussed the investment of the Common Trust Fund (§3-305(b)(5)). There was no action taken on this item.
2. The committee considered and unanimously recommended the acquisition of property in Baltimore County (§3-305(b)(3)). (moved by Regent Pevenstein; seconded by Regent Attman)
3. The committee consulted with counsel to obtain legal advice on a proposed separation plan (§3-103(b)(7)). There was no action taken on this item.
4. The committee discussed the proposed FY 2019 Operating Budget submission and potential adjustments to the submission (§3-305(b)(13)). There was no action taken on this item.

The session was adjourned at 11:50 a.m.

Regent Pevenstein reconvened the Finance Committee in closed session at noon.

Those participating in the second closed session included members of the Board and staff listed in the paragraph above. Dr. Thompson was present for a portion of the meeting.

3. The committee received and discussed an update to a performance evaluation with respect to the status of particular goals/objectives (§3-103(b)(1)(i)). There was no action taken on this item.

The session was adjourned at 12:10 p.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance



UNIVERSITY SYSTEM  
of MARYLAND

BOARD OF REGENTS  
COMMITTEE ON FINANCE

October 3, 2017  
University of Maryland, Baltimore

Minutes of the Public Session

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Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:36 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 Brady moved and Regent Gooden seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:36 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 11:35 a.m.

The Committee reconvened in public session at 11:37 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, and Mr. Neall. Also present were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Mr. Neal, Mr. Sadowski, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Mr. Dworkis, Mr. Danik, Mr. Cohen, Ms. Rhodes, Mr. Berkheimer, Mr. Hickey, Mr. Page, Ms. Denson, Mr. Acton, Ms. Norris, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: Summary of Intercollegiate Athletics Workgroup Review of Program Finances

Regent Gossett, chair of the Board's ICA workgroup, provided an annual report that summarized the institutions' program fiscal results to the committee.

He stated that the purpose of the workgroup is to evaluate the adequacy of the information provided under the policy, consider new and emerging issues or concerns associated with intercollegiate athletics and its place in higher education, and propose new changes to Board policy as circumstances require. He noted that they are currently assessing whether changes need or should be made to the current Policy on Reports on Intercollegiate Athletics. In September, the Committee on Education Policy and Student Life received a report focusing on the academic performance of student-athletes. Institution staff also shared their approaches to academic support provided student-athletes at that meeting.

Regent Gossett explained that the USM has five institutions with Division I ICA programs, each with a unique financial profile. He pointed out that the agenda item contained a simple one-page summary of the financial results for fiscal year 2016 and a preliminary sense of the results for fiscal year 2017. While the Division I institutions have each had shortfalls from time-to-time, overall, they are doing a credible job of trying to satisfy the Board's expectations for self-support.

Turning to Coppin, the ICA program is carrying a liability to the University as a whole, of more than \$9 million. Coppin is first working to eliminate the annual operating deficit, though this has been difficult with the enrollment challenges the institution is experiencing. In response to a question by Regent Gooden, Regent Gossett indicated that once the annual ICA operations are stabilized, then perhaps the workgroup would come to the Board to begin discussions on the possibility of absorbing the existing deficit. Of note, Coppin's student-athletes achieve academically at a higher level than the student body as a whole. UMES has also suffered enrollment declines that have caused shortfalls in ICA program resources. Both institutions are working hard to develop alternative ICA resources, as well as restoring enrollment to more historical levels. One revenue generating idea Regent Gossett revealed was the possibility of selling "courtside" seats for Coppin's basketball games.

Returning to the report, UMBC and Towson are both projected to generate small surpluses for FY 2017. 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. The change in conferences from the ACC to the Big Ten, 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 watch closely.

Following the report there was a brief discussion regarding procedures in place to report any potential coach/staff infractions. Regent Gossett described that the information flow would tend to be as follows: Athletic Director to President to Chancellor to Board—depending on the severity of the infraction.

**The Report was accepted for information purposes.**

2. University System of Maryland: Waiver of Certain Residency Requirements for Relocating Employees of a new Second Headquarters of Amazon.com, Inc.

Regent Pevenstein noted that Amazon's impending decision had been in the news a great deal lately, pointing out that it would be a tremendous economic development opportunity for the State of Maryland if selected as the location for the second headquarters.

He indicated that the committee had been asked to consider a resolution to provide a waiver of the 12-month requirement for Maryland residency for tuition purposes for any Amazon.com Inc. employee, as well as their spouses and children, who would relocate to Maryland to work for the company—if Amazon established its second headquarters the State. Similar resolutions were previously adopted by the Board to provide short-term residency waivers to those employees/families relocating to the State for BRAC (and potentially FBI) job assignments.

Regent Pevenstein explained that with a supportive recommendation of the committee, the Board would convene a special meeting later in the day to take action on the resolution.

**The Finance Committee recommended that the Board of Regents approve the subject resolution.** (Regent Pevenstein moved recommendation, seconded by Regent Holzapfel; unanimously approved)

3. Establishment of a \$50M Quasi-endowment Fund to Provide Facilities Renewal Funding for State-Supported Facilities

Regent Pevenstein reiterated his support of facilities renewal as he summarized the item. This item will formalize the Board's authorization to establish a quasi-endowment of \$50M to provide annual spendable income of approximately \$2.2M per year for facilities renewal spending on state-supported facilities. By state law, the System is required to maintain almost all of its cash balances on deposit with the State Treasurer. Those funds typically earn from 0.5% to 2%, while the endowment portfolio is invested to return 6 - 7% per year. Once the fund is operational, each institution will receive annual spendable income distributions proportionate to their contributed amounts, and in accordance with the Board's Policy on Spendable Income. Regent Holzapfel noted that the omission of any mention of inflation caught his eye, and asked if an investment policy statement was needed for the fund. Mr. Vivona indicated that it would not be necessary, as there are already polices in place that govern the investment of funds, and this quasi-endowment fund would be subject to the same investment and spending policies, with a goal of maintaining purchasing power.

**The Finance Committee recommended that the Board of Regents approve the establishment of a quasi-endowment, to be funded by contributions from the institutions and USM Office, in an aggregate amount not to exceed \$50 million, with the spendable income to be used for facilities renewal spending on state-supported facilities.**

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

4. University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects

Regent Pevenstein explained that historically, the System has issued revenue bond debt, and then used the cash proceeds to fund academic and auxiliary projects the Board has approved for bond funding. The past few years, bond proceeds have been exhausted before the System has been ready to go to the bond markets to sell additional debt. The financial markets and bond rating agencies prefer to see audited financial statements in final form and as a result, the recent practice has been to go to the market in early January. The IRS requires that the Board indicate, via approval of this resolution, that it intends to reimburse the cash-balances [temporarily] used for projects that will be funded with Revenue Bond proceeds. Regent Neall added that he thought this course of action was a great use of the System's fund balance.

**The Finance Committee recommended that the Board of Regents approve the subject resolution to enable the spending of System cash balances on revenue bond-authorized projects to be reimbursed from the proceeds of the next bond issue.**

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

5. Salisbury University: Increased Authorization for Severn Residence Hall Renovation

Regent Pevenstein moved along to the final item on the agenda. He said that Salisbury University is seeking to increase the current authorization for a renovation project in its Severn Residence Hall. The project was funded using institutional cash in the System-Funded Construction Program for a total of \$6.5M.

Eric Berkheimer, an Associate Vice President at Salisbury, addressed the committee. He stated that the project was the last link in a chain of seven years of comprehensive housing improvement projects. The subject project was bid last spring, but late in the spring construction cycle, and yielding just a single bid. The campus team reexamined the project, utilized value-engineering, reduced the required liquidated damages, and timed the outreach to get into the early bidding queue. He added that they are in discussions with UMCP A/E regarding the utilization of contractor incentives (vs. large liquidated damages) to bring the project in on schedule, since a fall semester opening is essential for a student residence.

**The Finance Committee recommended that the Board of Regents approve an increase in authorization of \$1.5 million for a total project cost of \$8,000,000 for the Severn Hall Renovation at Salisbury University.**

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

The meeting was adjourned at 12:13 p.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance



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October 3, 2017  
University of Maryland, Baltimore

Minutes of the Closed Session

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Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, and Mr. Neall. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Mr. Raley, Mr. Sadowski, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Mr. Hickey, Mr. Page, Ms. Denson, Mr. Acton, Ms. Norris, Ms. Purcell, and Ms. McMann. Mr. Dworkis was present for a portion of the meeting.

1. The committee considered and recommended the awarding of two energy performance contracts (§3-305(b)(14)). (moved by Regent Pevenstein; seconded by Regent Brady; Regent Gooden recused herself—motion was approved)
2. The committee considered and unanimously recommended the acquisition of property in the City of Baltimore (§3-305(b)(3)). (moved by Regent Pevenstein; seconded by Regent Gooden)
3. The committee discussed the investment of the Common Trust Fund (§3-305(b)(5)). There was no action taken on this item.

The meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance