

**USM BOARD OF REGENTS  
ADVANCEMENT COMMITTEE  
USM Office – Chancellor’s Conference Room  
May 2, 2018**

***REVISED***

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**AGENDA FOR PUBLIC SESSION**

**11:00 a.m.**

Call to Order

Chairman Gossett

1. Fundraising Updates
  - a. [Year-to-date fundraising FY18 March\\*](#)
  - b. Campaign report/updates
2. [Presentation on USMF/Fund Balance/Common Trust](#)
3. Quasi-Endowment Report and discussion
4. [Reconvene to Closed Session \(action\)\\*](#)

\*Advance Materials



**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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**TOPIC:** Year-to-date Fundraising Report

**COMMITTEE:** Advancement Committee

**DATE OF MEETING:** May 2, 2018

**SUMMARY:** The attached table shows fundraising progress (as compared to FY17 and against the FY18 goal) for March 2018.

**ALTERNATIVE(S):** This is an information item.

**FISCAL IMPACT:** This is an information item.

**CHANCELLOR'S RECOMMENDATION:** This is an information item.

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COMMITTEE ACTION: DATE: 5.2.18

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BOARD ACTION: DATE:

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SUBMITTED BY: Leonard Raley, Vice Chancellor for Advancement, [rale@usmd.edu](mailto:rale@usmd.edu)  
301-445-1941

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### FY18 FUNDRAISING

Institution	FY2017 Results 31-Mar	FY2018 Results 31-Mar	FY2018 Goal	Percentage to Goal FY18
Bowie State University	\$1,404,602	\$1,018,632	\$2,000,000	50.93%
Coppin State University	\$616,506	\$981,150	\$1,800,000	54.51%
Frostburg State University	\$2,081,196	\$2,060,590	\$3,400,000	60.61%
Salisbury University	\$3,268,662	\$5,041,312	\$5,500,000	91.66%
Towson University	\$5,043,290	\$7,140,010	\$9,250,000	77.19%
University of Baltimore	\$4,698,201	\$5,627,853	\$5,000,000	112.56%
University of Maryland, Baltimore	\$59,616,227	\$57,700,643	\$85,500,000	67.49%
University of Maryland Baltimore County	\$13,680,062	\$7,895,692	\$12,000,000	65.80%
University of Maryland Center for Environmental Sciences	\$999,470	\$637,746	\$2,200,000	28.99%
University of Maryland College Park	\$124,191,256	\$201,734,182	\$190,000,000	106.18%
University of Maryland Eastern Shore	\$2,787,955	\$1,527,796	\$2,500,000	61.11%
University of Maryland University College	\$627,082	\$1,775,851	\$2,500,000	71.03%
University System of Maryland	\$1,128,429	\$1,062,512		
<b>TOTAL</b>	<b>\$220,142,938</b>	<b>\$294,203,969</b>	<b>\$321,650,000</b>	<b>91.47%</b>

# An Overview of the Common Trust, Fund Balance and USM Foundation

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Vice Chancellor for Administration and Finance

**Ellen Herbst**

President and CEO/USMF, Vice Chancellor for Advancement

**Leonard Raley**

Associate Vice Chancellor, Administration and Finance

**Robert Page**

**May 2, 2018**



# The Players: Common Trust and Affiliated Foundations

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# Common Trust

- A fund established in 1930's to accept private donations for the benefit of the University of Maryland.
  - Predates the establishment of the USM
  - Served UMCP, UMES, UMBC, UMCES, UMUC, UMB
  - As of June 30, 2017, had \$264M in assets
  - Fiduciary responsibility lies with the Board of Regents (more on that later)
  - Donor purposes for use of 'spendable income' are largely research, financial aid, and professorships – ongoing spending

# Affiliated Foundations (or Institutionally Related Foundations)

- Separately incorporated 501 (c) 3 organizations established to encourage and accept private donations or to foster university-related research or commercialization activities
- Fiduciary responsibility rests with each foundation's board of directors and its priorities should be aligned with the university
- Must comply with Board of Regents policies, state and national regulations, and undergo audits

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## Affiliated Foundations (continued)

- Affiliated Foundations hold both endowed and operating funds
- About 98% of funds are restricted use
- Currently 19 affiliated foundations within the USM— including the University System of Maryland Foundation

# Fund Balance

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# Fund Balance

- Fund balances are simply the difference between assets and liabilities at a particular date
- Fund balances can be:
  - permanently restricted (the ‘corpus’ of an endowment gift for instance),
  - temporarily restricted (grant funds on hand not yet spent for grantor-specified purpose), or
  - unrestricted
- Unrestricted fund balances are the source of cash for:
  - carryover of unspent funds from the previous year,
  - future institutional initiatives or opportunities, or
  - accumulations of monies to accomplish future capital needs

# Fund Balance

- Each institution has unrestricted fund balances
  - As a System the total of unrestricted fund balances was \$1.1B at June 30, 2017
- USMF manages \$100 million of ‘quasi-endowments’ which are a component of unrestricted fund balances
- Role of Regents
  - Setting goals for fund balance changes or balances
  - Control of the spend-down of fund balances
  - Institutions have flexibility to manage fund balances within Regents’ parameters or goals

# USM Foundation

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# Why Have Foundations?

- More effective volunteer and alumni involvement in fundraising
- Donor concerns that gifts will supplant state appropriations or be comingled with state funds
- Donor privacy can be respected
- Greater flexibility and efficiency in expending funds (while still maintaining accountability)
- Ability to facilitate professional investment management (for instance hiring and firing investment managers quickly)
- Better potential investment performance

# About the USM Foundation

- Manages assets for every USM institution except one as well as six community college foundations
  - Manages about 85% of all endowed funds held across the USM
- Incorporated in 1979 to accept a gift of cattle – the Wye Herd.
- Was the sole foundation for the five-campus University of Maryland and conducted its first capital campaign
- Shifted to a service provider model as universities built their own fundraising operations

**USMFOUNDATION**  
SERVING THE UNIVERSITY SYSTEM OF MARYLAND



*The Wye Herd*

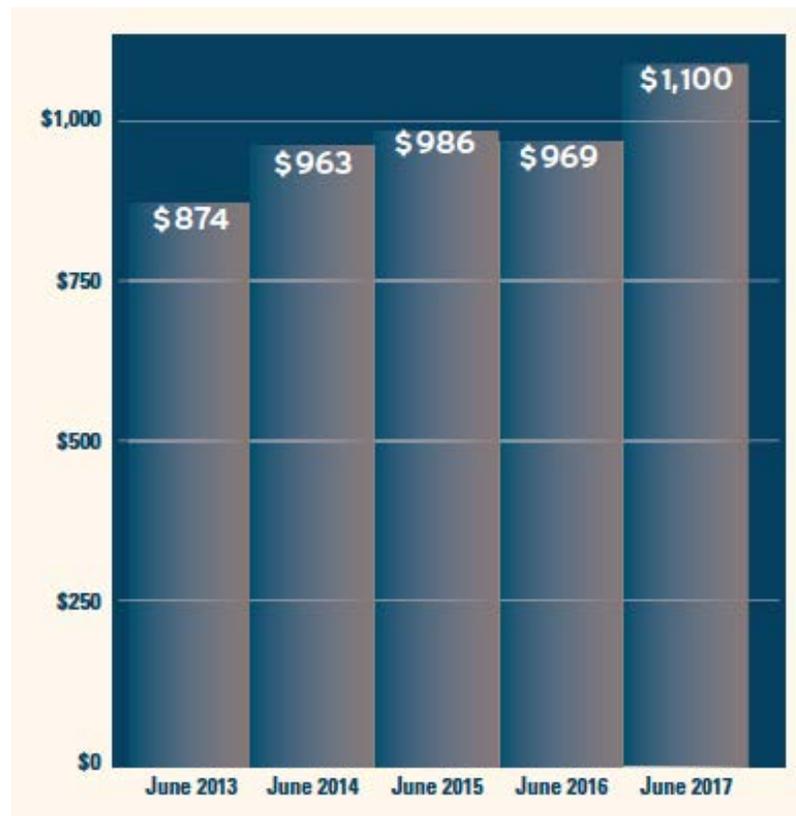
# About the USM Foundation (continued)

- Core services
  - Asset management
  - Business services (5,500 operating and endowment accounts)
  - Advancement support: professional development, donor database, shared resources



*The USM Foundation's  
Fundraising Workshop for  
Deans*

# USM Foundation Endowment Pool (in millions)



# Key Issues

- Role of Regents in Common Trust
- Role of Regents in System-wide financial strategy and use of fund balances
- Role of Boards of Directors at Affiliated Foundations
- Relationship of Boards with their Host Universities



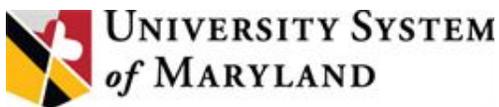
Assets Under Management  
June 30, 2017

Affiliated Foundations and  
Community  
College Foundation Assets  
\$604 million

USMF Funds  
\$323 million

Common Trust  
\$264 million  
(mostly donor-restricted)

USM Fund Balance  
\$1.1 billion  
–USMF manages \$100 million



**USM BOARD OF REGENTS  
ADVANCEMENT COMMITTEE  
May 2, 2018**

**TOPIC:** Convening Closed Session

**COMMITTEE:** Advancement

**DATE OF MEETING:** May 2, 2018

**SUMMARY:** The Open Meetings Act permits public bodies to close their meetings to the public in special circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Board of Regents Advancement Committee will now vote to reconvene in closed session. As required by law, the vote on the closing of the session will be recorded. A written statement of the reason(s) for closing the meeting, including a citation of the authority under §3-305 and a listing of the topics to be discussed, is available for public review.

It is possible that an issue could arise during a closed session that the Committee determines should be discussed in open session or added to the closed session agenda for discussion. In that event, the Committee would reconvene in open session to discuss the open session topic or to vote to reconvene in closed session to discuss the additional closed session topic.

**ALTERNATIVE(S):** No alternative is suggested.

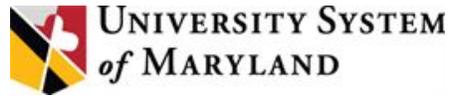
**FISCAL IMPACT:** There is no fiscal impact

**CHANCELLOR'S RECOMMENDATION:** The Chancellor recommends that the BOR Advancement Committee will vote to reconvene in closed session.

COMMITTEE ACTION: DATE: 5.2.18

BOARD ACTION: DATE:

SUBMITTED BY: Leonard Raley [raleys@usmd.edu](mailto:raleys@usmd.edu) 301-445-1941



STATEMENT REGARDING CLOSING A MEETING  
OF THE USM BOARD OF REGENTS

Date: May 2, 2018

Time: 11:00 am

Location: The University System of Maryland location

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STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
  - (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
  - (ii) Any other personnel matter that affects one or more specific individuals.
- (2)  To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3)  To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4)  To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5)  To consider the investment of public funds.
- (6)  To consider the marketing of public securities.
- (7)  To consult with counsel to obtain legal advice on a legal matter.
- (8)  To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9)  To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10)  To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
  - (i) the deployment of fire and police services and staff; and
  - (ii) the development and implementation of emergency plans.
- (11)  To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12)  To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13)  To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14)  Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED: Consideration of request by an institution to name a building after an individual.

REASON FOR CLOSING: To review and discuss items permitted to be discussed in closed session by §3-305(b).