Call to Order Chairman Attman

1. Proposed FY 2021 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation (action)

2. University of Maryland, Baltimore: Notice of Emergency Procurement (information)

3. University System of Maryland: FY 2021 Operating Budget (action)

4. University System of Maryland: FY 2021 Schedule of Tuition and Mandatory Fees (action)


6. FY 2021 System Funded Construction Program Request (action)

7. University System of Maryland: 42nd Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds (action)

8. University System of Maryland: Auxiliary Project Maturity Extension and Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects (action)


10. University of Maryland, College Park: Amendment to Sale of Land to Core Campus Manager, LLC (action)

11. 2020 USM Dashboard Indicators (information)

12. Board Statement of Values and Expectations on Collaboration and Cooperative Efforts in Acquiring and Implementing New Information Technology and Upgrading Business Processes—Status Update (information)

13. Convening Closed Session (action)
TOPIC: Proposed FY 2021 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF MEETING: June 10, 2020

BRIEF EXPLANATION: Pursuant to Section 13-306 of the Education Article, each year the Board of Regents of the University System of Maryland and the Board of Directors of the University of Maryland Medical System Corporation (UMMS) are asked to approve an annual contract between University of Maryland, Baltimore (UMB) and UMMS which states all financial obligations, exchanges of services, and any other agreed relationships between them for the ensuing fiscal year concerning the University of Maryland Medical Center (UMMC).

Section 13-306 requires that the annual contract be submitted to the Board of Regents, upon recommendation of the UMB president, for consideration, any modification, and approval. The contract text has been reviewed and approved by the Office of the Attorney General for form and legal sufficiency.

At this time, the Board is asked to approve the Annual Contract for FY 2021 incorporating the financial information for FY 2021 reflected in the attached schedule of payments of UMMS and UMB to one another in Fiscal Years 2019, 2020 and 2021. For FY 2021, there is a net increase of $10,199,530 in UMMS compensation to UMB. Adjustments relate to variations in service needs of UMMC, adjustments to fringe benefit rates for UMB salaries in FY 2021, and the addition of public safety related UMB services to UMMC. In FY 2021, UMMC will provide support for UMB to post a police officer in the UMMC Emergency Department on a 24/7/365 basis. The contract also includes a new provision for UMMC support for a complement of security officers (not armed police officers) patrolling the campus area proximate to UMMC and adjacent UMB buildings during two daily shifts. The cost of this security service is being shared by UMMC and UMB.

The majority of faculty services reflected in the contract are provided at UMMC facilities at the UMB campus. The contract also includes compensation for School of Medicine faculty services at the University of Maryland Medical Center Midtown Campus in clinical services that are managed by the UMMC leadership.

ALTERNATIVE(S): An Annual Contract incorporating the information in the attached schedule is recommended by the Interim President of UMB, the Dean of the School of Medicine, the President of UMMS and the Chancellor. In accordance with Section 13-306, the Committee could postpone action and recommend that the Regents and Directors appoint a joint committee to review the proposed contract. This is not recommended, as UMB and UMMS have agreed upon contract terms.

FISCAL IMPACT: The fiscal impact of the Annual Contract is as specified in the attached schedule. Subject to adjustments as discussed in the text of the Annual Contract, it results in a net fund transfer from UMMS to UMB of $154,190,364 in FY 2021.
CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2021.

COMMITTEE RECOMMENDATION: 

BOARD ACTION: 

DATE: 

DATE: 

SUBMITTED BY: Ellen Herbst  (301) 445-1923
## Payments Under FY 2019, FY 2020, and FY 2021 Annual Contracts Between UMB and UMMS

<table>
<thead>
<tr>
<th>Payments to UMB</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
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</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>$1,143,252</td>
<td>$1,179,341</td>
<td>$2,578,473</td>
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<td>Faculty Services:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>School of Medicine</td>
<td>$141,299,894</td>
<td>146,416,942</td>
<td>$155,036,448*</td>
</tr>
<tr>
<td>(including Trauma)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School of Pharmacy</td>
<td>$1,287,024</td>
<td>$1,490,817</td>
<td>$1,673,899</td>
</tr>
<tr>
<td>School of Dentistry</td>
<td>$571,273</td>
<td>$590,773</td>
<td>$588,583</td>
</tr>
<tr>
<td>Payments to UMMS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Space Charge</td>
<td>($1,157,304)</td>
<td>($1,157,304)</td>
<td>($1,157,304)</td>
</tr>
<tr>
<td>Fringe Benefit Adjustment**</td>
<td>($4,643,000)</td>
<td>($4,529,735)</td>
<td>($4,529,735)</td>
</tr>
<tr>
<td>NET TO UMB</td>
<td>$138,501,139</td>
<td>$143,990,834</td>
<td>$154,190,364</td>
</tr>
</tbody>
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* For Fiscal Year 2021, $37,144,325 of this School of Medicine support is designated as seed support. Continuation of that seed support in FY2022 and later years is subject to annual negotiation. The School of Medicine support does not include additional funds UMMS expects to provide to support salaries of physicians who are recruited during Fiscal Year 2021 to new positions supported by UMMS.

**The SOM payments for faculty services are calculated using the standard UMB faculty fringe benefit rate. The effective fringe benefit rate for School of Medicine faculty is lower than the campus standard or average rate. SOM will adjust the fringe benefit payment to UMMC to obtain a UMMC payment closer to actual cost than would result if the full fringe benefit rate were charged. For FY21, the adjustment is $4,529,735.
# MEDICAL SYSTEM AGREEMENT
FOR FISCAL YEAR ENDING JUNE 30, 2021

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<td>D. School of Nursing Faculty</td>
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   2B  Seed Payments from UMMC
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SCHEDULE 3  PHARMACY SCHOOL UMMC PAYMENTS

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EXHIBIT A  MEDICAL SYSTEM CORPORATION PRE-CLINICAL EDUCATION REQUIREMENTS

EXHIBIT B  FACILITIES MANAGEMENT (OPERATIONS AND MAINTENANCE)

EXHIBIT C  UMB ENVIRONMENTAL HEALTH AND SAFETY (EHS) SERVICES
MEDICAL SYSTEM AGREEMENT
FOR FISCAL YEAR ENDING JUNE 30, 2021

This Agreement is made as of July 1, 2020, between the University System of Maryland, a public corporation and an agency of the State of Maryland, and the University of Maryland Medical System Corporation, a private, nonprofit, nonstock corporation organized under the laws of the State of Maryland which assumed ownership of and management responsibility for the University of Maryland Medical System (as then defined in the law) on July 1, 1984.

RECIDALS

The University of Maryland, Baltimore (“UMB”), a public university that is part of the University System of Maryland (“University”), includes accredited Schools of Medicine, Pharmacy, Law, Dentistry, Nursing, and Social Work (“Schools”). The University of Maryland Medical System Corporation owns and operates the University of Maryland Medical Center (“UMMC”), formerly a division of the University of Maryland, Baltimore providing patient care services. UMMC and the Schools have long-standing, historic associations and enjoy close, cooperative and effective working relationships. Together they seek to realize the statutory purposes set forth in Title 13, Subtitle 3, Education Article, Annotated Code of Maryland (2018 Repl. Vol.), authorizing the creation of the University of Maryland Medical System Corporation and its subsidiary University of Maryland Medical Center LLC.

This Agreement is intended by the parties to serve as the annual contract mandated by Section 13-306 of the Medical System Law (defined below) for fiscal year 2021. Toward this end, and in consideration of the mutual covenants and agreements set forth in this Agreement, the University System of Maryland and the University of Maryland Medical System Corporation agree as follows:

TERMS

ARTICLE I. DEFINITIONS

In this Agreement, the following words have the meanings indicated:

B. "2021 Agreement" means this Annual Contract between the parties for the fiscal year ending June 30, 2021.

C. "Annual Contract" means the agreement between USM and the Medical System Corporation required by the Medical System Law, stating all financial obligations, exchanges of services, and any other agreed relationships between USM and UMMC for the ensuing fiscal year, and identifying the services to be provided and the agreed cost of such services.

D. "Board of Directors" means the Board of Directors of the Medical System Corporation.

E. "Board of Regents" means the Board of Regents of USM.

F. "CEO/UMMC" means the person serving as Chief Executive Officer of UMMC.

G. "Chancellor" means the Chancellor of USM.

H. "Fiscal Year" means the Fiscal Year ending June 30, 2021.

I. "Medical Center LLC" means University of Maryland Medical Center, LLC, a nonprofit subsidiary established by the Medical System Corporation as provided in Section 13-303(k) of the Education Article of the Annotated Code of Maryland.

J. "Medical System Assets" means all assets allocated to the Medical System as shown on the financial statements of the Medical System at the Transfer Date and as more particularly or additionally identified or supplemented by the Board of Regents and approved by the Board of Public Works and transferred to the Medical System Corporation upon its establishment in 1984, including (except as limited by the terms of the documents of transfer approved by the Board of Public Works) all related land and buildings and funds deposited with the State Treasurer.

K. "Medical System CEO" means the person elected Chief Executive Officer of the Medical System Corporation by its Board of Directors.

L. "Medical System Corporation" means University of Maryland Medical System Corporation, a private, nonprofit, nonstock corporation formed under the general corporation laws of this State. Its assets include, without limitation, UMMC, as defined in definition X below.
M. "Medical System Law" means Chapter 288 of the Laws of Maryland of 1984, which is codified (in part) in Title 13, Subtitle 3, Education Article, Annotated Code of Maryland.

N. "Medical System Liabilities" means all liabilities allocated to the Medical System Corporation as shown on the financial statements of the Medical System Corporation at the Transfer Date.

O. "Medical System University Personnel" means those employees of the University assigned in the Medical System who were offered positions as UMMC Employees as of the Transfer Date, but elected not to accept them.

P. “Midtown” means the hospital in Baltimore City owned by the Medical System Corporation through its subsidiary, University of Maryland Medical Center Midtown Health, Inc. Midtown is operated and licensed as a health care facility independent of UMMC, and is known as the “UMMC Midtown Campus”.

Q. "President" means the President of the University.

R. "School of Dentistry" means the University of Maryland School of Dentistry.

S. "School of Medicine" means the University of Maryland School of Medicine.

T. “School of Nursing” means the University of Maryland School of Nursing.

U. "School of Pharmacy" means the University of Maryland School of Pharmacy.

V. "Shock Trauma Center" means the R Adams Cowley Shock Trauma Center of the Medical System Corporation.

W. "Transfer Date" means July 1, 1984, the date of transfer of Medical System Assets determined by the Board of Public Works and filed with the Secretary of State and the Department of Legislative Reference.

X. "UMMC" means the licensed health care facility owned and operated by the Medical System Corporation at or adjacent to the University campus, including the health care delivery components of University Hospital, the Greenebaum Comprehensive Cancer Center (the current name of the University Cancer Center referred to in the Medical System Law) and the Shock Trauma Center. UMMC does not include health care delivery components owned or controlled by the Medical System Corporation that were not named in the Medical System Law.
Y. "UMMC Employees" means employees of UMMC, including without limitation employees of the Medical Center LLC and employees of Midtown as referred to in Article VI.

Z. "UMMC Personnel" means both Medical System University Personnel and UMMC Employees.

AA. "University" means the University of Maryland, Baltimore.

BB. “USM” means the University System of Maryland.
ARTICLE II. COOPERATION IN ACADEMIC PROGRAMS

A. Consistent with their educational missions, the University and UMMC will cooperate in the planning and administration of health professions academic programs at the University and UMMC, including both clinical education and clinical research, and the graduate medical education programs sponsored by UMMC. Academic programs may be extended to Midtown by the parties’ agreement.

B. Existing affiliations between UMMC and the health professions schools of the University for the conduct of academic programs of the schools will be continued under the direction of the CEO/UMMC, the President, and the deans of the respective schools. Affiliation agreements between UMMC and the schools may be developed by UMMC and the University as required for accreditation of the schools’ degree programs or UMMC's graduate medical education programs. Affiliation agreements will be modified as appropriate to reflect any co-location of programs at Midtown or transfer of programs to Midtown.

C. Affiliations between the schools of the University and health care institutions other than UMMC will be coordinated with the academic programs of the University at UMMC and with UMMC graduate medical education programs.

D. All actions of the parties with respect to academic programs and affiliations shall be consistent with applicable accreditation requirements for UMMC’s facilities, University academic programs, and UMMC’s graduate medical education programs in terms of both curriculum requirements and standards for patient care. In addition, the parties agree that they will cooperate with respect to implementing their respective policies regarding sexual harassment and sexual misconduct, which include, but are not limited to, policies addressing Title IX of the Education Amendments of 1972, as amended, and Title VII of the Civil Rights Act of 1964, as amended. More specifically, each party agrees to notify the other promptly upon becoming aware of any allegation of sexual harassment or sexual misconduct against, or by, a representative or affiliate of the other. In the case of UMB, representatives or affiliates includes any student, any faculty or staff personnel, and any third parties or contractors under UMB’s control. In the case of UMMC, representatives or affiliates includes any employee, any volunteer, and any contractor or its employees, and any medical or professional staff who are not UMB personnel. Each party agrees to cooperate with the other regarding investigations of possible sexual harassment or sexual misconduct at UMMC facilities or elsewhere involving individuals in the categories described above. Each party will support the other in taking steps to end any sexual misconduct or sexual harassment, prevent its recurrence and address its effects. Each party will provide the other with information about applicable policies, and the parties will work together to provide appropriate training and educational materials for their respective constituencies.
E. Information related to changes in University academic programs or UMMC or Midtown patient care activities that would affect the budget or operations of the other party shall be provided in advance of the planned changes. After discussion between the President and the CEO/UMMC, planning for the implementation of any changes will be coordinated by appropriate University and UMMC personnel, as specified by the President and the CEO/UMMC.

F. The University will provide to UMMC information about faculty proposals for clinical research to be conducted in UMMC or Midtown facilities. This information will be provided in a timely manner so that UMMC may evaluate the operational and financial implications of the proposed clinical research and confirm that services required for the research may be provided by UMMC or Midtown. UMMC’s evaluation will be completed in a timely manner so as to avoid delay of the University approval processes. UMMC and the University will maintain appropriate business processes to guide the accurate billing of services delivered in conjunction with clinical research protocols.

G. Annually, the University will provide to UMMC information about any professional liability insurance acquired by the University, or provided by the State of Maryland, to provide coverage for University students and/or faculty that would be applicable to incidents arising from educational or research activities conducted by the University at UMMC or Midtown.

H. Prior to assigning students to UMMC for clinical experience or training, the University will provide those students with training, orientation, and immunizations as required by UMMC for health care workers, as applicable, and will require students to present evidence of health insurance. In the event UMMC believes that the University is not providing the required training, orientation and immunizations in a timely manner, UMMC may provide the services to the students and will charge the University for the actual cost of the services. The current requirements of UMMC are listed in Exhibit A.

I. If a University student is exposed to body fluids as defined in Section 18-338.1 ("the Section"), Health-General Article, Annotated Code of Maryland, while engaged in educational clinical experience at UMMC or Midtown, the student, as a health care provider, may request patient testing under the conditions set forth in the Section. Applicable policies of UMMC or Midtown, as relevant, will be followed, except that the University will be responsible for counseling of students and expenses of testing.

J. The parties will consolidate funds available for the salaries of medical residents and fellows so that the funds are administered by a single employer. UMMC serves as the employer of the medical residents and fellows. In that capacity, UMMC administers UMMC funds, Veterans Administration funds, and some other funds. Except where restricted by law or
contract, University funds for resident and fellow salaries from accounts identified as revolving and grant accounts will be transferred to UMMC for administration during the Fiscal Year.
ARTICLE III. UNIVERSITY ADMINISTRATIVE SERVICES TO UMMC

USM, through the University, will provide services to UMMC as described in this ARTICLE III and Exhibits B and C. The University will be paid for providing these services and will transfer funds to other components of USM, if appropriate, if other components have been involved in furnishing services to UMMC.

A. Personnel Services

1. UMMC will be responsible for personnel administrative services related to its employment of all UMMC Personnel.

2. All employment records for UMMC Personnel made and used by the University Office of Human Resource Services (formerly the University Office of Personnel) previously have been transferred to the Medical System Corporation. The University Associate Vice President for Human Resource Services or designee shall be given access to transferred records concerning Medical System University Personnel for any reasonable purposes. In the event of requests pursuant to the Maryland Public Information Act or any other State law for information from records concerning Medical System University Personnel, the party receiving such request will advise the other party, and a coordinated response will be prepared by UMMC. UMMC shall maintain all transferred Medical System University Personnel records as it maintains like records in its ordinary course of business, and shall not destroy or dispose of any such records without first giving the University the option to accept return of such records.

3. The President and the Chancellor continue to delegate to the CEO/UMMC and his designees the President’s and Chancellor's authority concerning Medical System University Personnel under the USM rules for exempt and non-exempt staff and Sections 12-108 and 12-109 of the Education Article.

4. UMB has a Wellness Program for employees. Upon request of UMMC, designated UMMC employees will be offered the opportunity to participate in a limited UMMC wellness program coordinated by UMB. Compensation for administrative services provided by UMB to facilitate the UMMC wellness program is stated on Schedule 1. It is anticipated that UMB will book for the UMMC wellness program events that are chosen by UMMC, which must pre-approve costs of booked events. UMB will contract for UMMC wellness program events, pay contractors to provide the events, and bill UMMC for reimbursement unless UMMC chooses to contract and pay for specific events. Wellness program activities as well as billing and late payment terms are described in Exhibit B.
B. University Administrative Services

1. Through its Offices of Facilities Management and its Police Department, the University will provide to UMMC facilities management and Police and security officer services as specified in Exhibit B. The compensation for these services for the Fiscal Year is specified in Schedule 1.

2. As stated in Exhibit B, some Police services will be compensated on a fee-for-service basis, with the cost of service being calculated solely by multiplying the hourly wage of the personnel involved, including any shift differential, times the hours or fractional hours required for the service. UMMC is not obligated to purchase such services or any set amount of such services. Services provided on a fee-for-service basis under this subsection will be billed to UMMC by the appropriate University office, with payment due to the University within thirty days from UMMC’s receipt of the University’s bill for such services.

C. Department of Environmental Health and Safety

1. Through its Department of Environmental Health and Safety, the University will provide services to UMMC as specified in Exhibit C. The compensation for services for the Fiscal Year is specified in Schedule 1.

2. Compensation for the services described in Exhibit C does not include the University’s costs for materials, supplies, permits and licenses issued to UMMC, and contracted services required to furnish the services to UMMC. Services described in Exhibit C provided that exceed limits stated in Exhibit C will be invoiced as extra costs. Such costs will be billed to UMMC quarterly, with payment due to the University within thirty (30) days from UMMC’s receipt of the University’s bill. No expenditure or related group of expenditures in excess of $1,000 will be made without prior approval of UMMC. The University reserves the right to require that major purchases or contracts be made directly by UMMC.

D. Changes in Level of Administrative Services

1. (a) Any changes in administrative service during this Fiscal Year must be agreed upon as provided in ARTICLE X, Section K, Paragraph 1(a).

(b) Unless otherwise specifically provided in this ARTICLE III, UMMC shall provide to the University not later than January 1, 2021 written notice of intention to reduce the level of administrative services provided by any administrative unit named in this Article pursuant to the terms of the Annual Contract between the Medical System Corporation and USM for the succeeding fiscal year.
2. In connection with the Medical System Corporation's establishment of administrative units to carry out functions performed by the University under this Agreement, the Medical System Corporation agrees not to hire, employ, or contract with any University employee whose function in any way relates to performance of an administrative service by University for the Medical System Corporation. This prohibition is applicable to employees of all University administrative units providing services described in ARTICLE III of this Agreement. Notwithstanding the foregoing provisions, the Medical System Corporation may extend offers of employment to University personnel who have been laid off or discharged, or who have given the University at least six (6) months prior written notice of their intention to accept a position with the Medical System Corporation. The period of notice may be reduced by the University’s Vice President for Administration and Finance.

E. University of Maryland Identity Program

The University and UMMC have a joint corporate identity program intended to promote the identifier “University of Maryland” and a common logo based upon that identifier for both parties. The identifier and logo will be used in connection with promotional literature, advertising, publications, signage, and other uses, as confirmed in separate memoranda between the parties, approved by the President of the University and the CEO/UMMC. Branding and identification activities will continue in the Fiscal Year. The parties may enter into joint procurements of identity and promotion services, and will reimburse one another appropriately to allocate costs between the parties.
ARTICLE IV. UNIVERSITY FACULTY SERVICES TO UMMC AND MIDTOWN

A. Medical School Faculty

1. The School of Medicine shall assign members of its clinical faculty to be responsible for (a) teaching and supervision of UMMC residents as part of UMMC’s graduate medical education programs; (b) administrative and supervisory functions on behalf of UMMC as required for accreditation of its facilities and programs and as necessary for its efficient operation; and (c) such other services, at UMMC or at Midtown, as reasonably requested by UMMC to support clinical programs and as agreed to by the School of Medicine. UMMC will pay the University the sums stated in Schedules 2A and 2B as compensation for the services at UMMC and the sums stated on Schedule 2C for the services at Midtown.

2. Schedules 2A and 2B state the assignment of funding to “base” support, generally reflecting ongoing commitments, and “seed” support, generally reflecting start up support for a specified period of time which is not intended to be ongoing for faculty services at UMMC. It is acknowledged that there may be an ongoing component of “seed” support when mutually agreed upon by UMMC and the School of Medicine.

3. It is understood and agreed that if this Annual Contract remains in force after June 30, 2021, as a result of the effect of Section 13-306(d) of the Medical System Law, the University waives any claim to be paid “seed” support with respect to the period of time after June 30, 2021, except to the extent of specific written multi-year commitments continuing after that date which have been made between UMMC and the School of Medicine and are referenced in Schedule 2B.

4. The parties anticipate that following written approvals as provided in ARTICLE X, Section K, Paragraph 4(a), below, Schedules 2A, 2B and 2C compensation will be increased during the Fiscal Year as additional faculty begin to provide services at UMMC or Midtown. The parties also anticipate that funding may be shifted between Schedules 2A and 2C due to transfers of academic and clinical programs during the Fiscal Year.

5. UMMC will provide, or require Midtown to provide, the School of Medicine faculty with office and teaching space, equipment, and administrative support required by the faculty to carry out properly their responsibilities under this Section. The CEO/UMMC and the Dean of the School of Medicine (“Dean-M”) shall consult with respect to any changes proposed by either party or by Midtown in the level of support to be provided or the space assigned pursuant to this Section. If the proposed changes are not mutually acceptable, the issues shall be referred to the President and the CEO/UMMC in accordance with ARTICLE X, Section B, below.
6. The Dean-M, after consultation with the CEO/UMMC, will assign faculty members to provide services in the clinical specialties listed in Schedules 2A, 2B and 2C. Ongoing compensation for the faculty services is based on the following principles: (a) the services to be provided are defined and quantified; (b) the services are provided on an efficient and effective basis; and (c) compensation is based on fair market value.

7. The Dean-M and the CEO/UMMC will develop and implement performance standards that will serve to assess the services provided by the School of Medicine faculty members at UMMC and Midtown in the following areas: (a) medical direction; (b) resident and fellow supervision; (c) clinical quality; (d) customer service; (e) cost of care; and (f) operational efficiency.

8. The CEO/UMMC and the Dean-M shall meet to discuss any (a) dissatisfaction by UMMC or Midtown with the services provided by any School of Medicine department or individual faculty member, or (b) the failure of any School of Medicine department or individual faculty member to meet the performance standards agreed to by the parties.

9. (a) Pursuant to Section 13-305(a) of the Medical System Law, the chairs of the clinical science departments of the School of Medicine serve as chiefs of the corresponding clinical services at UMMC. The clinical chairs/chiefs must participate in furthering the objectives of the School of Medicine and UMMC. In so doing, the clinical chairs/chiefs are responsible to the Dean-M for the academic, research, and patient care activities of themselves and their departmental faculty. For patient care in or on behalf of UMMC, the clinical chairs/chiefs also are responsible to the CEO/UMMC. If clinical chairs or other faculty of the School of Medicine are proposed by the CEO/UMMS as chiefs of service at Midtown, the concurrence of the Dean-M is required.

(b) Recruitment and selection of a UMMC clinical chair/chief is the joint responsibility of the Dean-M and the CEO/UMMC. Search committees will be appointed by the Dean-M, in consultation with the CEO/UMMC, who shall nominate a member of the UMMC administration to represent it on each committee. Negotiations with prospective new clinical chairs/chiefs shall be carried out concurrently by the Dean-M and by the CEO/UMMC, with the final proposal being a joint one. Appointments of division heads in clinical departments and medical directors of clinical specialty units in UMMC shall be made by the clinical chairs/chiefs with the approval of the Dean-M and the CEO/UMMC.

(c) Recommendations to the President of salaries for clinical chairs/chiefs, division heads, and medical directors of clinical specialty units at UMMC or Midtown shall be made with the approval of the Dean-M. The CEO/UMMC will provide input to
the Dean-M concerning the evaluations of annual salary increases for clinicians, chiefs, division heads and medical directors working at UMMC or Midtown.

10. The School of Medicine and UMMC will establish mutually agreed evaluation tools to measure efficiency, effectiveness, safety and customer service for the faculty work in the UMMC clinical services. These tools will include reports to determine refunds to UMMC from the School of Medicine if performance measures are below agreed goals and financial incentives payable to the School of Medicine if performance is above agreed upon goals. Refunds will not exceed 10 percent of faculty support during the annual period. Financial incentives will not exceed 5 percent of faculty support during an annual period. Performance measures, incentives and refunds, are agreed upon between the SOM Chair or Program Director and the Chief Clinical Office, UMMC and are tracked by specialty/department area.

On a monthly basis, evaluation results will be analyzed by UMMC and the respective School of Medicine departments providing faculty services at UMMC, and the results will be reported to the Dean of the School of Medicine. Any refunds or incentives in compensation identified as a result of the performance evaluations will be finalized within 120 days after the end of the fiscal year and transferred to either UMMC by the School of Medicine or by the School of Medicine to UMMC.

The semi-monthly payments from UMMC for support of faculty salaries will not be altered during the Fiscal Year as a result of possible refunds or incentives based on evaluations each month.

11. Only those School of Medicine faculty members who render specific supervisory, administrative, and/or educational services to UMMC or Midtown or who are otherwise approved by the Dean-M and the CEO/UMMC shall receive income from the payments made to the School of Medicine pursuant to this Section of ARTICLE IV. Faculty may receive income from the payments while they are on sabbatical leave, terminal leave, or paid leave of absence or administrative leave related to separation from employment, with prior approval for such payments by the Dean-M and the CEO/UMMC. With the consent of the CEO/UMMC, the School of Medicine may use the income budgeted for support of a specific faculty member to pay another faculty member in the event the first individual ceases to receive, or ceases to be eligible to receive, income from the payments made to the School of Medicine. The parties agree to continue to transition from a model that ties UMMC or Midtown funding to specific physicians to a fair-market value, fixed fee, service-based funding approach. The parties will work diligently to achieve this goal. This work will be based upon the approved list of services provided by the School of Medicine physicians to UMMC and Midtown, with appropriate performance measures developed jointly in order to evaluate the delivery of these services. It is anticipated that the
transition in funding methodology will occur and be implemented on a department-by-department basis, until such time as that base funding for all clinical departments is paid on a fixed-fee basis.

12. Schedules 2A, 2B and 2C include fringe benefit costs, at the stated University rates, associated with the payments being made for faculty services pursuant to paragraph 1. See ARTICLE X, Section M, Paragraph 1, regarding adjustment of these costs.

13. (a) During the Fiscal Year, UMMC anticipates incurring costs for salaries and fringe benefits $1,500,000 less than the Grand Total of salaries and fringe benefits stated on Schedule 2A, 2B and 2C because of turnover savings as defined in this paragraph 13.

(b) “Turnover savings” means the amount of UMMC support for faculty salary and fringe benefits (as reflected on Schedules 2A, 2B and 2C) which is not actually required or used for the salary and related fringe benefits of a faculty member as provided in this Agreement. Faculty salary for this purpose includes, in addition to wages for periods of employment, salary payments to faculty for unused annual and holiday leave when such payments are due upon separation from employment under the faculty benefits policies of the University, as well as payments for sabbatical leave, terminal leave, or paid leave of absence or administrative leave related to separation from employment if approved as provided in Section A, Paragraph 11, of this ARTICLE IV.

(c) Periodic payments due from UMMC for faculty salary and fringe benefit support will be based upon the Projected Cost stated on Schedules 2A, 2B and 2C (i.e., the Grand Total of salaries and fringe benefits less $1,500,000) and adjusted as provided in ARTICLE X, Section M, Paragraph 1.

(d) At the end of the Fiscal Year, if the turnover savings are less than $1,500,000, UMMC will pay to the University one half of the difference between $1,500,000 and the turnover savings. The maximum payment due the University under this subparagraph (d) shall not exceed $750,000. The payment will be due within 15 days after the Dean’s Office reports to UMMC the incurred costs as compared to the projected total cost for salaries and fringe benefits as set out in Schedules 2A, 2B and 2C. The turnover savings will be computed based on notices provided by the Dean’s Office of the School of Medicine as described in ARTICLE X, Section K, Paragraph 4(b).

14. UMMC funds will not be used by the School of Medicine to support salaries of faculty on terminal leave, sabbatical leave, paid leave of absence, or administrative leave related to separation from employment without securing prior written consent of the CEO/UMMC.
B. School of Pharmacy Services

UMMC and the School of Pharmacy will be provided services as described in this Section B.

1. The Dean of the School of Pharmacy ("Dean-P") or designee and the Director of Pharmacy Services of the UMMC Department of Pharmacy Services ("Director") or designee will cooperatively establish prior to July 1, 2020, a specific schedule of services the School of Pharmacy will provide to UMMC, and a list of faculty, staff and residents who will provide the services in the Fiscal Year.

   (a) Throughout the Fiscal Year, the Dean-P or designee and the Director or designee will meet periodically to:

      (i) reevaluate the needs of the School of Pharmacy and the UMMC Department of Pharmacy Services and the performance of all participants, and progress toward any agreed goals;

      (ii) adjust the services and faculty, staff and resident assignments and expectations to meet these needs in an effective manner.

   (b) Either the Dean-P or the Director may initiate a reevaluation of services or assignments or request the other party to substitute personnel providing services.

   (c) The Director will ensure that faculty and staff assigned to provide services receive appropriate appointments in the UMMC Department of Pharmacy Services and have access to patient care areas and the data necessary for the performance of required services.

   (d) Services will be limited to agreed areas of faculty and staff expertise and to the availability of faculty and staff as agreed by the Dean-P and the Director or their respective designees.

   (e) The activities provided at UMMC by the faculty, staff and residents of the School of Pharmacy may include but shall not be limited to: patient care services; active participation on committees as agreed; attendance at Department of Pharmacy Services meetings and in-services; precepting UMMC residents while on rotation in an assigned service area; provision of staff development programs to the pharmacy staff; participation in collaborative projects including research, cost savings, cost-containment, patient staff and/or quality improvement; and other initiatives used to improve medication use throughout UMMC.
(f) The activities provided by the faculty and staff of the School of Pharmacy shall include active participation in the activities of the Pharmacy and Therapeutics Committee, including, if necessary and requested by UMMCS, assignment of one faculty member to membership on the Committee.

(g) The activities of the School of Pharmacy faculty providing services at UMMC pursuant to this Agreement are subject to the following terms:

(i) For faculty providing direct patient care, the percentage of effort related to inpatient services will be as stated in the schedule of services established by the School of Pharmacy and UMMC ("service agreement"). The School of Pharmacy will require that if a faculty member is unable to provide scheduled service coverage, it is the responsibility of the faculty member to make arrangements for coverage, if possible, and to notify a designated School of Pharmacy administrator if coverage cannot be arranged.

(ii) For faculty providing direct patient care, the percentage of effort related to outpatient clinics will be as stated in the service agreement. If a faculty member is unable to attend his/her assigned clinic day, it is the responsibility of the faculty member to make arrangements for coverage or swap days with another provider, and to notify a designated Pharmacy administrator if coverage cannot be arranged.

(iii) If a faculty member is unable to fulfill the agreed schedule of inpatient or outpatient service regardless of reason (e.g., resignation, sick leave), it is the responsibility of the School of Pharmacy to provide adequate coverage in accordance with the service agreement. If the School of Pharmacy is unable to provide service coverage, then the School of Pharmacy will discuss with pharmacy leadership at UMMC a commensurate reduction in the financial support stated in Schedule 3. Both parties will participate in good faith in quarterly operational and financial review meetings to amend payment amounts if necessary compared to the original support described in Schedule 3.

(iv) The School of Pharmacy will require that its faculty assigned to UMMC participate in UMMC clinical pathway development when appropriate and/or when requested by UMMC in order to maintain best practices within UMMC.

(v) The School of Pharmacy will require that its faculty assigned to UMMC participate in UMMC quality improvement initiatives when appropriate and/or when requested by UMMC in order to enhance service quality and productivity at UMMC.
(vi) The School of Pharmacy will require that its faculty assigned to UMMC be involved in UMMC committee activities including the Pharmacy & Therapeutics Committee when appropriate to maintain appropriate use of medications at UMMC.

(vii) The School of Pharmacy will require that each faculty member assigned to UMMC participate in UMMC cost containment and resource utilization projects and document cost reductions in a manner requested by UMMC pharmacy leadership.

2. The Director shall have authority with respect to all policy decisions related to pharmacy services at UMMC.

3. UMMC shall provide support to the School of Pharmacy for faculty positions held by faculty providing services to UMMC and for residents providing services at UMMC, as described in paragraph 1. In addition, UMMC will provide some administrative support. The faculty and administrative support is as provided in Schedule 3.

4. The Dean-P and the Director, or their respective designees, will establish prior to July 1, 2020, a specific schedule of services and list of UMMC staff members who will provide them to the School of Pharmacy in the Fiscal Year.

(a) Throughout the Fiscal Year, the Dean-P and the Director, or their designees, will meet periodically to:

(i) reevaluate the needs of the UMMC Department of Pharmacy and the School of Pharmacy;

(ii) adjust the services and staff assignments to meet these needs in an effective manner.

(b) Either the Dean-P or designee or the Director or designee may initiate an evaluation of services or assignments or request to substitute personnel assigned to the School of Pharmacy.

(c) The Dean-P will ensure that staff assigned to provide services receive appropriate faculty appointments in the School of Pharmacy in its Department of Pharmacy Practice and Science and have access to appropriate resources and student information necessary for the performance of agreed upon services.
(d) The activities provided by the staff of UMMC may include, but shall not be limited to: precepting pharmacy students, participation in planning, development, and coordination of the School of Pharmacy’s educational and research programs through participation in School of Pharmacy committees, and participation in agreed didactic coursework.

(e) The School of Pharmacy will pay individual UMMC staff for agreed services to the School in the Fiscal Year. Standard School of Pharmacy stipends for clinical faculty will apply. UMMC has no responsibility with respect to those payments.

(f) The Dean-P shall have authority with respect to all policy decisions related to educational programs of the School of Pharmacy.

5. The Director and the Chair, Department of Pharmacy Practice and Science, School of Pharmacy, will meet on a regularly scheduled basis to evaluate current services provided by the School of Pharmacy Department of Pharmacy Practice and Science and the UMMC Department of Pharmacy Services, and to plan for further cooperative development of pharmacy service, education, and research programs.

6. Schedule 3 reflects, as applicable, fringe benefit costs at standard University rates for faculty, staff and residents.

7. Any differences of opinion between the Dean-P and the CEO/UMMC shall be resolved by the President and the CEO/UMMC in accordance with ARTICLE X, Section B, below.

C. School of Dentistry Faculty

The School of Dentistry faculty assigned by the Dean of the School of Dentistry ("Dean-D") will provide services at UMMC as described in this Section C.

1. The School of Dentistry shall provide UMMC with a faculty dental professional staff that will provide supervision and administration of dental residents in their delivery of comprehensive dental care to UMMC patients. Services of the School of Dentistry faculty will include 24-hour on-call coverage 7 days per week and coverage of clinics Monday through Friday from 8 a.m. to 4:30 p.m., exclusive of holidays. Any changes in these schedules must be approved by the CEO/UMMC. The Dean-D shall assign individual faculty to perform responsibilities under this Agreement and may substitute faculty at his discretion after consultation with the CEO/UMMC.
2. UMMC shall provide at no cost to the School of Dentistry such UMMC Personnel as may be necessary for the School of Dentistry faculty to exercise properly their responsibilities under this Agreement. UMMC will have the exclusive right to approve or disapprove all expenditures for this purpose proposed by the School of Dentistry.

3. One of the faculty members assigned under this Section shall serve as the chair of the department of dentistry of UMMC upon approval of the CEO/UMMC. The chair will direct all activities of the School of Dentistry faculty pursuant to this Agreement, supervise faculty dentists and dental residents, and provide back-up services as required in his judgment.

4. UMMC shall provide at no cost to the School of Dentistry office space for recordkeeping and administrative functions necessary for the faculty to exercise their responsibilities under this Agreement. UMMC reserves the right to assign space for these uses; however, the minimum space shall be that amount of space occupied by the clinic on the ground floor of UMMC’s North Building as of July 1, 1985.

5. UMMC shall provide at no cost to the School of Dentistry supplies necessary for the School of Dentistry faculty to exercise properly their responsibilities under this Agreement. UMMC will have final approval or disapproval of all expenditures requested by the School of Dentistry for these purposes.

6. UMMC Department of Dentistry personnel under the supervision of the Chair will prepare and submit charges for dental services rendered by dental residents in the UMMC dental clinics according to procedures of UMMC’s Finance Department. All revenue generated from patient services delivered by dental residents in UMMC clinics will accrue to UMMC.

7. The compensation payable by UMMC to the School of Dentistry for faculty services for the Fiscal Year is set forth in Schedule 4. If, due to turnover or program changes, the actual utilization of funds is less than the estimated compensation, the compensation will be reduced to the sum required by University.

8. Schedule 4 reflects faculty fringe benefit costs at the standard University rate.

9. Any differences of opinion between the Dean-D and the CEO/UMMC shall be resolved by the President and the CEO/UMMC in accordance with ARTICLE X, Section B, below.
D. School of Nursing Faculty

If the Dean of the School of Nursing (“Dean-N”) and the Medical System Corporation Senior Vice President of Nursing agree, nurses employed by UMMC may be assigned to work part-time as faculty of the School of Nursing, teaching agreed courses at the School of Nursing or at UMMC. If the School and the Medical System Corporation agree upon payment to the Medical System Corporation to compensate it for the nurses’ time spent as faculty, the agreed payment will be documented in writing and reported to the University Office of Financial Services for payment to UMMC following the end of the academic year. A memorandum of understanding setting out further terms and conditions not inconsistent with this Agreement may be executed by the Dean-N and the Senior Vice President.

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ARTICLE V. COMPENSATION FOR USE OF SPACE

A. Each of the parties uses space within buildings owned by the other party. The parties agree to continue to allow such use of space. The parties have estimated their non-exclusive and exclusive use of one another's space, and the approximate market value of the space shared/used. The value of UMMC space that is shared or used by the University exceeds the value of University space shared/used by UMMC, and it is agreed that the difference will be paid to UMMC by the University to reimburse UMMC’s net expense. The payment due UMMC is shown in Schedule 5.

B. Each party’s use of the other’s space shall be subject to all applicable rules and regulations of the other party, including but not limited to those regarding personnel and visitor access, security, maintenance, storage and disposal of chemical or pathological waste, and storage and disposal of select agents.

C. The University’s Center for Vaccine Development ("CVD") will use space at UMMC as a site of its vaccine trials. Unless otherwise agreed by the Dean-M and the CEO/UMMC, CVD will use facilities in the General Clinical Research Center ("GCRC") in UMMC. CVD will be responsible to pay for use of the facilities and associated UMMC services, in accordance with the generally applicable pricing schedules for the GCRC. UMMC and the University are parties to separate agreements relating to the GCRC, which is supported in part through a federal grant to the School of Medicine.

D. At a future date (the "Record Date") to be established in writing by the President and the CEO/UMMC, the University and UMMC will finalize a space inventory stating the amount of space the University and UMMC, respectively, use in one another’s facilities. All future changes in compensation for use of space based upon an increase in the amount of one party’s space used by the other party require prior written approval of the using party as to the amount of space involved, the payment expected, and the payment source. The approval for the University must be given by the President. The approval for UMMC must be given by the CEO/UMMC.
ARTICLE VI. PERSONNEL MATTERS

A. The University will continue to assign Medical System University Personnel to work in UMMC. Medical System University Personnel will report to the CEO/UMMC through their immediate supervisors, who may be Medical System University Personnel or UMMC Employees. Medical System University Personnel will provide services to UMMC as directed by the CEO/UMMC. In all matters relating to the employment of any member of Medical System University Personnel UMMC shall observe applicable policies and rules of the University, USM, and the State.

B. UMMC will provide all funds required by the University for wages and fringe benefits payable by the University in connection with employment or termination of employment of Medical System University Personnel. In addition, UMMC will pay the cost of tuition waiver for Medical System University Personnel, their spouses and their dependent children, as provided by USM policy.

C. UMMC will maintain a list of Medical System University Personnel. In the event that there is any dispute between an employee and the University or UMMC as to whether that employee is part of the Medical System University Personnel, the decision of the University Director of Human Resource Services shall be the final action of either or both employers in the matter. The Director of Human Resource Services shall consult with the Office of the Attorney General before making a final decision.

D. The President and the CEO/UMMC, or their respective designees, must approve in writing: (1) any concurrent employment of an individual by both parties; (2) any temporary employment or consulting agreements between an employee of one party and the other party; and (3) the compensation payable by the respective parties pursuant to any employment arrangement described in this section.

E. 1. Certain full-time University employees have job responsibilities including activities of direct benefit to UMMC and/or Midtown. UMMC may elect to continue to support the employment of any such employee in the Fiscal Year by funding an agreed share of the University’s salary and fringe benefits cost (“employment cost”) for that employee (a “split-funded employee”). UMMC’s percentage share of employment cost for a split-funded employee will be the same as that split-funded employee’s percentage effort of direct benefit to UMMC and/or Midtown, as determined by the University and UMMC, acting through the department personnel delegated responsibility to make the determination. UMMC may recover a share of its cost from Midtown as agreed between UMMC and Midtown. The University will not bill Midtown.
2. As to any split-funded employee, UMMC may discontinue its support of employment cost following not less than sixty (60) days written notice. UMMC support for a split-funded employee may be terminated during the Fiscal Year, provided the notice requirement is satisfied. The University will have no obligation to assign to UMMC and/or Midtown work any employee who has ceased to be a split-funded employee.

3. UMMC support of employment cost may not be used to increase the salary or overall compensation of a split-funded employee above a University approved level.

4. The University and UMMC shall maintain a list of the split-funded employees on a current basis. As soon as feasible after the beginning of the Fiscal Year, the University and UMMC will establish a schedule for projected employment cost to be paid by UMMC for split-funded employees in the Fiscal Year. This schedule will be prepared no later than the end of July of the Fiscal Year, and will include employment cost retroactive to July 1 of the Fiscal Year. On a semi-monthly basis, UMMC will pay the University 1/24 of the aggregate split-funded employment cost as stated in the schedule, as provided in ARTICLE X, Section D. The payment so determined will be in effect following agreement upon the schedule for the Fiscal Year. Pending adoption of the schedule and determination of the payment, semi-monthly payments will be made by UMMC at the rate in use prior to July 1 of the Fiscal Year (that is, the rate used at the end of the fiscal year ending June 30, 2020).

5. The parties recognize that the semi-monthly payments are an estimate of the liability of UMMC for employment cost for approved split-funded employees. University payroll changes (e.g., employee separations, hires of new personnel with split support) and changes in employee assignments will result in changes in employment cost and UMMC’s share of employment cost on an ongoing basis in the Fiscal Year. After December 31 of the Fiscal Year, and again after the close of the Fiscal Year, the University will provide to UMMC details about the University’s incurred employment cost for split-funded employees, and will provide detail about charges to University payroll accounts supported by funds received from UMMC to support employment cost for split-funded employees. If the parties identify an error in the charges to these accounts, the charges to the accounts will be corrected promptly and a credit or debit to the respective accounts will be made by the University.

6. (a) Within 90 days after December 31 of the Fiscal Year, the University and UMMC will evaluate the changes in the schedule of split-funded employees since the schedule for the Fiscal Year was established, the employment cost actually incurred by the University for split-funded employees during the Fiscal Year through December 31, and UMMC’s share of the employment cost, as well as the total of semi-monthly payments made or due from UMMC through December 31 of the Fiscal Year. If UMMC has overpaid or underpaid the University, a reconciling sum (“sum”) will be calculated. If UMMC and the University agree
that the sum is material, and not likely to be offset by variations in employment cost in the remainder of the Fiscal Year, the sum will be paid to the party that was underpaid, or has overpaid, upon receipt of the other party’s invoice for the sum. Materiality will be determined by the chief financial officers of the University and UMMC. The semi-monthly UMMC payments for estimated employment cost of split-funded employees may be changed (increased or decreased) prospectively by agreement of the parties’ chief financial officers based upon findings in the reconciliation of UMMC payments and employment cost through December 31 of the Fiscal Year. Any change will reflect adjusted estimates of UMMC’s share of employment cost in the last six months of the Fiscal Year. No change in semi-monthly payments will be made if the variance between UMMC payments and its share of employment cost for the six month period is less than 5 percent. If the variance is 5 percent or greater, a change will be made if UMMC so requests, if it has been overpaying, or if UMB so requests, if it has been underpaid.

(b) After the end of the Fiscal Year, the University and UMMC will reconcile the aggregate employment cost the University has incurred in the Fiscal Year for split-funded employees to the scheduled UMMC support in the Fiscal Year for employment cost of split-funded employees. The aggregate deficit or surplus in employment cost paid to the University will be determined after the end of the Fiscal Year. Any payment of a reconciliation sum made by a party pursuant to subparagraph (a) above will be taken into account. A final calculation of employment cost and reconciliation of UMMC payments to employment cost will be made, and any final reconciliation sum due from one party to the other will be invoiced, within 90 days after the end of the Fiscal Year.

F. 1. Certain full-time UMMC Personnel devote part-time or full-time effort to clinical activities at UMMC and/or Midtown or at University health care delivery sites for which the University receives grant and contract support. In accordance with the budgets of these grants and contracts, the University will transfer to UMMC funds received for salaries and fringe benefits of such UMMC Personnel.

2. Other full-time UMMC Personnel devote part-time or full-time effort to activities of the School of Medicine, as agreed between its clinical departments and UMMC and/or Midtown. If a School of Medicine clinical department has designated funds in its University budget for support of such UMMC Personnel, the School of Medicine will require that the funds be applied as budgeted, if UMMC is current in obligations to the University. UMMC will notify the Associate Dean for Finance and Business Affairs of the School of Medicine and the University’s Vice President for Administration and Finance in writing if the School’s support is needed to obtain invoiced, but unpaid, funds due from a clinical department.

3. Some full-time UMMC Personnel devote part-time or full-time effort to activities of professional associations in the School of Medicine’s faculty practice plan
organization. If a professional association has committed to support the employment of UMMC Personnel, the University will provide support reasonably requested by UMMC to collect invoiced, but unpaid, sums due from the professional association during the fiscal year. UMMC recognizes that the University does not control the funds of the professional associations.

G. At least quarterly, representatives of the University, UMMC, and the School of Medicine will meet to review the status of the obligations of UMMC, the University, the School of Medicine, and the professional associations, to one another for support of payroll costs and to reconcile obligations to payroll expenses. The President, the Dean-M, and the CEO/UMMC shall designate representatives for these meetings. The target dates for meetings are October 1, 2020, December 1, 2020, February 1, 2021, and May 1, 2021.

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ARTICLE VII. ASSUMPTION OF LIABILITIES; INSURANCE

A. The Medical System Corporation shall not assume any liabilities of the University, USM or the State other than the Medical System Liabilities, other liabilities identified in Section 13-308 of the Education Article, and the liabilities specifically described in this ARTICLE VII or in ARTICLE IX.

B. The Medical System Corporation (1) will cooperate fully with the University and the Office of the Attorney General in the investigation and defense of potential claims and claims asserted against the University or its officers or employees incurred or arising in connection with (a) the operation of the “Medical System Assets” prior to the Transfer Date, for which claims liability is not assumed by the Medical System Corporation, and (b) education or research activities conducted by the University, its faculty, or students at UMMC or Midtown; and (2) will direct its professional staff and administration, including employees of the Medical Center LLC, to provide non-legal advice and consultation to the University and the Office of the Attorney General with regard to such matters at no cost.

C. The University (1) will cooperate fully with the Medical System Corporation and its legal counsel in the investigation and defense of potential claims and claims asserted against the Medical System Corporation, the Medical Center LLC, or the officers or employees of either, and claims for which the Medical System Corporation has assumed responsibility, incurred or arising in connection with (a) operations, prior to the Transfer Date, of the clinical facilities among the Medical System Assets, (b) services provided to UMMC or Midtown by the University after the Transfer Date pursuant to this Agreement or any prior Annual Contract, and (c) education or research activities conducted by the University, its faculty or students at UMMC or Midtown; and (2) will direct its professional staff and administration to provide non-legal advice and consultation to UMMC and Midtown and their legal counsel with regard to such matters at no cost.

D. 1. To the extent feasible in the opinion of the CEO/UMMC, UMMC will procure insurance adequate to protect the University's interest and provide for the University's defense and indemnification with respect to the matters described in Subsection 13-308(c) of the Education Article. UMMC will remain liable for any obligations under that Subsection which are not provided for by insurance.

2. To the extent feasible in the opinion of the CEO/UMMC, on and after the Transfer Date UMMC will provide malpractice and general liability insurance adequate to protect the interests of Medical System University Personnel and to make payments authorized by the Board of Public Works as described in Subsections 13-308(d) and (e) of the Education Article.
UMMC will remain liable for any obligations under those Subsections that are not provided for by insurance.

3. UMMC will not discriminate between Medical System University Personnel and UMMC Employees in determining insurance coverages or limits.

E. PARAGRAPH INTENTIONALLY OMITTED.

F. The President and the CEO/UMMC shall establish procedures for coordinated planning of malpractice insurance for the University faculty, staff and students, UMMC, and UMMC Personnel. In planning, representatives from the School of Medicine, other University schools and UMMC shall be involved as the President and the CEO/UMMC deem appropriate. During the Fiscal Year, (1) UMMC will support the purchase of malpractice insurance for the faculty on the medical staff of UMMC, but only to the extent determined by the Board of Directors upon the recommendation of the CEO/UMMC; (2) UMMC will pay premiums for malpractice insurance for all medical residents and fellows in the UMMC graduate medical education programs; and (3) the School of Medicine and UMMC will collect from third parties and credit to UMMC the cost of malpractice insurance premiums for medical residents and fellows providing services at other health care facilities for consideration payable to the School of Medicine or to UMMC.

G. The Medical System Corporation hereby waives, and agrees to defend, indemnify and hold harmless the State of Maryland, USM, the University, and their officers and employees from:

   1. any claim, lawsuit, loss, damage or liability arising out of the performance of services for UMMC or Midtown pursuant to ARTICLE III, ARTICLE IV, Section A, Paragraph 1 and ARTICLE VI, Section E and F; and

   2. any claim, lawsuit, loss, damage or liability

      (a) brought by or on behalf of any UMMC or Midtown volunteer or employee who is not a member of the medical staff of UMMC or Midtown, and

      (b) arising out of supervision or administrative services related to such UMMC or Midtown volunteer or employee, which services were performed in good faith for UMMC or Midtown by the University faculty pursuant to ARTICLE IV.

H. The Medical System Corporation will defend, indemnify and hold harmless the University with respect to all claims related to the employment relationship prior to the Transfer
Date between UMMC Personnel and the University and the State during a time when such personnel were assigned in UMMC.

I. 1. Obligations and liabilities of the Medical System Corporation to USM and the University may not be transferred to the Medical Center LLC.

2. Any obligations and liabilities of UMMC or Midtown provided in this Agreement are the obligations and liabilities of the Medical System Corporation, and any commitments, waivers or other actions undertaken by UMMC or Midtown in this Agreement are imputed to the Medical System Corporation.

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ARTICLE VIII. MEDICAL STAFF

UMMC shall provide in the by-laws of the UMMC medical staff that (i) all members of the regular medical staff (excluding persons granted courtesy privileges) must have an appointment to the faculty of the School of Medicine or the School of Dentistry to be granted privileges of staff membership and (ii) any applicant for membership in the medical staff who is concurrently an applicant for a faculty position may be granted only interim privileges for 120 days pending approval of a faculty appointment. Faculty applications to the medical staff of UMMC will be submitted as required under the UMMC medical staff by-laws, and will be granted or denied by UMMC following review in accordance with the by-laws. The Schools of Medicine and Dentistry will use their best efforts to process faculty appointments within 120 days, will notify UMMC when faculty appointments are complete, and will notify UMMC when faculty appointments are terminated, all of the foregoing duties being applicable only with respect to faculty who apply for membership in the regular medical staff.

If UMMC should consider seeking termination of medical staff privileges granted to any faculty member, or asking that any member of the faculty resign from the medical staff, before initiating any such action the CEO/UMMC or his designee shall consult with the dean of the staff member's school, and, except in an emergency, before taking action shall permit that dean a reasonable time to consult with the President and the Office of the Attorney General concerning the impact of such action upon the faculty status of the medical staff member.

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ARTICLE IX. ENDOWMENTS

Any endowments or gifts received by the University during the Fiscal Year that are explicitly for the benefit of the Medical System or any of its parts will be identified to the Medical System Corporation by the University and transferred as the Medical System Corporation directs.

Any endowments or gifts received by the Medical System Corporation during the Fiscal Year that are explicitly for the benefit of the University or any part of the University will be identified to the University by the Medical System Corporation and transferred as the University directs.
ARTICLE X. ADMINISTRATIVE MATTERS

A. This Agreement is subject to and shall be interpreted in accordance with the laws of the State of Maryland and shall be liberally construed to effect the purposes of the Medical System Law as stated therein. If any provision of this Agreement shall be determined by a court of law to be unlawful, that provision shall be null and void but the remainder of this Agreement shall remain in effect. Nothing contained in this Agreement shall be deemed or construed to waive or abrogate in any way the sovereign immunity of the State or the University or to deprive the University or any officer or employee thereof of sovereign immunity.

B. If there should be any dispute between the parties related to the interpretation or administration of this Agreement, the President and the CEO/UMMC shall consider fully the dispute and seek to make a joint decision for resolution of the matter within 30 days. If they are unable to reach a joint decision, the President or the CEO/UMMC may request that a committee comprised of three (3) members of the Board of Directors and three (3) members of the Board of Regents be convened to meet and attempt to reach a resolution acceptable to the institutions’ governing boards, using a process and procedures as shall be established by such ad hoc committee.

C. All records generated by UMMC related to the employment of Medical System University Personnel shall be the property of UMMC for all purposes. The University shall have access to all personnel records of Medical System University Personnel and may review and photocopy such records at the expense of UMMC. All business records, patient records and materials of any type whatsoever generated by University administrative units or by Medical System University Personnel in the course of performing services to UMMC pursuant to this Agreement, rather than in the course of the University’s public business, shall be the property of UMMC. The University shall have access to such records and materials for its purposes including, but not limited to, audits of the costs of services to UMMC and evaluation of personnel performance. Unless prohibited by law, the University may review and photocopy such records and materials at its own expense.

D. The reimbursement due the University from UMMC is payable according to the following schedule:

1. Payments for services described in ARTICLE III are due in twenty-four equal installments payable on the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year. Each installment shall be one-twenty-fourth of the total in Schedule 1.
2. Payments by UMMC for faculty services described in ARTICLE IV, paragraphs A, B and C, and Schedules 2A, 2B, 2C, 3 and 4 are due in installments of one-twenty-fourth of the total of payments stated in those Schedules. Installments are due the fifteenth and thirtieth days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

3. Payments by UMMC described in ARTICLE VI, Section B (relating to Medical System University Personnel), and ARTICLE VI, Section E (related to split-funded employees), will be made semi-monthly on the fifteenth (15th) and thirtieth (30th) days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

E. 1. Compensation due from the University to UMMC for space usage will be payable in installments of one-twenty-fourth of the total stated in Schedule 5. Installments are due the fifteenth and thirtieth days of each month (except for the second payment in February, which is due on the last day of February) in the Fiscal Year.

2. Compensation from the School of Nursing for faculty services as described in Article IV, Section D, will be payable in a single payment due no later than June 30, 2021.

F. If any State general funds are appropriated to USM for the Fiscal Year for use of UMMC, the general funds will be paid to UMMC by USM in two equal installments due July 1, 2020 and January 1, 2021.

G. 1. The University shall invoice UMMC (a) once for semi-monthly payments due to USM or the University pursuant to this Agreement and (b) periodically, as provided in this Agreement, for other billable services and cost reimbursements. UMMC semi-monthly payments to the University will be made by electronic funds transfer in accordance with instructions provided by the University. Other payments from UMMC to the University will be made by electronic funds transfer if feasible and if payment information is provided by the University when required payments are invoiced. If UMMC is unable to pay any University obligation by electronic funds transfer, payment shall be made by check to the University as promptly as possible after the due date for the payment.

2. Payments due the Medical System Corporation from the University shall be paid by the State of Maryland by check, using check mailing instructions provided by UMMC.

3. If the due date for any payment is a date when the payee's offices are closed, the payment shall be made on the next day that both parties' offices are open.
4. If any payment due the University from UMMC pursuant to this Agreement is not transferred to or delivered to the University within one week of its due date, the amount due will accrue interest at the rate of six percent (6%) per annum from the date the payment was due until the date it was received by the University.

5. If any payment due UMMC from the University pursuant to this Agreement is not transferred to or delivered to UMMC within thirty (30) days of its due date, the amount due will accrue interest at the rate of three percent (3%) per annum from the date the payment was due until the date it was received by UMMC.

H. The term of this Agreement is July 1, 2020 through June 30, 2021.

I. If USM and the Medical System Corporation do not enter into an annual contract for the fiscal year ending June 30, 2022, this 2021 Agreement shall remain in force until another annual contract is approved, subject to the following changes:

1. Unlike “base” support, payment of “seed” support, which relates to specific positions and specific time periods, shall continue until the end dates stated in Schedule 2B. The “seed” commitments may cover multiple fiscal years. If this 2021 Agreement shall remain in force after the end of the Fiscal Year due to the effect of Section 13-306(d) of the Medical System Law, the University waives any right it may have, under this Agreement, to receive “seed” support after the scheduled end date of such support as stated in Schedule 2B. For example, if this Agreement remains in force in Fiscal Year 2022 by operation of law, any “seed” commitment stated in Schedule 2B which is identified as ending at the end of Fiscal Year 2021 will not be paid to the University in Fiscal Year 2022 or thereafter, and the University waives any right it has, due to continuation of this Agreement by operation of law, to claim payment of that “seed” commitment in Fiscal Year 2022 or thereafter.

2. Either party may increase costs to be reimbursed to reflect any increase in salaries, fringe benefit costs, and other personnel costs associated with services provided by that party to the other party.

3. On an ongoing basis during the Fiscal Year, the University’s payments from UMMC for faculty physician services may be adjusted as provided in Section K, Paragraph 4, of this ARTICLE X. In addition, costs may be shifted between Schedule 2A and Schedule 2C if UMMC clinical services are relocated to or expanded to Midtown, or vice versa.

4. If the University was notified pursuant to ARTICLE III of UMMC’s intention to discontinue procurement of any administrative service from the University as of July 1, 2021 and such notice was timely and remains in effect on April 1, 2021 then the University
shall discontinue that service on July 1, 2021 and the costs for such service shall be deducted from reimbursement due to the University under Schedule 1.

J. Proposed amendments to this Agreement, including amendments of the Exhibits and Schedules, must be stated in writing, and must be considered and recommended to the Board of Directors and the Board of Regents in the same manner that this Agreement was considered and recommended unless the two boards specify a different procedure.

K. 1. Without formal amendment of this Agreement, the President and the CEO/UMMC may by written agreement:

   (a) Increase or decrease the services provided to the Medical System Corporation at UMMC or Midtown by the University, provided that any such change in faculty services provided by a University school will not result in a cumulative increase or decrease of more than twenty-five percent (25%) in the total agreed cost of faculty services provided by that School as shown on Schedule 2A, 2B, 2C, 3 or 4;

   (b) Increase or decrease the space of one party used by the other party, if such change will not result in a cumulative increase or decrease of more than ten percent (10%) in the compensation paid to the Medical System Corporation as shown on Schedule 5.

2. Any actions pursuant to Paragraph 1 of this Section shall be effective as of the date agreed by the President and the CEO/UMMC. Payments thereafter shall be adjusted appropriately.

3. The President and the CEO/UMMC may delegate to appropriate officers reporting to them authority to increase or decrease administrative services provided to UMMC by the University.

4. Pending execution of contract amendments, changes in support from one party to the other may be made if the cumulative changes are within the limits for change by informal amendment set forth in this Section K and if the following conditions are satisfied:

   (a) Increases or decreases of compensation for services of School of Medicine faculty. As evidence of authorization of increases, there must be signed documentation reflecting the approval of the CEO/UMMC or designee and the Dean or designee. Documentation authorizing increases will be sent by UMMC to the School of Medicine Dean’s Office; documentation authorizing decreases will be sent by the School of Medicine Dean’s Office to UMMC.
The University’s payments from UMMC for School of Medicine faculty physician services at UMMC and Midtown will be decreased by the amount of anticipated salary and fringe benefit turnover savings in excess of $1,500,000, the agreed turnover savings expectancy as reflected in Schedule 2A, resulting from turnover among faculty assigned at UMMC and Midtown and supported by the payments from UMMC. As confirmation of anticipated turnover savings, the Dean’s Office of the School of Medicine will send periodic written notice to UMMC’s Chief Financial Officer. If anticipated turnover savings exceed $1,500,000, the School of Medicine Dean’s Office and UMMC will adjust remaining semi-monthly payments accordingly. The University financial services offices will be notified by the School of Medicine Dean’s Office of any adjustment made due to increased turnover expectancy.

L. Unless the University is instructed to the contrary by UMMC, the University shall make such of its records as are necessary to verify the nature and extent of the costs of services provided to UMMC and Midtown available to the Secretary of the United States Department of Health and Human Services, the United States Comptroller General, and their duly authorized representatives to the extent required by law for a period of four years after services were provided. Similar access to records and contracts between the University and organizations related to the University or under contract to the University also shall be made available, to the extent required by law.

M. 1. The compensation from UMMC to the University for faculty, staff and resident services (see Schedules 2A, 2B, 2C, 3 and 4) includes a charge for fringe benefits at a standard faculty fringe benefit rate set by the University (subject to approval of the United States Government) for use in University grants and contracts. To aid in the implementation of the fringe benefit rate, the University will reduce the total annual payment required from UMMC under Schedules 2A, 2B, and 2C by the sum of $4,529,735. This adjustment will be applied pro rata against the payments referred to in ARTICLE X, Section D, Paragraph 2. This adjustment will not be increased if the total of Schedules 2A, 2B and 2C, or the total of any one of them, is increased by the parties’ agreement. Consistent with federal requirements pertaining to use of standard fringe benefit rates, the University will not use or apply federal funds to reduce the payment due from UMMC as described in this Section.

2. For UMMC funding to support salary and fringe benefit costs of University faculty and staff employees with responsibilities to UMMC and/or Midtown, as described in Schedules 2A, 2B, 2C and 3, ARTICLE VI, Section B, and ARTICLE X, Section D, Paragraph 3, the standard University fringe benefit rate for the relevant category of personnel will be used. For the Fiscal Year, the rates are 25.1% for faculty, 38.2% for exempt staff and 19.2% for residents.
Fringe benefit changes during the Fiscal Year will be applied as of their effective date, and UMMC will be notified by the Dean’s Office or UMB financial services of revised rates and adjustments to required semi-monthly payments.

N. SECTION INTENTIONALLY OMITTED.

O. No provision of this Agreement requiring the Medical System Corporation or UMMC to defend, indemnify, and hold harmless the State, the University, USM, or their personnel, is intended to waive the defenses of sovereign immunity, limited immunity, or any other immunity, or to waive any other defense available to any claim or action being defended by the Medical System Corporation pursuant to this Agreement. The Medical System Corporation or UMMC may assert on behalf of USM or the University all defenses that might be asserted by the Office of the Attorney General in opposition to such claims or actions. No provision of this Agreement requiring the Medical System Corporation or UMMC to defend, indemnify and hold harmless the State, the University, USM, or their personnel is intended to limit, waive, or release the Medical System Corporation’s or UMMC’s right or ability to sue or otherwise pursue any claim, lawsuit, loss, damage, or liability against any State, University or USM personnel resulting from such personnel's criminal conduct, gross negligence or malice outside the scope of public duties, including, but not limited to, embezzlement or other improper or illegal diversion of funds. The Medical System Corporation or UMMC will advise the President, the University, and the Office of the Attorney General before initiating any such action.

P. UMMC and the School of Medicine are part of an organized healthcare arrangement under the Health Insurance Portability and Accountability Act of 1976 (“HIPAA” - Public Law Number 104-191). UMMC and the University are not a single affiliated covered entity for HIPAA purposes.

[THIS AREA INTENTIONALLY BLANK]
ARTICLE XI. SUBSIDIARIES

The University approves the establishment of non-profit or for-profit subsidiaries or entities related to the Medical System Corporation subject to the conditions set forth in this ARTICLE XI. “Subsidiary” as used in this Article refers to a subsidiary or related entity, as defined in Section A.

A. Definitions

1. “Subsidiary” means a stock corporation if a majority of any class of its voting stock is owned by the Medical System Corporation, another subsidiary, or a related entity.

2. “Related entity” means any non-stock entity if the Corporation owns a controlling interest in the entity or controls election or appointment of a majority of the entity’s governing board.

B. Conditions Applicable to All Subsidiaries

The Board of Directors of the Medical System Corporation may establish or acquire subsidiaries. Unless otherwise specifically provided by action of the Board of Regents, State law, or other provisions of this Agreement, the following conditions shall be observed with respect to each subsidiary.

1. No land or buildings transferred at any time to the Medical System Corporation by the State or the University shall be transferred to a subsidiary without prior approval of the Board of Regents.

2. If the President of the University concludes at any time that the purpose of any subsidiary includes an activity affecting the educational or research activities of any professional school at the University, the President may name one of the members of the board of directors of the subsidiary.

3. The Medical System Corporation will require the subsidiary to indemnify any director named by the President to the fullest extent permitted by Maryland law and shall maintain commercial directors’ and officers’ liability insurance or other adequate insurance to protect the director from financial risk or loss. The director named by the President shall in no event be protected less fully than any other director of the subsidiary.
4. The Medical System Corporation shall defend, indemnify and hold harmless the University, the Board of Regents, and the officers and employees of the University with respect to any claims, demands, actions or suits asserted against the University relating to activities of a subsidiary. In the course of providing defense hereunder, the Medical System Corporation may raise defenses of sovereign immunity and other immunities available to the University to the extent provided by Maryland law and will consult with the Attorney General’s Office as appropriate. It is the intention of the parties that no defense available to the University, the Board of Regents or officers or employees of the University shall be waived or limited as a result of the Medical System Corporation’s agreement to defend and indemnify the University, the Board of Regents, and officers and employees of the University.

5. Unless otherwise specified in a written agreement between the President and the Chief Executive Officer, (a) subsidiaries of the Medical System Corporation shall have no contractual or operational relationship with the University other than affiliations for educational programs; and (b) the University shall have no involvement in the management or day to day operation of subsidiaries.

6. Annually, in connection with preparation of the Annual Contract, the Medical System Corporation shall report to the University the names and functions of all extant subsidiaries. If the Board of Regents determines that the Annual Contract should not grant continued approval for the operation of any subsidiary, the Medical System Corporation will terminate the subsidiary status of the entity in question. A term of one year shall be allowed for this action.

C. Existing Subsidiaries and Special Provisions

1. The subsidiaries of the Medical System Corporation as of June 30, 2020 are listed in Schedule 6. The Dean-M is required to be an ex officio voting member of the board of directors of the James Lawrence Kernan Hospital, Inc. (d/b/a University of Maryland Rehabilitation & Orthopaedic Institute), and Paragraph 2 of Section B is not applicable to that hospital.

2. Midtown, which is a subsidiary, is subject to the provisions concerning it that are included in this Agreement.

3. USM and the University approve the establishment of the Medical Center LLC as a subsidiary of the Medical System Corporation, as set out in State law, provided that the President of the University and the Dean-M are voting members of the Medical Center LLC board.
IN WITNESS WHEREOF, the parties, by their authorized officers, execute this Agreement.

UNIVERSITY SYSTEM OF MARYLAND
by University of Maryland, Baltimore

By: ___________________________________
    Bruce E. Jarrell, MD
    Interim President
    University of Maryland, Baltimore

_______________________
Date

UNIVERSITY OF MARYLAND
MEDICAL SYSTEM CORPORATION

By: ___________________________________
    Mohan Suntha
    President & Chief Executive Officer
    University of Maryland Medical System Corporation

_______________________
Date

By: ___________________________________
    Alison G. Brown, MPH
    Interim President and CEO
    University of Maryland Medical Center LLC.

_______________________
Date
EXHIBIT A - F.Y. 2021

MEDICAL SYSTEM CORPORATION
PRE-CLINICAL EDUCATION REQUIREMENTS

(applicable to UMMC, Kernan, and Midtown (collectively, "Affiliated Sites"))

I. Education

A. Universal Blood/Body Fluid Precautions & Infection Control (OSHA)
B. Prevention of Hepatitis B Virus Infection (OSHA)
C. Handling of Contaminated Needles and other Sharps (OSHA)
D. Management of Blood Spills (OSHA)
E. Procedures of Reporting and Management of Occupational Exposure to Blood/Body Fluids/Tissue (OSHA)
F. Fire Safety (OSHA)
G. Hazardous Materials (OSHA)
H. Health Insurance Portability and Accountability Act (HIPAA)

II. Health Insurance

Students must have health insurance satisfying UMB requirements. The health care sites will provide first aid for minor illnesses or injuries, at expense of students, or students may seek first aid from the UMB Student Health office.

III. Immunizations/Evidence of Immunity/Other Health Information

A. Measles/Mumps/Rubella
B. HBV vaccination or certificate of declination
C. Varicella
D. Negative PPD for Tuberculosis, or other medical evidence acceptable to the health care site if PPD is not negative

IV. Documentation

UMB shall maintain documentation that students assigned to Affiliated Sites have satisfied the above requirements.
EXHIBIT B - F.Y. 2021

FACILITIES MANAGEMENT (OPERATIONS AND MAINTENANCE):

Trash pickup along the south side of Baltimore Street from Arch Street to Greene Street. This includes sweeping and picking up litter. Emptying trash can is not included.

Using plows or snow throwers, but not by hand shoveling, to open the following areas to vehicular traffic:

- Ambulance bays along the east side of Penn Street between Lombard and Redwood Streets; and

- Loading dock facilities at the rear of UMMC adjoining Arch and Redwood Streets south of Baltimore Street.

In case of extraordinary snow events (generally six inches and above) UMB may bring in outside snow removal contractors. UMMC will reimburse UMB for an appropriate share of the cost of such contractors if UMMC requires services of the contractors.

Also, in case of extraordinary event, UMB, subject to availability of personnel and equipment of UMB and/or its contractors, will assist UMMC upon request in opening and maintaining sidewalks adjoining UMMC.

MAIL SERVICES:

Delivery and pick up of mail to and from UMMC central mailroom.

POLICE DEPARTMENT:

A. Police Services. UMB will provide supplemental Police Department services for UMMC, supporting the UMMC Security Operations. The UMB Chief of Police or designee and the UMMC Director of Security will agree upon protocols for (a) notice to UMMC of security/safety incidents that may
impact or concern UMMC; (b) police services being provided in a manner compliant with regulatory requirements applicable to UMMC, including JCAHO standards; and (c) compliance with requirements of the federal Clery Act applicable to UMB that include emergency reporting rules, criminal activity data reporting, and annual reporting for an area including UMB, UMMC, and some adjacent properties that are owned or leased by UMMS or other UMB and UMMC affiliates.

In return for UMMC support paid to UMB, the UMB Police Department shall include one uniformed police officer, 24 hours a day, 7 days per week, integrated into the campus patrol, and one uniformed police officer, 24 hours a day, 7 days per week, posted at the UMMC Emergency Department.

The duties and responsibilities of the police officer supported by UMMC payments and integrated into the campus patrol will include but will not be limited to patrolling the sidewalks bordering University Plaza and the sidewalks along commercial corridors east of the campus (e.g., 400 block of West Baltimore Street) and UMB campus walkways and UMB parking garages used by UMMC staff, patients, and visitors. Upon reopening of Lexington Market, patrols will include Paca Street, between UMMC and the Market.

The duties and responsibilities of the police officer supported by UMMC payments and posted to the Emergency Department of UMMC will be as follows:

The Emergency Department includes the waiting areas and treatment areas of the Adult Emergency Department and the Pediatric Emergency Department. The Emergency Department Officer will be assigned to a stationary fixed post in the Emergency Department. The Emergency Department Officer will be assisted on an as-needed basis, as the Emergency Department Officer or the supervisor of that officer determines necessary, by the uniformed police officer integrated into the campus patrol.

The duties of the Emergency Department Officer will include but are not limited to:

Promptly responding to all calls from UMMC for assistance in or around the immediate area of the Emergency Department, including the immediate exterior of the Emergency Department building as necessary, to mitigate or deescalate the situation requiring the officer’s involvement.
Maintaining order in the Emergency Department, and assisting and backing up UMMC Security on incidents which occur in or around the immediate area of the Emergency Department.

Attending weekly and/or monthly meetings with UMMC Security to discuss issues and trends and to share intelligence and statistics. Officers will not have to attend meetings held at times when the officers are off duty.

Assisting staff of the Emergency Department to file statements of charges with law enforcement if the staff are victims of threats, acts of violence, etc.

Enforcing all applicable laws through exercise of lawful police authority, including the authority to make arrests when appropriate.

Performing all police related duties, or other duties specified by the Police supervisor, acting at all times in the best interests of the University and UMMC.

Upon request of UMMC Security, assisting it when problems arise in controlling the ingress and egress of UMMC personnel at the Emergency Department and Shock Trauma entrances of UMMC.

Directing visitors to Emergency Department registration clerks. Assisting UMMC staff upon request in the event of issues or problems related to visitors.

Providing assistance to UMMC medical and psychiatric personnel in handling patients when so requested. Assisting UMMC Security to render weapons safe prior to UMMC Security handing the weapons over to the Baltimore City Police Department.

Remaining in the Emergency Department and surrounding areas, except in the event of responding to a Police Department supervisor’s order to assist UMMC security and/or the Baltimore City Police in responding to an incident of the following nature: special incidents such as bomb threats, fires, combative or psychotic patients, and suicide attempts. The City Police are expected to be the primary responding law enforcement unit for most special incidents. The UMB Police Department and the City Police will coordinate
responses in accordance with any protocols developed by the City Police, UMB Police, and UMMC security.

Advising the UMMC Security Shift Supervisor promptly of any incidents that occur within the Emergency Department that could potentially negatively impact UMMC.

UMMC shall provide space in the Emergency Department where the Emergency Department Officer can observe the entire waiting area for the AED. UMMC will equip such space with TV surveillance equipment for purposes of monitoring the Emergency Department By-Pass Corridor from the Security Desk.

The cost of salary and fringe benefits for both uniformed police officers assigned as discussed in this Exhibit B are included in Schedule 1 to the Annual Contract and will be billed and paid as provided in the Annual Contract. UMB will bill, and UMMC will pay, the costs of any equipment that must be purchased for the police officers assigned in the Emergency Department (such as uniform clothing and equipment, radio, and ballistic vest). Any Personal Protective Equipment (including but not limited to N-95 masks) required to be used by the police officers posted to the Emergency Department will be provided by UMMC, and fit tests for provided masks will be the responsibility and expense of UMMC. Any additional Personal Protective Equipment required by UMB for the officers will be purchased by UMB and billed to UMMC. Personal Protective Equipment provided by UMMC to police officers will be consistent with equipment provided for UMMC personnel in the Emergency Department who are not routinely involved in patient care.

Annual equipment costs for each new Emergency Department police officer are estimated to be less than $4,000. Personal Protective Equipment costs incurred by UMMC for the safety of the police officers cannot be estimated.

B. Security Officer Services.

The Police Department will provide services of roving security officers posted to patrols outside UMMC and UMB buildings. The security officers are not sworn police officers. Security officer posts and patrols will be established by agreement of the UMB Chief of Police and the UMMC Director of Security. The patrols will be on the east side of Martin Luther King Jr. Boulevard and will not include the BioPark area on the west side of that road.
A maximum of 33 security officers, including both supervisors and patrol officers without supervisory roles, will be hired by UMB and assigned for external campus security patrols. The security officers will be assigned to patrols set up to cover two shifts per day, Monday through Friday. Initially, security officer coverage will be scheduled between 6:30 a.m. and 11:30 p.m. The schedule of shifts may be revised by agreement of the University and UMMC. Routes and locations of security officer patrols, and the number of security officers assigned at specific times on specific routes, will be determined by the Police Department after consultation with UMMC. The UMMC Assistant Director of Security or his/her designee will be invited to participate in the selection of new security officers as any vacancies are filled.

UMMC will pay one half of the cost of the salaries, fringe benefits, and one-time expenses (such as uniform clothing, segways, radios, and other equipment) related to equipping the security officers and supervisors for the external campus patrols.

Estimated payroll and fringe benefit costs for security officers are stated in Schedule 1 of the Annual Contract and will be billed as described in the Annual Contract. After the close of Fiscal Year 2021, actual costs of employment of the security officers during that fiscal year will be determined, and a refund or credit will be issued to UMMC if, due to vacancies, one-half of the cost of security officer employment for external patrols is less than the sum stated in Schedule 1.

Costs to equip the security patrol officers and supervisors will be determined on a quarterly or semi-annual basis, as determined by the Police Department, and one-half of the costs will be billed to UMMC. Payment of any invoice for equipment costs will be due within 45 days after a bill is submitted to UMMC.

C. UMMC will seek the emergency or non-emergency services of the Baltimore City Police Department (BCPD) in the event police services inside UMMC or UMMS buildings, or on UMMC or UMMS property, are requested by UMMC or are needed to back up the UMB police officer in the Emergency Department. The UMB Police will respond upon the request of the BCPD in emergency situations.

D. The UMB Chief of Police or designee will advise the UMMC Director of Security of any incidents that may occur on the UMB campus that the UMB Police Department is aware of that could negatively impact UMMC, its patients, staff,
and visitors. The UMMC Director of Security will coordinate the sharing of information to the UMB Chief of Police or designee about crimes that may pose a serious threat to the health or safety of the campus and near-campus communities to facilitate the issuance of Clery Act-required timely warnings and emergency notifications. The Parties acknowledge that UMB need not obtain the approval to issue any warnings/notifications, nor is UMB required to seek preclearance of the content of any warning/notification. However, the Parties will create a system to inform each other about such warnings. For purposes of this paragraph D, “UMB campus” means all UMB-owned buildings, garages, parks, and other grounds on the east side of Martin Luther King Jr. Blvd. between Washington Blvd. and Saratoga Streets, and “UMMC complex” means UMMC buildings (to include the R Adams Cowley Shock Trauma Center), UMMS owned or controlled parking lots and garages, the Paca/Pratt Building, and any other buildings on the UMB campus owned, leased or managed by UMMC or UMMS.

E. The payment by UMMC for UMB Police Department services shall be in the amount, and payable upon the schedule, provided in the Annual Contract between UMB and UMMS. The payment compensates UMB for the services of two police officers, 24 hours per day, 7 days per week, and associated supervisory and administrative costs. This payment will cover the cost of salaries and fringe benefits of the officers required to staff two positions on a 24/7 basis. The payment also compensates UMB for one-half of the salary, supervision and administrative costs of the security officers UMB will employ to staff the agreed security patrols. The total number of security officers employed will not exceed thirty-three (33).

F. The UMB Police Department shall maintain records and issue reports to the UMMC Director of Security to include documentation of any:

1. Overtime paid to police officers involved in UMMC related arrests;
2. Court time for court appearances by police officers involved in UMMC related arrests; and
3. Copies of police reports concerning UMMC related arrests.

G. On a fee for service basis, total cost not to exceed $5,000 per year without the prior authorization of the UMMC Director of Security, the UMB Police Department will charge UMMC for services described in F.1 and F.2 above.
1. Bills for court time will be supported by documentation of the case, the subpoena issued to any UMB police officer whose court time is being charged, and a court clerk sign off evidencing the officer’s attendance in response to a subpoena.

2. Court time or overtime will be billed at UMB’s cost, taking into account shift differentials as applicable.

H. The UMB Police Department shall maintain records of services provided to the UMMC complex upon request of the BCPD in response to emergency or non-emergency calls. A copy of the records shall be provided to UMMC on a quarterly basis. The records shall include:

1. Number of BCPD calls for support for emergency service, and number of calls for support for non-emergency service

2. Nature of calls

3. Number of arrests

4. Number of persons arrested by sex and age

5. Number of noncriminal calls

6. Nature of assistance given

7. Location of reported incidents

8. Unit response time

9. Amount of time spent handling calls for service

I. The UMB Police Department will supply the UMMC Director of Security with detailed support documentation for any fee for service activity.

J. Unless otherwise provided by any section of the Annual Contract or the laws of Maryland applicable to UMMC or UMMS, (1) the Attorney General of Maryland, or a member of the Attorney General’s office, or counsel designated by the
Attorney General, shall appear in a civil action against a police officer or security officer to represent the officer, subject to the determination of the Attorney General that the officer is eligible for State representation as provided in the State Government Article, sections 12-304 to 12-310; and (2) the State of Maryland shall provide adequate funds for the satisfaction of any monetary award that has been rendered against a police officer or security officer in connection with a claim related to the officer's duties, subject to the requirements of the State Government Article, sections 12-401 to 12-406.

HUMAN RESOURCES:

UMB’s Office of Human Resources will coordinate a program of wellness services events to UMMC residents and advance practice nurses. UMMC will choose the services it wishes to offer and will pay UMB, or directly pay event providers, as may be agreed between the Office of Human Resources and UMMC. No wellness services event will be scheduled by UMB without the agreement of UMMC and receipt of UMMC’s agreement to pay the cost for the event.

UMB will report monthly survey evaluations to UMMC.

Administrative services of UMB for scheduling UMMC wellness services events with third party vendors, handling communications with vendors and enrollees, tracking attendance, administering surveys, and tracking metrics for the wellness services will be compensated by UMMC. The cost, one-half the salary and fringe benefits of an administrative staff person in Human Resources, is stated on Schedule 1.

UMMC will determine and notify UMB of any requested wellness services event at least three (3) months in advance of the planned date of the event. UMMC will provide an appropriate room for each scheduled wellness services event. UMMC may provide additional incentives to attendees (e.g., food). UMMC will collaborate with UMB on the design and production of communications materials related to the wellness services.

UMB will bill, and UMMC will pay to UMB, the costs incurred by UMB for vendors to provide wellness services events at UMMC. No vendor charge will be approved by UMB without the written consent of UMMC. Payments for wellness
services will be billed to UMMC within 30 days after the end of each quarter, and will be paid by UMMC within 45 days after the end of each quarter. UMMC will have the option of contracting directly with vendors, and paying vendors, for wellness services events. In some cases, a UMMC contract may be necessary to book an event. For example, if a vendor requires UMMC to insure an event, or UMMC seeks proof of a vendor’s insurance, a direct contract relationship between UMMC and the vendor may be necessary.
Exhibit C – F.Y. 2021
UMB Environmental Health and Safety (EHS) Services

UMB EHS provides services to UMMC in two major program areas. Radiation Safety Services are provided under the University of Maryland Baltimore (UMB) Broad Scope License and is managed by the UMB Radiation Safety Officer (RSO) with the assistance of several health physicists and support from the EHS Operations unit. The Hazardous Chemical Waste Management Program is managed by an EHS Assistant Director with support from the EHS Operations unit. Administrative support is provided for the dosimetry program and various recordkeeping and financial activities through the administrative support group at EHS. Program management for this agreement is provided by the Director of EHS.

A. Radiation Safety Services include the following:

1) Radiation Safety Officer (RSO). Provide the services of a qualified RSO as designated on the UMB Broad Scope License (#07-014-01-MD) and approved by the Maryland Department of the Environment. The RSO is responsible for the implementation of the radiation safety program in UMMC.

2) UMB Broad Scope License. Maintain the UMB Broad Scope License to enable the use of diagnostic and therapeutic radioactive materials and radiopharmaceuticals by established policy and procedures. This includes:
   a) Coordinate and participate in the biannual MDE radioactive materials inspection
   b) Conduct biannual increased controls inspection
   c) Provide support for Centers for Medicare and Medicaid Services (CMS) and Joint Commission inspections as needed
   d) Coordinate license amendments for new procedures
   e) Maintain Authorized Users’ status in Nuclear Medicine and Radiation Oncology physicians, Residents, Fellows, Medical Physicists, X-ray and Nuclear Medicine technologists and other professionals

3) Radiation Safety Committee. Administer a Radiation Safety Committee (RSC) to include physicians, hospital administration, ancillary personnel, and Authorized User members. This includes:
   a) Facilitate a quarterly RSC, Human Use Subcommittee (HUSC), and Radioactive Drug Research Committee (RDRC)
   b) Develop, coordinate, distribute, and edit meeting minutes along with applicable follow-up
   c) Develop and distribute quarterly and annual reports
d) Conduct procedure and policy review  
e) Conduct ALARA program review  
f) Provide necessary radiation safety compliance and safety support  

g) When determined to be necessary by the Radiation Safety Officer, use various bioassay methods to determine internal deposition of radioactive materials and resultant dose from absorption, ingestion, injection, or inhalation as a result of spills, accidental releases, or through certain therapeutic administrations of radioactive materials.
h) Provide monitoring in areas that have the potential to reach or exceed dose limitations as outlined in COMAR 26.12.01.01 Section D.301
i) Track individual, group, and overall exposure trends as determined to be necessary by UMB EHS
j) Administer the As-Low-As-Reasonably-Achievable (ALARA) exposure reduction program as required by COMAR 26.12.01.01 Part D

5) Radioactive Materials Receipt and Inventory Control. Maintain a Radioactive Materials Receipt and Inventory Control program covered under the UMB Broad Scope License in accordance with the license conditions and COMAR 26.12.01.01 Part A.4 and C.43 (g).

6) Shipping of Radioactive Materials. Provide packaging and transportation preparation assistance for off-site shipments in accordance with state and federal regulations for radioactive materials that were obtained under the UMB Broad Scope License.

7) Therapeutic Procedures. Provide health physics radiation safety services for therapeutic procedures using radioactive materials. Services include facility preparation, procedure monitoring, post-treatment contamination evaluation, site decontamination, and disposal of contaminated materials for the following:
   a) Iodine – 131 Abalation procedures. The support described above will be provided for up to 12 procedures in the contract period. Support for procedures in excess of 12 will be billed to UMMC at the rate of $1,000 per procedure.
   b) Yttrium - 90 Sirsphere and Therasphere procedures. The support described above will be provided for up to 150 procedures in the contract period. Support for procedures in excess of 150 will be billed to UMMC at the rate of $350 per procedure.
   c) Gliasite procedures. The support described above will be provided for up to 2 procedures in the contract period. Support for procedures in excess of 2 will be billed to UMMC at the rate of $350 per procedure.
   d) For support of radioactive materials procedures not named above, support will be billed to UMMC at the rate of $60$ per hour for technical staff and $100 hour for the radiation safety officer.

8) Sealed Sources. Conduct radiological and contamination monitoring, inventories, and area surveys for sealed radioactive sources used under the
UMB Broad Scope License in accordance with COMAR 26.12.01.01 Part C. 37, C.43 (g) and D.40.

9) Blood Bank Irradiator. Provide services for the Blood Bank irradiator including leak testing and inventory of the sealed sources, continuous area monitoring with dosimetry, periodic inspections, radiation level surveys, and radiation safety training for Blood Bank staff.

10) Inspections and Compliance. Administer an inspection and compliance program that includes the following:
   a) Conduct periodic audits of areas where radioactive materials are used under the UMB Broad Scope License to determine compliance with applicable license conditions and State regulations
   b) Provide recommendations, guidance, and oversight for the implementation of actions required to control radiation exposure to UMMC personnel that work in areas where radioactive materials are used under the UMB Broad Scope License

11) Training. Provide training in various applicable topics to personnel using radioactive material obtained under the UMB Broad Scope License as required by license conditions and COMAR 26.12.01.01 Part J.12 and G.310 and G.410.

12) Emergency Response. Provide 24-hour emergency response for radiation accidents/incidents at locations within UMMC where radioactive materials are used under the UMB Broad Scope License.
   a) During normal business hours (8:00 a.m. – 4 p.m. M-F), response time will be 90 minutes or less following notification.
   b) After regular EHS business hours, on weekends, and holidays, response time will be 4 hours or less.

13) Radiation Producing Machines. This program includes the following services:
   a) Conduct certification inspections, completion of associated paperwork, and follow-up inspections, as needed
   b) Conduct annual compliance testing to include, but not limited to, evaluation of compliance with COMAR 26.12.01.01 Section F
   c) Conduct other testing instances such as acceptance testing, inspections following repair or component changes, or other follow-up inspections as deemed necessary by EHS
   d) Provide consultation related to regulatory compliance and other radiation safety issues pertaining to radiation-producing machines
   e) Provide assessments of patients’ radiation dose
   f) Develop and submit paperwork to renew UMMC’s radiation-producing machine registrations, which are issued by MDE. Develop and submit paperwork to add units to and remove units from UMMC’s registrations
g) Develop and distribute a quarterly report for the Radiation Safety Committee
h) Conduct radiation safety audits to include notification of potential violations and suggestions for corrective actions to be taken by UMMC
i) Provide annual UMMC radiation safety training for UMMC employees
j) Provide Fluoroscopic Certification training for UMMC physicians using fluoroscopy
k) Upon request of UMMC, and subject to the availability of EHS resources, perform shielding design for radiation producing machines covered by this agreement.

14) Radioactive Waste Management. These services include:
   a) Provide technical assistance to UMMC personnel in the identification and management of radioactive waste generated under the UMB Broad Scope License
   b) Collect and process radioactive waste consigned to UMB for on-site disposal
   c) Review procedures and records for radioactive waste held for on-site decay by UMMC’s Nuclear Medicine Pharmacy
   d) Prepare radioactive waste for off-site disposal to include preparation of radioactive waste manifests
   e) The costs associated with analysis and actual disposal of radioactive materials is the responsibility of UMMC and will be billed quarterly

15) The University is responsible for research support. Human subjects protocol reviews and follow-up are excluded from these Radiation Safety Services.

B. Hazardous Chemical Waste Management. These services include the following:

1) Services will be provided for UMMC facilities covered under Hazardous Waste Generator Permit No. MDD150702553.
   a) Coordinate UMMC participation in a University System of Maryland contract for the disposal of chemical waste
   b) Provide technical assistance to UMMC personnel for the identification and proper handling and management of hazardous chemical waste
   c) Pick and up and movement of hazardous chemical waste from the point of generation to facilities designated for use by UMMC for the accumulation, processing, and temporary storage of hazardous chemical waste
   d) Prepare the Hazardous Waste Manifest (Form OMB No. 2050-0039) in accordance with 40 CFR 262.20 and the Land Disposal Restriction form in accordance with 40 CFR 268.7 for signature by UMMC personnel
   e) Prepare and submit the biennial report in accordance with 40 CFR 242.41 for signature by UMMC personnel.

2) The costs associated with analysis of hazardous chemical waste; materials, supplies, and services used in the analysis or disposal; or modifications to the
accumulation facilities which may be necessitated by the quantities or types of waste generated will be the responsibility of UMMC. The costs will be included in quarterly billing. The cost for disposal of hazardous chemical waste will be the responsibility of UMMC and will be paid directly to the successful vendor of the contract awarded in B(1)(a).

3) In order for both parties to be in compliance with applicable laws, regulations, and standards for the management of hazardous chemical waste, the Medical System Corporation will:
   a) If classified as a large quantity generator, write a contingency plan in accordance with 40 CFR 264 Subpart D and 40 CFR 265 Subpart D (can be combined with the Emergency Action/Fire Prevention Plan required by 29 CFR 1910.132)
   b) Train UMMC hazardous waste personnel per COMAR 26.13.05.02 and 49 CFR 172 Subpart H
   c) Store hazardous waste at the point of generation per 40 CFR 265.170-178
   d) Hazardous waste storage facilities shall meet NFPA and IBC code requirements as well as the requirements in 40 CFR 265.1100

4) UMMC management is responsible for taking corrective actions in a timely fashion to ensure compliance with all aspects of this program based upon written recommendations from UMB EHS.

C. Contingencies
   It is recognized by both parties that additional services may be needed during the contract term. These services may be an expansion of the type or number of existing services, or may be new services. UMB EHS has typically been able to manage these unrecognized services without additional cost through careful evaluation of priorities, the efficiency and productivity of EHS personnel, and in some instances, temporarily assigning EHS personnel from other areas to assist.

   If during the contract term, UMB EHS is asked by UMMC to provide additional or new services, or UMB EHS identifies the need for a significant expansion of services to maintain compliance with the UMB Broad Scope License requirements and conditions that cannot be effectively managed by existing resources, UMMC management will be consulted regarding the need to increase the cost of the contract or direct bill for external contracted services. Examples may include extensive planning and radiation safety staff support for a new type of radiation therapy, extensive auditing and procedure review for a compliance inspection, or request for services for a new building or expansion of the existing facility.
5/2020  
Sk1FY2021  

**SCHEDULE 1 - F.Y. 2021**  
**PAYMENT TO UMB**  
**FOR ADMINISTRATIVE SERVICES**

<table>
<thead>
<tr>
<th>Administrative Services (Exhibit B)</th>
<th></th>
</tr>
</thead>
</table>
| Facilities Management  
(Operations and Maintenance) | $ 18,555 |
| Public Safety  
  Security Officer Force | $ 760,644 |
|  Police Officers | $ 1,199,520 |
| Human Resources (Wellness Program) | $ 11,541 |
| **Subtotal** | $ 1,990,260 |
| Environmental Health and Safety  
(Exhibit C) | $ 588,213 |
| **TOTAL** | $ 2,578,473 |
### SCHEDULE 2A - FY 2021
SCHOOL OF MEDICINE FACULTY SERVICES
BASE PAYMENTS FROM UNIVERSITY OF MD MEDICAL CENTER

<table>
<thead>
<tr>
<th>Department</th>
<th>Base Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>$12,671,448</td>
</tr>
<tr>
<td>Critical Care</td>
<td>2,495,733</td>
</tr>
<tr>
<td>Dermatology</td>
<td>171,318</td>
</tr>
<tr>
<td>Diagnostic Radiology</td>
<td>5,707,886</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>4,290,198</td>
</tr>
<tr>
<td>Family Medicine</td>
<td>408,170</td>
</tr>
<tr>
<td>Infection Control / Epidemiology</td>
<td>329,424</td>
</tr>
<tr>
<td>Medicine</td>
<td>5,531,212</td>
</tr>
<tr>
<td>Neurology</td>
<td>1,493,396</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>723,485</td>
</tr>
<tr>
<td>OB/Gyn</td>
<td>4,966,019</td>
</tr>
<tr>
<td>Oncology</td>
<td>2,173,765</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>493,487</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>2,639,788</td>
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<tr>
<td>Otorhinolaryngology</td>
<td>885,306</td>
</tr>
<tr>
<td>Pathology</td>
<td>2,979,124</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>6,692,919</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>5,062,591</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>1,984,700</td>
</tr>
<tr>
<td>Shock Trauma</td>
<td>10,150,605</td>
</tr>
<tr>
<td>Surgery</td>
<td>7,998,239</td>
</tr>
<tr>
<td><strong>Total Salary</strong></td>
<td><strong>79,848,814</strong></td>
</tr>
<tr>
<td>Fringe Benefits Estimated at 25.10%</td>
<td><strong>20,042,052</strong></td>
</tr>
<tr>
<td><strong>Total Salary plus Fringes</strong></td>
<td><strong>$99,890,866</strong></td>
</tr>
<tr>
<td>Less: Turnover Savings</td>
<td>(1,500,000)</td>
</tr>
<tr>
<td><strong>Total Salary &amp; Fringe Net of Turnover</strong></td>
<td><strong>$98,390,866</strong></td>
</tr>
</tbody>
</table>

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2020. The projected cost amount will be amended during the year as the recruitment of new budgeted positions occur as provided for in the annual contract.

Turnover expectancy is the projected amount for fiscal year 2021. In the event that the turnover expectancy amount is under-achieved, the Medical System will pay 50% of the difference not to exceed $500,000 as provided in the annual contract.
<table>
<thead>
<tr>
<th>Department</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Critical Care</td>
<td>1,014,075</td>
<td>963,371</td>
<td>915,203</td>
<td>869,443</td>
</tr>
<tr>
<td>Dermatology</td>
<td>90,509</td>
<td>85,984</td>
<td>81,684</td>
<td>77,600</td>
</tr>
<tr>
<td>Diagnostic Radiology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Family Medicine</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Infection Control / Epidemiology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medicine</td>
<td>11,149,824</td>
<td>10,592,333</td>
<td>10,062,716</td>
<td>9,559,580</td>
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<tr>
<td>Neurology</td>
<td>733,834</td>
<td>697,142</td>
<td>662,285</td>
<td>629,171</td>
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<tr>
<td>Neurosurgery</td>
<td>3,473,060</td>
<td>3,299,407</td>
<td>3,134,436</td>
<td>2,977,715</td>
</tr>
<tr>
<td>Ob/Gyn</td>
<td>852,452</td>
<td>809,829</td>
<td>769,338</td>
<td>730,871</td>
</tr>
<tr>
<td>Oncology</td>
<td>403,627</td>
<td>383,446</td>
<td>364,273</td>
<td>346,060</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>1,573,579</td>
<td>1,494,900</td>
<td>1,420,155</td>
<td>1,349,147</td>
</tr>
<tr>
<td>Otorhinolaryngology</td>
<td>947,432</td>
<td>900,061</td>
<td>855,058</td>
<td>812,305</td>
</tr>
<tr>
<td>Pathology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>3,125,608</td>
<td>2,969,327</td>
<td>2,820,861</td>
<td>2,679,818</td>
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<tr>
<td>Psychiatry</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shock Trauma</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surgery</td>
<td>6,327,707</td>
<td>6,011,322</td>
<td>5,710,756</td>
<td>5,425,218</td>
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<tr>
<td><strong>Total Salary</strong></td>
<td><strong>$ 29,691,707</strong></td>
<td><strong>$ 28,207,121</strong></td>
<td><strong>$ 26,796,765</strong></td>
<td><strong>$ 25,456,927</strong></td>
</tr>
<tr>
<td>Fringe Benefits Estimated at 25.10%</td>
<td>7,452,618</td>
<td>7,079,987</td>
<td>6,725,988</td>
<td>6,389,689</td>
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<tr>
<td><strong>Total Salary plus Fringes</strong></td>
<td><strong>$ 37,144,325</strong></td>
<td><strong>$ 35,287,108</strong></td>
<td><strong>$ 33,522,753</strong></td>
<td><strong>$ 31,846,616</strong></td>
</tr>
</tbody>
</table>

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2020. The projected cost amount will be amended during the year as the recruitment of new budgeted positions occur as provided for in the annual contract.

Physician Service Contract (PSC) seed funding for fiscal year 2021 represents development funding as agreed by UMMC and UMSOM for each Department. Where specific three-year seed funding commitments exist, the seed support has been outlined for fiscal years 2021 through 2024. This schedule reflects agreements of the parties as of the date of the schedule. The commitments outlined on this schedule are not intended to limit additional commitments that will be negotiated between the parties, as appropriate. This schedule does not supersede or replace UMMC commitments for other spending provided to Chairs and Chiefs of Service.

Fiscal year 2021 through fiscal year 2024 seed support outlined assumes a stable operating and reimbursement environment for Maryland hospitals. Should unforeseen circumstances arise in the future that have a negative effect on UMMC's operating performance, continuation of this support, as well as relevant services provided, would, if necessary, be re-evaluated mutually. In the event that seed support is discontinued before the expiration of the three-year seed funding period, UMMC will provide UMSOM with written notice at least one month before UMSOM notification requirements for non-renewal of faculty appointments.
## SCHEDULE 2C - FY 2021
### SCHOOL OF MEDICINE FACULTY SERVICES
#### BASE PAYMENTS FROM UNIVERSITY OF MD, MIDTOWN

<table>
<thead>
<tr>
<th>Department</th>
<th>PSC: Total Base Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>$1,490,949</td>
</tr>
<tr>
<td>Critical Care</td>
<td></td>
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<tr>
<td>Dermatology</td>
<td></td>
</tr>
<tr>
<td>Diagnostic Radiology</td>
<td></td>
</tr>
<tr>
<td>Emergency Room</td>
<td>2,229,213</td>
</tr>
<tr>
<td>Family Medicine</td>
<td></td>
</tr>
<tr>
<td>Infection Control / Epidemiology</td>
<td>43,358</td>
</tr>
<tr>
<td>Medicine</td>
<td>6,722,463</td>
</tr>
<tr>
<td>Neurology</td>
<td>322,266</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td></td>
</tr>
<tr>
<td>OB/Gyn</td>
<td></td>
</tr>
<tr>
<td>Oncology</td>
<td></td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>1,204,088</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>1,056,346</td>
</tr>
<tr>
<td>Otorhinolaryngology</td>
<td>211,831</td>
</tr>
<tr>
<td>Pathology</td>
<td>136,073</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>21,575</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>1,723,381</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td></td>
</tr>
<tr>
<td>Shock Trauma</td>
<td></td>
</tr>
<tr>
<td>Surgery</td>
<td>426,990</td>
</tr>
<tr>
<td><strong>Total Salary</strong></td>
<td><strong>15,588,535</strong></td>
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<tr>
<td>Fringe Benefits Estimated at 25.10%</td>
<td>3,912,722</td>
</tr>
<tr>
<td><strong>Total Salary plus Fringes</strong></td>
<td><strong>$19,501,257</strong></td>
</tr>
</tbody>
</table>

Projected cost excludes new budgeted positions not yet recruited/filled as of May 2020. The projected cost amount will be amended during the year as the recruitment of new budgeted positions occur as provided for in the annual contract.
## PAYMENTS FROM MEDICAL SYSTEM CORPORATION TO SCHOOL OF PHARMACY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>$512,504</td>
</tr>
<tr>
<td>Staff</td>
<td>598,320</td>
</tr>
<tr>
<td>Residents</td>
<td>170,200</td>
</tr>
<tr>
<td>Fringe Benefits @25.1% (faculty), 38.2% (staff), 19.2% (resident)</td>
<td>389,875</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$1,670,899</strong></td>
</tr>
<tr>
<td>Operating Expense – General Operating Residents</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,673,899</strong></td>
</tr>
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SCHEDULE 4 - F.Y. 2021
DENTAL SCHOOL FACULTY SERVICES
PAYMENTS FROM MEDICAL SYSTEM CORPORATION

<table>
<thead>
<tr>
<th>Department</th>
<th>Payment</th>
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</thead>
<tbody>
<tr>
<td>Dental School - UMMS</td>
<td>$470,490</td>
</tr>
<tr>
<td>Fringe Benefits @ 25.1%</td>
<td>118,093</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$588,583</strong></td>
</tr>
</tbody>
</table>
SCHEDULE 5 - F.Y. 2021
COMPENSATION FOR SPACE USAGE
WITHIN OTHER PARTY'S FACILITIES

Net owed to Medical System Corporation by UMB: $1,157,304
<table>
<thead>
<tr>
<th></th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>36 S. Paca Street, LLC</td>
</tr>
<tr>
<td>2.</td>
<td>CMROC, LLC</td>
</tr>
<tr>
<td>3.</td>
<td>Dimensions Assurance Limited</td>
</tr>
<tr>
<td>4.</td>
<td>Dimensions Health Corporation</td>
</tr>
<tr>
<td>5.</td>
<td>James Lawrence Kernan Hospital Endowment Fund, Inc.</td>
</tr>
<tr>
<td>6.</td>
<td>James Lawrence Kernan Hospital, Inc.</td>
</tr>
<tr>
<td>7.</td>
<td>MD Medicine Comprehensive Ins. Program</td>
</tr>
<tr>
<td>8.</td>
<td>Mt Washington Pediatric Hospital, Inc.</td>
</tr>
<tr>
<td>9.</td>
<td>Terrapin Insurance Company</td>
</tr>
<tr>
<td>10.</td>
<td>UM Capital Region Health, Inc.</td>
</tr>
<tr>
<td>11.</td>
<td>UMMC I, LLC</td>
</tr>
<tr>
<td>12.</td>
<td>UMRMC I, Inc.</td>
</tr>
<tr>
<td>13.</td>
<td>UMRMC, LLC</td>
</tr>
<tr>
<td>14.</td>
<td>UMSJ Health System, LLC</td>
</tr>
<tr>
<td>16.</td>
<td>University of Maryland Care Transformation Organization, LLC</td>
</tr>
<tr>
<td>17.</td>
<td>University of Maryland Charles Regional Health, Inc.</td>
</tr>
<tr>
<td>18.</td>
<td>University of Maryland Ecare, LLC</td>
</tr>
<tr>
<td>19.</td>
<td>University of Maryland Health Ventures, LLC</td>
</tr>
<tr>
<td>20.</td>
<td>University of Maryland Medical Center, LLC</td>
</tr>
<tr>
<td>21.</td>
<td>University of Maryland Medical System Foundation, Inc.</td>
</tr>
<tr>
<td>22.</td>
<td>University of Maryland Medicine ASC, LLC</td>
</tr>
<tr>
<td>23.</td>
<td>University of Maryland Midtown Health, Inc.</td>
</tr>
<tr>
<td>24.</td>
<td>University of Maryland Quality Care Network, LLC</td>
</tr>
<tr>
<td>25.</td>
<td>University of Maryland Shore Regional Health, Inc.</td>
</tr>
<tr>
<td>26.</td>
<td>University of Maryland Upper Chesapeake Health System, Inc.</td>
</tr>
<tr>
<td>27.</td>
<td>UniversityCare, LLC</td>
</tr>
<tr>
<td>28.</td>
<td>UMMS Ambulatory Care, LLC</td>
</tr>
</tbody>
</table>
TOPIC: University of Maryland, Baltimore: Notice of Emergency Procurement

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: The University of Maryland, Baltimore (UMB), Institute for Genome Sciences (IGS), in response to the COVID-19 Pandemic, is preparing to conduct testing for the COVID-19 virus. In order to conduct this testing, 5,000 Allplex 2019-nCoV Assays kits were purchased as an emergency procurement. The Allplex™ 2019-nCoV Assay is an in vitro diagnostic (IVD) real-time reverse transcriptase polymerase chain reaction (RT-PCR) test intended for the qualitative detection of SARS-CoV-2 viral nucleic acids in human nasopharyngeal swab, oropharyngeal swab, anterior nasal swab, midturbinate and sputum specimens from individuals who are suspected of COVID-19 by their health care provider. This assay can only be purchased from Seegene Technologies, Inc. Therefore, this requirement was procured as a sole source. The assay is designed and certified to be completed with BioRad CFX series qPCR instruments. These instruments are in use at IGS.

The value of this contract is $5,500,000.

This report of emergency procurement is made pursuant to Board of Regents Policy VIII-3.10.

VENDOR(S): Seegene Technologies, Inc, Gaithersburg, MD: Dr. Jong-Yoon Chun, CEO

ALTERNATIVE(S): N/A This item is for informational purposes.

FISCAL IMPACT: A price analysis was conducted to determine that the price was fair and reasonable. The list price for the assay kit is $1,500. UMB’s price of $1,100 is less than the list price. It is also less than the $1,488 price charged to a local company.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee report this emergency procurement to the Board of Regents.

________________________________________________________________________

COMMITTEE RECOMMENDATION: 
DATE: 

BOARD ACTIONS: 
DATE: 

SUBMITTED BY: Ellen Herbst (301) 445-1923
TOPIC: FY 2021 System Funded Construction Program Request

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: This is a request for approval of the FY 2021 System Funded Construction Program in the amount of $77,913,000 that is the first year of the proposed FY 2021-2025 System Funded Construction Program of $457,269,000, as indicated in the attachment. The USM Auxiliary Bond portion of the total is $72,493,000 for FY2021 and a five-year total of $362,949,000. Other than those already approved by the Board, are no requests recommended for private financing this cycle, though that decision will be revisited if circumstances change.

The request includes projects proposed for planning, construction and/or equipment funding in FY2021. Board approval is for the single, asking-year budget, but a full five-year plan is required by Board policy. The plan outlines the intended progression of each project over time and puts the current year’s allocation, for the Board’s information, in context with any remaining phases of funding. Some recommendations in the SFCP may be conditional upon satisfactory completion of other projects or activities. These are noted in the attachment or will be part of concurrent discussion with the Board.

As noted above, most projects are recommended for funding through external borrowing in whole or in part. Approval is being requested concurrently and/or at a later date for borrowing authority for those specific projects. There may be changes at that time as a result of timing, cost, fee change implications, or other considerations. Each project is a part of an institutional program that will produce the revenue required for repaying the debt.

ALTERNATIVE(S): Each project can be reviewed separately and accepted, modified, or rejected. The institutional requirement and financial viability for each project were evaluated separately.

FISCAL IMPACT: The impact of the program focuses on the effect of each project on the institution’s operating budget and varies with the plan for setting the charges required to repay the debt.

CHANCELLOR’S RECOMMENDATION: That the Committee on Finance recommend that the Board of Regents approve the FY 2021 System Funded Construction Program request with the conditions listed herein (and within the attached materials) and authorize the Chancellor to make appropriate changes consistent with existing Board policies and guidelines. Any such changes will be reported to the Committee on Finance.

COMMITTEE RECOMMENDATION: DATE:

BOARD ACTION: DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923
### SFCP: FOR BOARD APPROVAL

**BOARD OF REGENTS FY2021-2025 SYSTEM FUNDED CONSTRUCTION PROGRAM (SFCP) -- \$'000'S**

**Revised 5-18-20**
Changes made in response to presidents letters shown in red

**INST'N PROJECTS**

<table>
<thead>
<tr>
<th>UMB</th>
<th>New Garage</th>
<th>20,000</th>
<th>PC</th>
<th>10,000</th>
<th>PCE</th>
<th>30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMCP</td>
<td>New Residence Halls (See Cash Below)</td>
<td>93,000</td>
<td>PCE</td>
<td>4,000</td>
<td>CE</td>
<td>97,000</td>
</tr>
<tr>
<td>UMCP</td>
<td>Replacement Dining Hall (See Cash Below)</td>
<td>16,000</td>
<td>PC</td>
<td>9,780</td>
<td>CE</td>
<td>25,780</td>
</tr>
<tr>
<td>UMCP</td>
<td>High Rise Residence Halls Renovation Phased</td>
<td>86,580</td>
<td>PCE</td>
<td>0</td>
<td>8,760</td>
<td>PC</td>
</tr>
<tr>
<td>UMCP</td>
<td>South Campus Recreation Center</td>
<td>9,000</td>
<td>PC</td>
<td>16,000</td>
<td>C</td>
<td>25,000</td>
</tr>
<tr>
<td>UMCP</td>
<td>New Dining Hall (in support of 1,500 bed/PPP dorm)</td>
<td>10,600</td>
<td>PC</td>
<td>19,400</td>
<td>PC</td>
<td>10,600</td>
</tr>
<tr>
<td>TU</td>
<td>Union Addition/Renovation</td>
<td>25,100</td>
<td>PC</td>
<td>14,940</td>
<td>CE</td>
<td>39,040</td>
</tr>
<tr>
<td>UMCP</td>
<td>Replacement Dining Hall (See Bonds Above)</td>
<td>30,350</td>
<td>PCE</td>
<td>620</td>
<td>CE</td>
<td>30,970</td>
</tr>
<tr>
<td>UMES</td>
<td>Nuttle Hall Residence Renovation (pending housing study)</td>
<td>800</td>
<td>P</td>
<td>9,200</td>
<td>C</td>
<td>10,800</td>
</tr>
<tr>
<td>FSU</td>
<td>New Residence Hall (431 beds) (See Cash Below)</td>
<td>36,250</td>
<td>C</td>
<td>36,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSU</td>
<td>Five Dorm Renovation</td>
<td>13,400</td>
<td>PC</td>
<td>1,000</td>
<td>C</td>
<td>14,400</td>
</tr>
<tr>
<td>UMES</td>
<td>Nuttle Hall Residence Renovation (pending housing study)</td>
<td>9,900</td>
<td>PC</td>
<td>13,100</td>
<td>CE</td>
<td>23,000</td>
</tr>
</tbody>
</table>

Subtotal: USM Bonds/Direct Debt RECOMMENDED  
72,493  
39,580  
114,686  
76,330  
69,860  
362,949  

**FIVE YEAR SUBTOTAL BONDS (USM DEBT)**  

<table>
<thead>
<tr>
<th>Cash or Institutional Funding</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMB</td>
<td>MSTF Emergency Generator and Distribution System</td>
<td>7,000</td>
<td>PC</td>
<td>7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMCP</td>
<td>New Residence Halls (See Bonds Above)</td>
<td>18,400</td>
<td>CE</td>
<td>3,600</td>
<td>PC</td>
<td>22,300</td>
</tr>
<tr>
<td>UMCP</td>
<td>Replacement Dining Hall (See Bonds Above)</td>
<td>30,350</td>
<td>PCE</td>
<td>620</td>
<td>CE</td>
<td>30,970</td>
</tr>
<tr>
<td>UMCP</td>
<td>Campus Farm Upgrades (formerly Animal Sciences Pavilion)</td>
<td>3,700</td>
<td>PC</td>
<td>3,600</td>
<td>PC</td>
<td>8,600</td>
</tr>
<tr>
<td>TU</td>
<td>Union Addition/Renovation (See Bonds Above)</td>
<td>4,000</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TU</td>
<td>Glen Tower/Plaza Renovation (See Bonds Above)</td>
<td>4,400</td>
<td>PCE</td>
<td>4,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMES</td>
<td>Natural Gas Conversion and Last Mile Piping*</td>
<td>6,200</td>
<td>6,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSU</td>
<td>New Residence Hall (431 beds) (See Bonds Above)</td>
<td>6,645</td>
<td>P</td>
<td>6,645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SU</td>
<td>Student Recreation Center</td>
<td>2,500</td>
<td>0</td>
<td>1,500</td>
<td>PC</td>
<td>30,000</td>
</tr>
<tr>
<td>UMBC</td>
<td>Retriever Activities Center Renewal (See Bonds Above)</td>
<td>5,200</td>
<td>PC</td>
<td>5,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMBC</td>
<td>The Commons Renovation</td>
<td>990</td>
<td>PC</td>
<td>5,100</td>
<td>C</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Subtotal: USM Cash/Institutional Funds RECOMMENDED  
5,420  
10,300  
10,000  
38,600  
30,000  
94,320  

**FIVE YEAR SUBTOTAL CASH**  

<table>
<thead>
<tr>
<th>TOTAL SFCP PROGRAM (BONDS, CASH)</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>77,913</td>
<td>49,880</td>
<td>114,686</td>
<td>114,930</td>
<td>99,860</td>
<td>457,269</td>
<td></td>
</tr>
<tr>
<td>FIVE YEAR TOTAL BONDS, CASH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note regarding related actions:** The Board of Regents approved the following projects in separate actions during the twelve months since the approval of the last SFCP in June of 2019. Though not shown in these tables (above), the costs of these projects are already part of the cash affordability and debt calculations used in evaluating this year’s SFCP recommendation: a new housing project at Salisbury University (Nov 2019) and a new Health and Counseling Facility, our pilot “modular construction” project (Sept 2019). A Public/Private Partnership housing project was also approved at Bowie State University (Dec 2019).

In separate actions earlier this fiscal year: The Board also approved increases to the UMCP New Residence Halls project and the associated Replacement Dining Hall project (Nov 2019); as well as adding Towson's Glen Plaza Renovation work to the scope of the Glen Towers Renovation (Feb 2020). All of these are reflected in the budget costs listed in these tables (above).

**KEY:**  
A = Acquisition;  
P = Planning;  
C = Construction;  
CS = Construction Supplemental;  
E = Equipment  
*3.24.20 - Chancellor gave emergency approval for funding to include MD Energy Admin. Grant, USM/UMES Plant Funds, and capital Facilities Renewal, (ARBs).  

END OF SFCP RECOMMENDATIONS
<table>
<thead>
<tr>
<th>INST’N</th>
<th>PROJECTS</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>Total Project Cost '000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMCP</td>
<td>New Residence Hall (450 beds) Est. $68M</td>
<td>PPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>145,000</td>
</tr>
<tr>
<td>UMCP</td>
<td>New Residence Hall (1,500 beds) Est. $180M</td>
<td>PPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>210,000</td>
</tr>
<tr>
<td>UMCP</td>
<td>New Residence Hall (350 beds)</td>
<td>NEW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,800</td>
</tr>
<tr>
<td>BSU</td>
<td>New Residence Hall #2 (450 beds) Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td>TU</td>
<td>Phase V Housing (700 Beds and 400 parking spaces) Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13,500</td>
</tr>
<tr>
<td>TU</td>
<td>Phase VI Housing Lot 6 (380 beds) NEW</td>
<td>NEW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,050</td>
</tr>
<tr>
<td>CSU</td>
<td>New Residence Hall</td>
<td>NEW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,500</td>
</tr>
<tr>
<td>UMCP</td>
<td>New Residence Hall</td>
<td>Cash &amp;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,000</td>
</tr>
<tr>
<td>UMBC</td>
<td>New Residence Hall</td>
<td>Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
</tbody>
</table>

Subtotal: Requests for Housing Projects (still under review) | 355,000 | 16,500 | 52,950 | 99,050 | 116,415 |

| BOND REQUESTS STILL UNDER REVIEW (REQUIRING FURTHER CONSIDERATION): |
|---------------------------------------------------------------|--------|--------|--------|--------|--------|
| UMCP Parking Garage (3,000 spaces)                           | 33,000 | 33,000 |        |        | 99,000 |
| UMCP Renovate and Expand Annapolis Hall                      |        | 1,695  |        | 9,590  | 11,285 |
| UMCP Cecil Residence Hall Renovation                          | NEW    |        |        | 1,375  | 7,800  | 9,175  |
| BSU Convocation Center                                      | .      | 4,000  |        | 30,000 | 11,000 | 45,000 |
| UMBC Natatorium Renovations                                  |        | 760    |        | 8,240  | 9,000  |        |
| CSU New Student Center                                      | 5,349  | 30,487 |        | 30,488 | 12,950 | 79,274 |
| SU New Parking Garage                                       | NEW    |        |        | 2,000  |        | 2,000  |
| SU Guerrieri Student Union Renovation                        | NEW    |        |        | 2,500  |        | 2,500  |

Subtotal: Bond Requests Still Under Review | 0 | C | 42,349 | 62,942 | 93,693 | 25,250 |

| CASH REQUESTS STILL UNDER REVIEW (REQUIRING FURTHER CONSIDERATION): |
|---------------------------------------------------------------|--------|--------|--------|--------|
| None                                                          |        |        |        |        |

Subtotal

<table>
<thead>
<tr>
<th>ENERGY PERFORMANCE CONTRACTS (For Information Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMCP Energy Upgrades in Multiple Buildings</td>
</tr>
</tbody>
</table>

Subtotal: 22,000

KEY: A = Acquisition; P = Planning; C = Construction; CS = Construction Supplemental; E = Equipment

* Note: Potential Public/Private Partnership projects are typically brought to the Board individually for consideration. Other housing requests will be evaluated for the potential to leverage private funding.
TOPIC: University System of Maryland: Forty-Second Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: The Board of Regents has previously adopted forty-one bond resolutions, with amendments, authorizing the issuance of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The proposed Resolution authorizes the issuance of Revenue Bonds to finance $104,493,000 of academic and auxiliary facilities projects.

The Auxiliary Facilities Projects submitted in this Forty-Second Bond Resolution may be subject to adjustments in order to align it with the FY 2021 System Funded Construction Program Request to be adopted by the Full Board on June 19, 2020. Any changes to this Resolution will be reported to the Committee on Finance. The total amount of bonds authorized will not exceed $104,493,000.

Academic Facilities Projects
- University of Maryland, College Park: Infrastructure Project
- University of Maryland, Eastern Shore: Flood Mitigation
- Frostburg State University: Education and Health Sciences
- System-wide Capital Facilities Renewal: $12,000,000

Auxiliary Facilities Projects
- Towson University: Union Addition/Renovation $25,100,000
- Towson University: Glen Towers Addition and Renovation $20,513,000
- University of Maryland, College Park: Two New Residence Halls $4,000,000
- University of Maryland, College Park: North Campus Dining Hall Replacement $1,000,000
- University of Maryland, College Park: High Rise Residence Halls Renovation $8,780,000
  - This funding may be reallocated to the North Campus Dining Hall Replacement
- University of Maryland Baltimore County: Retriever Activities Center Renewal $13,100,000

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The projects may be delayed without this authorization.

FISCAL IMPACT: Issuance of $104,493,000 of bonds would result in debt service of approximately $8.3 million per year for 20 years at the offered coupon rate of 5.0%.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the Forty-Second Bond Resolution.

COMMITTEE RECOMMENDATION: Date:

BOARD ACTION: Date:

SUBMITTED BY: Ellen Herbst (301) 445-1923

42nd bond resolution
FORTY-SECOND BOND RESOLUTION

OF THE BOARD OF REGENTS OF THE

UNIVERSITY SYSTEM OF MARYLAND

AUTHORIZING THE ISSUANCE AND SALE OF UP TO

$104,493,000 UNIVERSITY SYSTEM OF MARYLAND

AUXILIARY FACILITY AND TUITION

REVENUE BONDS
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FORTY-SECOND BOND RESOLUTION
OF THE BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF MARYLAND
AUTHORIZING THE ISSUANCE AND SALE OF UP TO
$104,493,000 UNIVERSITY SYSTEM OF MARYLAND
AUXILIARY FACILITY AND TUITION
REVENUE BONDS

RECITALS

WHEREAS, pursuant to Title 19 of the Education Article of the Annotated Code of Maryland (as the same may be amended or supplemented from time to time, “Title 19”), the University System of Maryland (the “System”) is authorized to issue bonds for the purpose of financing or refinancing all or any part of the costs of the acquisition, construction, reconstruction, equipment, maintenance, repair, renovation and operation of one or more “projects,” as such term is defined in Title 19, of the System;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted May 3, 1989, the System approved the Original Indenture (as hereinafter defined) providing for the issuance of one or more series of bonds from time to time for the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted June 14, 1995, the System approved the Supplemental Indenture (as hereinafter defined) supplementing and amending the Original Indenture in furtherance of the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, the System desires to issue and sell up to $104,493,000 aggregate principal amount of its University System of Maryland Auxiliary Facility and Tuition Revenue Bonds on one or more Issuance Dates (as hereinafter defined) in one or more series from time to time, subject to the terms and conditions of this Forty-Second Bond Resolution (as amended or supplemented from time to time, this “Resolution” or “Forty-Second Bond Resolution”) and the Indenture (as hereinafter defined) and secured by and payable from the Trust Estate pledged under the Indenture;
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined in the Indenture. Except as provided in Section 1.02, all initially capitalized terms contained in the Indenture when used in this Resolution shall have the same meaning herein as set forth in the Indenture.

Section 1.02. Additional Definitions. In addition to the words and terms defined in the Indenture and elsewhere defined herein, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

“Academic Facilities Projects” means, collectively, those projects constituting “academic facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Accreted Amount” means the principal amount of any Capital Appreciation Bond as of the date of delivery, plus accrued interest (including compounded interest to the immediately preceding Interest Payment Date), if any.

“Arbitrage Compliance Agreement” means each Arbitrage Compliance Agreement (if any) or such other arbitrage or tax certification respecting payment of arbitrage rebate executed with respect to the Forty-second Resolution Bonds issued on any Issuance Date.

“Authorized Denomination” means $5,000 or any integral multiple thereof, or such greater amount or multiple as may be set forth in a System Order.

“Auxiliary Facilities Projects” means, collectively, the projects constituting “auxiliary facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Bond Resolution(s)” means each and all of the Resolutions of the Board which authorize the issuance of Bonds.

“Bonds” has the meaning given that term in the Indenture.

“Capital Appreciation Bonds” are described in Section 2.02 of this Resolution.

“Current Interest Bonds” are described in Section 2.02 of this Resolution.
“Escrow Deposit Agreement” means each agreement by and between the System and the Trustee executed and delivered in accordance with Section 2.07 of this Resolution.

“Fixed Rate Bond” means a Forty-second Resolution Bond bearing interest at a rate which is fixed to the maturity of such Forty-second Resolution Bond.

“Forty-Second Resolution Bonds” means the Bonds of the System authorized by this Resolution.

“Forty-Second Resolution Rebate Fund” means the fund established pursuant to Section 6.01 of this Resolution and Section 7.01 of the Indenture.

“Indenture” means the Original Indenture, as supplemented and amended by the Supplemental Indenture and as further amended or supplemented from time to time.

“Interest Payment Date” means April 1 and October 1 of each calendar year or such other date or dates as may be prescribed in a System Order and for any Forty-Second Resolution Bond paid in full, the date of payment in full of such Forty-Second Resolution Bond.

“Issuance Date” means each date on which all or any portion of the Forty-Second Resolution Bonds are exchanged for the purchase price thereof.

“Liquidity Facility” means a Credit Facility which shall provide for the payment of the purchase price of Variable Rate Bonds tendered by the holders thereof for purchase as provided in a System Order regarding the issuance of such Variable Rate Bonds but shall not provide for the payment of the principal due on any such Variable Rate Bond at maturity or earlier redemption.

“Liquidity Provider” means the Person who provides a Liquidity Facility.

“Mandatory Sinking Fund Payment” is defined in Section 3.01 of this Resolution.

“Original Indenture” means the Indenture of Trust, dated as of May 1, 1989, by and between the System and the Trustee as approved by the Board of Regents pursuant to the 1989 Series A Bond Resolution of the System adopted May 3, 1989.

“Projects” means, collectively, the Academic Facilities Projects, the Auxiliary Facilities Projects and any other projects for which the proceeds of the Forty-Second Resolution Bonds are authorized to be used.

“Record Date” means (a) with respect to Forty-Second Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer, the 15th day of the calendar month immediately preceding an Interest Payment Date, whether or not such day is a Business Day, and (b) with respect to all other Forty-Second Resolution Bonds, the Business Day immediately preceding an Interest
Payment Date.

“Refunding Bonds” means (i) Forty-Second Resolution Bonds of the System authorized by Section 2.06 of this Resolution or (ii) any Bonds issued under the authority of any other Bond Resolution to refund Bonds previously issued to finance any Project or to refund any prior issue of Bonds, including refunding Bonds.

“Sinking Fund Redemption Date” is defined in Section 3.01 of this Resolution.

“Supplemental Indenture” means the First Supplemental Indenture of Trust dated June 14, 1995, by and between the System and the Trustee, which Supplemental Indenture supplements and amends the Original Indenture.

“System Order” means the separate written order with respect to the Forty-Second Resolution Bonds issued on any Issuance Date executed by an Authorized System's Representative.

“Variable Rate Bond” means a Forty-Second Resolution Bond bearing interest at a rate which is not fixed to the maturity of such Forty-Second Resolution Bond.

ARTICLE II

FORTY-SECOND RESOLUTION BONDS

Section 2.01. Authorized Amount of Forty-Second Resolution Bonds; Designation and Series; Purpose; Security.

(a) In order to provide sufficient funds to carry out the purposes described in this Section 2.01, and according and subject to the terms, conditions and limitations established in the Indenture and this Resolution, Forty-Second Resolution Bonds in an aggregate principal amount not to exceed $104,493,000 are hereby authorized to be issued on one or more Issuance Dates from time to time as may be prescribed in a System Order regarding each issuance of Forty-Second Resolution Bonds, all of which shall be issued for the purposes of financing the Projects. The Forty-Second Resolution Bonds shall consist of Current Interest Bonds or Capital Appreciation Bonds or any combination thereof and may be issued from time to time on any Issuance Date. For the purposes of this Section 2.01, the principal amount of Capital Appreciation Bonds shall be the Accreted Amount as of the Issuance Date of such Capital Appreciation Bonds. Each System Order regarding each Issuance Date of the Forty-Second Resolution Bonds shall specify the aggregate principal amount of Forty-Second Resolution Bonds to be issued. In addition to the title “University System of Maryland Auxiliary Facility and Tuition Revenue Bonds,” each such System Order may prescribe or the Trustee may add to or incorporate into the general title or numerical designation of any Forty-Second Resolution Bonds, any words, figures or letters designed to distinguish Forty-Second Resolution Bonds issued on a particular Issuance Date from any other Forty-Second Resolution Bonds or any other series of Bonds issued on such Issuance Date.
(b) The proceeds from the issuance and sale of the Forty-Second Resolution Bonds shall be used for the purposes of financing or refinancing the cost of the Projects described in Section 2.04 hereof.

(c) The intended source of payment for the Forty-Second Resolution Bonds designated for Academic Facilities Projects shall be Tuition Revenues and the intended source of payment for the Forty-Second Resolution Bonds not designated for Academic Facilities Projects shall be Auxiliary Facilities Fees; provided, however, such intention as to source of payment shall in no way limit the lien of the Trust Estate or the right of the System to use any other source legally available for payment of any of the Forty-Second Resolution Bonds.

(d) The Forty-Second Resolution Bonds may, as determined by the Chancellor of the System or the Chief Operating Officer and Vice Chancellor for Administration and Finance of the System, be issued as “build America bonds” under the provisions of Section 54AA(d) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), or such provisions as may then be applicable, if then permitted under the Internal Revenue Code, with the intention that the interest payable on such Forty-Second Resolution Bonds will not be excludable from federal gross income by the owners thereof. If any Forty-Second Resolution Bonds are issued as “build America bonds”, the Chancellor of the System or the Chief Operating Officer and Vice Chancellor for Administration and Finance of the System may, in his or her discretion, elect on behalf of the System to issue such Forty-Second Resolution Bonds as either tax credit bonds or bonds eligible to receive a refundable credit with respect to a portion of the interest paid on the bonds from the United States Treasury under the provisions of Section 54AA and related provisions of the Internal Revenue Code, or such provisions as may then be applicable.

(e) The Forty-Second Resolution Bonds shall be secured as provided in the Indenture.

Section 2.02. General Terms of Forty-Second Resolution Bonds.

(a) The Forty-Second Resolution Bonds shall be dated as of the date or dates prescribed in a System Order.

(b) The Current Interest Bonds shall bear interest from their date, until paid, at the rate or rates set forth in, or determined in the manner provided in, a System Order (computed on the basis of (a) a 360-day year, composed of twelve 30-day months, in the case of Forty-Second Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer or (b) a 365- or 366-day year, as appropriate, for the number of days elapsed in the case of all other Forty-Second Resolution Bonds) payable on each Interest Payment Date, and shall mature on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than thirty-three (33) years from the Issuance Date of the applicable series of Forty-Second Resolution Bonds. Interest on the Capital Appreciation Bonds shall accrue from their date of delivery at the rate or rates and in accordance with the method set forth in a System Order, shall be compounded on April 1 and October 1 of each year or as set forth in a System Order and shall
be payable at maturity or earlier on any redemption date, or on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than thirty-three (33) years from the Issuance Date of the applicable series of Forty-Second Resolution Bonds.

(c) The Forty-Second Resolution Bonds shall be issuable as registered bonds without coupons in any Authorized Denomination. The Forty-Second Resolution Bonds initially shall be issued only in book entry form and an Authorized System's Representative is hereby authorized to enter into such agreements with a Depository as may be necessary or appropriate to issue the Forty-Second Resolution Bonds only in book entry form.

(d) The principal of and premium (if any) on the Current Interest Bonds and the principal of, and premium (if any) and interest due at maturity on, the Capital Appreciation Bonds shall be payable at the principal office or the principal corporate trust office of the Trustee, upon surrender of such Bonds at such principal office.

(e) Interest on the Current Interest Bonds shall be paid on each Interest Payment Date for the period from and including the immediately preceding Interest Payment Date for which interest has not theretofore been paid to but excluding the Interest Payment Date on which such payment is to be made. Subject to the terms of any agreement with a Depository and except as otherwise provided in a System Order, interest on the Current Interest Bonds shall be payable by check drawn upon the Trustee and mailed to the Persons in whose names such Current Interest Bonds are registered on the Bond Register as of the close of business on the Record Date immediately before the relevant Interest Payment Date; provided that the payment of interest on any such Current Interest Bonds in an aggregate principal amount equal to or greater than $1,000,000 registered in the name of one Bondholder may, at the option of such Bondholder, be paid on any Interest Payment Date by wire transfer in federal reserve funds to any bank in the United States of America specified by such Bondholder, upon receipt by the Trustee of written notice on or before the Record Date immediately prior to the first Interest Payment Date upon which such a wire transfer is to be made. If any Bondholder shall elect to receive payment of interest by wire transfer, such election shall remain effective for all subsequent Interest Payment Dates until written notice revoking such election is received by the Trustee on or before the Record Date immediately prior to the Interest Payment Date for which notice of revocation is to be effective.

(f) As provided in the Indenture, the obligation of the System to pay the principal of, and premium (if any) and interest on, the Forty-Second Resolution Bonds, shall be secured by and satisfied solely from the Trust Estate.

Section 2.03. Form of Forty-Second Resolution Bonds. The Forty-Second Resolution Bonds shall be in the form as may, consistent with the Indenture and this Resolution, be approved in a System Order, and shall be executed and delivered as provided in Section 2.09 of the Indenture. Execution of any Forty-Second Resolution Bonds consistent with Section 2.09 of the Indenture shall be conclusive evidence of the System’s approval thereof.
Section 2.04. Use of Proceeds; Projects Authorized. The following “academic facilities” and “auxiliary facilities” are hereby approved as projects, the costs of which may be paid from the proceeds from the issuance and sale of Bonds:

(a) up to $20,000,000 of the Forty-Second Resolution Bonds for the costs of the following constituting Academic Facilities Projects:

1. University of Maryland, College Park Campus (Prince George’s County)  
   Infrastructure Project
2. University of Maryland, Eastern Shore (Somerset County)  
   Flood Mitigation Project
3. Frostburg State University (Allegany County)  
   Education and Health Sciences

(b) up to $12,000,000 of the Forty-Second Resolution Bonds for the costs of those Capital Facilities Renewal Projects identified in the Capital Improvement Program approved by the Board for Fiscal Year 2021, as those Projects, from time to time, may be amended, modified, or supplemented by the Board.

(c) the following auxiliary facilities (the “Auxiliary Facilities Projects”) which are further identified and described in the System Funded Construction Program approved by the Board for Fiscal Year 2021, as those Projects, from time to time, may be amended, modified, or supplemented by the Board:

1. Towson University (Baltimore County)  
   (A) Union Addition/Renovation  
   (B) Glen Towers Addition and Renovation
2. University of Maryland, College Park (Prince George’s County)  
   (A) North Campus Dining Hall Replacement  
   (B) Two New Residence Halls  
   (C) High Rise Residence Halls Renovation: Phased
3. University of Maryland Baltimore County (Baltimore County)  
   Retriever Activities Center Renewal

In accordance with Section 102(d) of Title 19, and pursuant to Chapter 123 of the 2013 Laws of Maryland, each of the Academic Facilities Projects specified in subsection (a) and (b) above were approved by the Maryland General Assembly as a project for an academic facility. The aggregate amount of Bonds (of all series) designated for Academic Facilities Projects, as provided in Section 6.03 of the Indenture, shall not exceed the amounts specified in (a) and (b) above for the Academic Facilities Projects specified in such Sections.
Section 2.05. Deposit of Forty-Second Resolution Bond Proceeds. The System shall direct the payment of the net proceeds of the Forty-Second Resolution Bonds, in the following order:

(a) accrued interest, if any, on those Forty-Second Resolution Bonds that are Current Interest Bonds, from their dated date to but excluding the date of delivery thereof, shall be paid to the Trustee and deposited in the Interest Account of the Consolidated Bond Fund;

(b) proceeds of those Forty-Second Resolution Bonds designated as CBF Bonds which are Refunding Bonds shall be applied in accordance with Section 2.07 below; and

(c) proceeds of those Forty-Second Resolution Bonds designated as CBF Bonds which are not Refunding Bonds shall be deposited in the General Construction Fund, in such accounts as may be designated in a System Order.

Section 2.06. Refunding Bonds.

(a) Authority to Issue Refunding Bonds. In addition to the Forty-Second Resolution Bonds authorized pursuant to this Resolution, and pursuant to the authority provided in Section 19-108 of Title 19 and Section 2.07(c) of the Indenture, the System is authorized to issue from time to time on any Issuance Date, additional Forty-Second Resolution Bonds, as may be prescribed in a System Order, to refund any Forty-Second Resolution Bonds or any other Refunding Bond. The terms and provisions of Section 2.01(a), 2.02 and 2.03 of this Resolution shall govern the terms and provisions of any Refunding Bonds. Proceeds of any Forty-Second Resolution Bonds or any other Refunding Bonds may be used for the purpose of paying (i) the principal of, and premium (if any) and interest on any Forty-Second Resolution Bonds or any other Refunding Bonds previously issued under authority of this Forty-Second Bond Resolution or any other Bond Resolution, and (ii) any costs of issuance of such Forty-Second Resolution Bonds or any other Refunding Bonds.

(b) Allocation of Refunding Bonds. Any Refunding Bonds issued pursuant to the authority of this Forty-Second Bond Resolution shall be allocated to the Bond Resolution under which such Bonds to be refunded were originally issued without taking into account any premiums or discounts received in connection with the sale of such Bonds or the principal amount of such Refunding Bonds to be applied to pay the principal of, and premium (if any) and interest on any Bonds to be refunded or the costs of issuance of such Refunding Bonds.

Section 2.07. Escrow Deposit Agreements.

(a) On each Issuance Date of Refunding Bonds, the System and the Trustee shall execute and deliver an Escrow Deposit Agreement satisfying the requirements of this Section 2.07 and containing such other terms and conditions as the System may deem necessary or appropriate.

(b) Amounts held by the Trustee pursuant to an Escrow Deposit Agreement shall constitute part of the Trust Estate. If, and to the extent that, any Escrow Deposit Agreement
provides for the disbursement of amounts for the purpose of paying the principal of, and premium (if any) and interest on, Forty-Second Resolution Bonds being refunded, then such amounts shall not be deemed to be held by the Trustee for the benefit of the Refunding Bonds but only for the benefit of the Forty-Second Resolution Bonds being refunded, all at such times and with respect to such amounts as may be specified in such Escrow Deposit Agreement. Except as provided in the preceding sentence, or as may be provided in an Escrow Deposit Agreement, amounts held by the Trustee pursuant to such Escrow Deposit Agreement shall be held for the benefit of only the Refunding Bonds issued on such Issuance Date.

(c) The System, pursuant to an Escrow Deposit Agreement, is hereby authorized to require the Trustee to establish from time to time one or more additional funds, accounts or subaccounts under this Resolution.

(d) Amounts held pursuant to an Escrow Deposit Agreement shall be disbursed by the Trustee pursuant to the terms of such Escrow Deposit Agreement for the purpose of paying the principal of, and premium (if any) and interest on, Forty-Second Resolution Bonds being refunded and Refunding Bonds identified in such Escrow Deposit Agreement, on or prior to the maturity date thereof.

(e) A single Escrow Deposit Agreement may be executed in connection with the issuance of Refunding Bonds and other Bonds of the System, the proceeds of which are to be used to refund Outstanding Bonds under the Indenture.

Section 2.08. Consolidation of Bonds. Refunding Bonds (a) may be designated as CBF Bonds under the Indenture and (b) may be consolidated with, and issued together with, any other Bonds authorized to be issued under the Indenture. The proceeds of any Refunding Bonds may be consolidated and commingled with the proceeds of other Bonds issued to refund Outstanding Bonds under the Indenture as part of any Escrow Deposit Agreement that otherwise complies with Section 2.07 of this Resolution.

Section 2.09. Records for Academic Facilities and Auxiliary Facilities. The System shall maintain such books and records and shall make such allocations of the principal amount of Refunding Bonds and the payment of the principal of, and premium (if any) and interest on, such Refunding Bonds, as may be required from time to time in order to comply with the provisions of Section 19-102(e) of Title 19.

ARTICLE III

REDEMPTION OF FORTY-SECOND RESOLUTION BONDS

Section 3.01. Redemption Dates and Prices.

(a) The Forty-Second Resolution Bonds shall be subject to redemption, in whole or in part at any time, at the option of the System or on such date or dates and at such price or prices as may be set forth in a System Order. The principal value of any Capital Appreciation Bonds as of any date of redemption shall equal the Accreted Amount.
(b) The Current Interest Bonds or certain of such Current Interest Bonds shall be subject to mandatory redemption, on such date or dates as may be prescribed in a System Order (each such date being a “Sinking Fund Redemption Date”), in such principal amount or amounts and at such price or prices as may be prescribed in a System Order (each such amount being a “Mandatory Sinking Fund Payment”).

Section 3.02. Redemption Amounts.

(a) The System may reduce the amount of any Mandatory Sinking Fund Payment payable on any Sinking Fund Redemption Date by an amount equal to the principal amount of Current Interest Bonds subject to such Mandatory Sinking Fund Payment that shall be surrendered uncancelled by the System to the Trustee for such purpose not less than sixty (60) days prior to such Sinking Fund Redemption Date.

(b) In the case of any partial redemption of Current Interest Bonds at the option of the System, the System may select for redemption (i) any one or more subsequent maturities of Current Interest Bonds, and (ii) if any maturity of Current Interest Bonds is subject to Mandatory Sinking Fund Payment, any one or more subsequent Mandatory Sinking Fund Payments to be credited as being paid, provided that the System shall have delivered to the Trustee, not less than sixty (60) days before such maturity date or Sinking Fund Redemption Date (or such lesser period of time as the Trustee may allow), a System Request stating its election to redeem such Current Interest Bonds in such manner. In such case, the Trustee shall reduce the amount of Current Interest Bonds to be redeemed on the Sinking Fund Redemption Date specified in such System Request by the principal amount of Current Interest Bonds so purchased or redeemed. In the absence of any such direction, the Trustee shall reduce subsequent maturities and Mandatory Sinking Fund Payments proportionately, in increments of the minimum Authorized Denomination, to the extent reasonably practicable.

(c) Any credit given to any Mandatory Sinking Fund Payments shall not affect any remaining or subsequent Mandatory Sinking Fund Payments which shall remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions hereof.

(d) In the case of any partial redemption of Forty-Second Resolution Bonds, the particular Forty-Second Resolution Bonds or portions thereof to be redeemed shall be selected by the Trustee in proportion to the principal amount of Forty-Second Resolution Bonds then outstanding, to the maximum extent practicable, and in such manner as the Trustee shall deem fair and equitable; provided, however, that so long as the Forty-Second Resolution Bonds are registered in book-entry form with a Depository, the particular Forty-Second Resolution Bonds or portions thereof to be redeemed shall be selected by the Depository in such manner as the Depository shall determine. If any Forty-Second Resolution Bonds to be redeemed are selected by lot, such method shall be conclusively deemed fair and equitable. In the case of any partial redemption of Forty-Second Resolution Bonds, in selecting Forty-Second Resolution Bonds for redemption the Bond Registrar shall treat each Forty-Second Resolution Bond as representing that number of Forty-Second Resolution Bonds as is obtained by dividing the
principal amount of such Forty-Second Resolution Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of the minimum Authorized Denomination of face value represented by any Forty-Second Resolution Bond are to be redeemed, then upon notice of intention to effect such redemption, the Holder of such Forty-Second Resolution Bond shall forthwith surrender such Forty-Second Resolution Bond to the Trustee (i) for payment of the redemption price (including accrued interest thereon on the date fixed for redemption) of the portion thereof called for redemption and (ii) for exchange for Forty-Second Resolution Bonds in any Authorized Denomination or Denominations in the aggregate principal amount of the unredeemed portion of such Forty-Second Resolution Bond, which shall be issued to the Holder thereof without charge therefor. If the Holder of any such Forty-Second Resolution Bond to be redeemed in part shall fail to present such Forty-Second Resolution Bond to the Trustee for payment and exchange, as aforesaid, such Forty-Second Resolution Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of the minimum Authorized Denomination of principal amount called for redemption (and to that extent only).

ARTICLE IV

CONSOLIDATED BOND FUND; ADDITIONAL FUNDS

Section 4.01. Payments into Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.01(b) hereof, moneys transferred from the Revenue Fund in respect of the Forty-Second Resolution Bonds shall be deposited in the order and amount set forth in Section 5.02 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall establish such additional accounts within the Consolidated Bond Fund as shall be directed in a System Order relating to such Variable Rate Bonds. Moneys transferred from the Revenue Fund in respect of any Variable Rate Bonds may be deposited in any such additional accounts established within the Consolidated Bond Fund, and the amounts, times and order of priority of deposits to the Interest Account, the Principal Account and any such additional accounts established within the Consolidated Bond Fund with respect to such Variable Rate Bonds shall be as set forth in such System Order.

Section 4.02. Disbursements from Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.02(b) hereof, the Trustee is hereby authorized and directed to withdraw and disburse moneys in the Consolidated Bond Fund in the order and amount, and for the purposes, set forth in Section 5.03 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall be authorized and directed to withdraw and disburse moneys in the Principal Account, the Interest Account and any additional accounts established pursuant to Section 4.01(b) hereof within the Consolidated Bond Fund in the order and amounts, and for the purposes, set forth in the System Order relating to such Variable Rate Bonds.
Section 4.03. Establishment of Additional Funds or Accounts.

(a) In addition to any accounts established by the Trustee pursuant to Section 4.01(b) and 4.02(b) hereof, there may be established within the Consolidated Bond Fund, pursuant to the System Order regarding the issuance of any series of the Forty-Second Resolution Bonds or as requested by the Authorized System’s Representative, such additional trust accounts as shall be necessary or convenient in connection therewith and as shall be permitted pursuant to Section 5.01 of the Indenture. Deposits to and payments from such separate funds or accounts shall be as set forth in such System Order, subject in all events to the provisions of the Indenture.

ARTICLE V

GENERAL CONSTRUCTION FUND

Section 5.01. Deposit to General Construction Fund. Upon receipt by the Trustee of the moneys specified in Section 2.05(c) hereof, such moneys shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund, in such amounts as may be specified in a System Order.

Section 5.02. Deposit of Moneys Transferred from the Forty-Second Resolution Rebate Fund. Any moneys transferred from the Forty-Second Resolution Rebate Fund to the General Construction Fund shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account in such amounts as may be specified in a System Request.

Section 5.03. Disbursements

(a) Proceeds of the Forty-Second Resolution Bonds deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund shall be disbursed in accordance with the provisions of Section 6.03 of the Indenture for the Costs of the Projects.

(b) Upon completion of the Projects, any moneys remaining in the General Construction Fund (other than moneys retained to pay costs, expenses and interest not then due and payable) shall be transferred to the Excess Proceeds Account and shall be held and disbursed by the Trustee in accordance with Section 6.04 of the Indenture.

Section 5.04. Additions to and/or Deletions from the Academic Facilities Projects and the Auxiliary Facilities Projects to be Financed.

(a) The System, without the consent of the Trustee or the Holders of the Forty-Second Resolution Bonds, may from time to time amend Section 2.04 hereto to include as a Project any “academic facilities” as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of Forty-Second Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an
approving opinion of Bond Counsel, or to delete from Section 2.04 any Academic Facility Project listed therein; provided, however, that each item shall have been approved by the General Assembly of the State of Maryland pursuant to Section 19-102(d) of Title 19. In connection with any such amendment of Section 2.04, the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an academic facility.

(b) The System, without the consent of the Trustee or the Holders of the Forty-Second Resolution Bonds, may from time to time amend Section 2.04 hereto to include as an Auxiliary Facilities Project any other “auxiliary facilities,” as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of Forty-Second Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an approving opinion of Bond Counsel or to delete from Section 2.04 auxiliary facility projects listed therein to be acquired or constructed by the System and items of equipment to be acquired and installed by the System. In connection with any such amendment of Section 2.04 the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an auxiliary facility.

Section 5.05. Authorization for Use of Proceeds of Forty-Second Resolution Bonds for Other Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of the Forty-Second Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to prior Bond Resolutions and any Projects authorized pursuant to this Forty-Second Bond Resolution. In addition, the proceeds of the Forty-Second Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to subsequent Bond Resolutions without amending any other Bond Resolution and without the necessity of any amendment to this Forty-Second Bond Resolution or the consent of the Trustee or any Holder of the Forty-Second Resolution Bonds.

Section 5.06. Authorization for Use of Proceeds of Bonds from Prior Bond Resolutions for Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of any Bonds heretofore or hereafter issued under any prior Bond Resolutions and deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to this Forty-Second Bond Resolution.

ARTICLE VI

REBATE FUND

Section 6.01. Rebate Fund. The Trustee if directed shall establish such Rebate Fund in connection with the Forty-Second Resolution Bonds as shall be directed in a System Order relating to any such Forty-Second Resolution Bonds and as provided in the Indenture. To the extent not inconsistent with the provisions of the Indenture, such System Order may restrict such
Rebate Fund for use in connection with the Forty-Second Resolution Bonds or may permit the use of such Rebate Fund in connection with other series of Bonds hereafter issued under the Indenture. Deposits shall be made to, and disbursements may be made from, such Rebate Fund as provided in such System Order, to the extent not inconsistent with the provisions of the Indenture.

ARTICLE VII

ADDITIONAL PERMITTED INVESTMENTS

Section 7.01. Additional Permitted Investments. As permitted by clause (i) of the definition of Permitted Investments of the Indenture, the following are added as Permitted Investments for the investment of the proceeds of the Forty-Second Resolution Bonds and all Funds established by this Resolution:

(a) Repurchase, resale and other similar agreements with any person provided (i) such agreements are continuously collateralized with Government Obligations, (ii) the market value of the collateral is not less than one hundred two percent (102%) of the repurchase price (including interest), (iii) the Trustee or a third party acting as agent or custodian of the collateral solely for the Trustee has possession of the collateral, (iv) the collateral is free and clear of all liens and encumbrances, (v) the Trustee shall be entitled to liquidate the collateral if the requirement of subclauses (i) and (ii) are not continuously satisfied and (vi) the Trustee shall have a first priority perfected security interest in the collateral;

(b) Investment agreements, the provider of which is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) by two Rating Agencies; and

(c) Investment agreements issued by any provider:

   (i) that is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) of a Rating Agency, or

   (ii) whose obligations under such investment agreements are unconditionally guaranteed by parent entities or other third parties that are rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) from a Rating Agency, or
(iii) who satisfies the rating requirements of clause (i) or (ii) above and whose obligations under such investment agreements are collateralized by obligations described in clauses (a), (b), (d) or (e) under the definition of “Permitted Investments” in the Indenture or in clauses (a) or (b) above of this Article VII and which are delivered to the Trustee, or registered in the name of the Trustee, or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of such obligations collateralizing such investment agreements shall be maintained at a current market value (determined not more frequently than monthly) of not less than 102% of the aggregate amount of the obligations of such financial institution, insurance company or financial services firm;

provided, however, that any investment agreement, at the time it is entered into, must meet and comply with the requirements of clause (i), (ii) or (iii) above.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Supplemental Resolutions. The System may, without the consent of, or notice to, any of the Bondholders, enter into a resolution or resolutions supplemental hereto which shall not be inconsistent with the terms and provisions hereof, provided that, in the opinion of Counsel to the Trustee, the change effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders as permitted by Section 13.01 of the Indenture.

Section 8.02. Limitation of Rights. With the exception of the rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Forty-Second Resolution Bonds is intended or shall be construed to give to any Person other than the System, the Trustee and the Holders of the Forty-Second Resolution Bonds, any legal or equitable right, remedy or claim under or in respect to this Resolution or any agreements, conditions and provisions herein contained; this Resolution and all of the agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the System, the Trustee and the Holders of the Forty-Second Resolution Bonds as herein provided.

Section 8.03. Severability. If any provision of this Resolution shall be invalid, illegal or unenforceable because it conflicts with any constitution or statute or rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

Section 8.04. Immunity of Regents and Officers. No recourse for the payment of the principal of or premium (if any) or interest on, any Forty-Second Resolution Bond or for any claim based thereon or otherwise in respect thereof or of this Resolution shall be had against any member of the Board of Regents or officers or employees of the System whether past, present or
future, whether by virtue of any constitution, statute or rule of law, all such liability (if any) being hereby expressly waived and released as a condition of and in consideration of the issuance of the Forty-Second Resolution Bonds.

Section 8.05. Private Use of the Projects. The System covenants that it will not make, or (to the extent the System exercises control or direction) permit to be made, any use of the Projects, or any portion thereof, by any other Person, if such use would cause those Forty-Second Resolution Bonds to be “private activity bonds” within the meaning of Section 141 of the Code, unless the System and the Trustee receive an opinion of Bond Counsel to the effect that such use does not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Forty-Second Resolution Bonds, if any.

Section 8.06. Sale of Forty-Second Resolution Bonds. As permitted by Title 19, the Board of Regents hereby finds and determines that the best interests of the System will be served by selling each issuance of the Forty-Second Resolution Bonds at either a public competitive sale or a private (negotiated) sale as the Chancellor of the System deems to be in the best interest of the System at such prices, which may be at, above or below par, as the Chancellor of the System deems to be in the best interest of the System. In the event that two bidders offer to purchase an issue of the Forty-Second Resolution Bonds at the same lowest true interest cost at a public competitive sale, the Chancellor of the System shall determine in his sole discretion to which of the bidders such issue of the Forty-Second Resolution Bonds will be awarded. In the event of a private (negotiated) sale the Chancellor of the System shall select the purchaser of such issue of the Forty-Second Resolution Bonds which the Chancellor of the System deems to be in the best interest of the System.

Section 8.07. Official Statement. There is hereby authorized to be prepared and distributed, in conjunction with each issuance and sale of the Forty-Second Resolution Bonds, both a preliminary and a final official statement (the "Official Statement"). The preliminary official statement and the final official statement shall be in the form approved by either of the Chairperson of the Board of Regents or the Chancellor of the System whose execution by either of them shall be conclusive evidence of the approval thereof. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to execute by their manual or facsimile signatures and to deliver in the name of and on behalf of the System the Official Statement regarding each issuance of the Forty-Second Resolution Bonds and to deem the Official Statement as final for the purposes of Securities Exchange Act Rule 15c2-12, as amended or supplemented from time to time, or any successor law, rule or regulation (“Rule 15c2-12”).

Section 8.08. Continuing Disclosure. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to enter into one or more continuing disclosure agreements with respect to information contained in, or matters relating to, the Official Statement for any Forty-Second Resolution Bonds and any other Bonds of the System. Any person designated as an “Authorized System’s Representative” under the Indenture is hereby authorized to prepare and file with the Municipal Securities Rulemaking Board such financial or other information as may be required to comply with the requirements of Rule 15c2-12, and to delegate the preparation and filing of any such information to any other
officer or employee of the System. The System’s bond counsel is also designated as an agent for 
the System for purposes of preparing and filing any such information.

Section 8.09. Absence of Chairperson or Chancellor. If the Chairperson of the Board of 
Regents is unable to act or unavailable for any reason, or such position is vacant, the Chairperson 
of the Finance Committee of the Board of Regents is hereby authorized and empowered to act in 
place of the Chairperson of the Board of Regents, and if the Chancellor of the System is unable 
to act or unavailable for any reason, or such position is vacant, the Vice Chancellor for 
Administration and Finance is hereby authorized and empowered to act in place of the 
Chancellor of the System.

Section 8.10. Further Actions. The Chairperson of the Board of Regents, the 
Chairperson of the Finance Committee, the Secretary and Assistant Secretary of the Board of 
Regents of the System, the Chancellor of the System, and the Vice Chancellor for Administration 
and Finance of the System are hereby authorized and 
empowered to do all acts and things and execute such instruments, documents and certificates 
(including all necessary closing certificates) and otherwise take all action necessary, proper or 
expedient in connection with each issuance, sale and delivery of the Forty-Second Resolution 
Bonds.

Section 8.11. Validity of Signatures. In the event any Regent or officer of the System 
who has executed any bond, document, certificate or other matter ceases to be a Regent or officer 
before delivery, the signature is valid and sufficient for all purposes as if the Regent or officer 
had remained in office until delivery.

Section 8.12. Declaration of Official Intent. Any person designated as an “Authorized 
System’s Representative” under the Indenture is hereby authorized to adopt a declaration of 
oficial intent (within the meaning of Treasury Regulations Section 1.150-2) to reimburse the 
costs of any project with the proceeds of any bonds or other obligations issued by the System 
under the authority of Title 19 or any other provision of the laws of Maryland.

Section 8.13. Liberal Construction. The terms of this Forty-Second Bond Resolution 
are not intended to be restrictive or technical. Accordingly, this Forty-Second Bond Resolution 
shall be liberally construed in order to carry out and effectuate the purposes set forth herein and 
in Title 19.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE 
UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date 
of its adoption by the Board of Regents.

ADOPTED, this 19th day of June, 2020.
TOPIC: University System of Maryland: Auxiliary Project Maturity Extension and Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond- Authorized Projects

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: The USM generally authorizes approximately $115 million annually in capital projects to be funded from revenue bond proceeds with twenty-year maturity. Going forward, the System intends to issue thirty-year debt, as opposed to the twenty-year, to fund Student Housing Projects authorized under the current Bond Resolution, as well as all previous Bond Resolutions with outstanding authorizations.

Each of the forty-one previously adopted bond resolutions authorize debt to be issued for the twenty-year term. The State allows for Auxiliary projects to be funded using debt up to thirty-three years. As such, to reflect the useful life of the projects more accurately and to alleviate the repayment burden of the projects, the System will begin to issue thirty-year debt to fund Student housing projects. The Maturity Extension Bond Resolution amends the maximum bond maturity from the twenty-year term specified under previous Bond Resolutions to the State permitted thirty-three-year term for Auxiliary Projects.

Furthermore, under the current bond issuance schedule, the USM will not issue any additional debt until January 2021. In the interim, the System Office would fund all Student Housing project expenses authorized for bond funding with plant fund cash and subsequently use the future bond issuance to reimburse these expenditures. The process and record-keeping infrastructure necessary to facilitate initially paying the project costs from System cash balances and then reimbursing the amounts spent from the proceeds of the next bond issue have been formalized and are in place.

The attached Exhibit A represents all of the projects authorized for revenue bond funding which may potentially utilize System cash balances over the next several months. Based on the Current Project Authorization Balances in Exhibit A, we anticipate System cash will be spent on costs eligible for reimbursement prior to the next issuance.

IRS rules for reimbursement of advance payments from the proceeds of subsequent tax-exempt bond funds require this resolution.

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The Committee could decide to neither extend the authorized term nor spend System cash balances temporarily pending the next bond issuance and advance the issuance process immediately.

FISCAL IMPACT: Extending principal and interest payments from 20 years to 30 years at 3.0% decreases the annual debt service approximately $16,000 per million dollars of debt issued.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the attached resolutions as described above.
OFFICIAL INTENT RESOLUTION
UNDER TREASURY REGULATION SECTION 1.150-2

WHEREAS, University System of Maryland (the "Issuer") proposes to make certain capital expenditures in connection with the construction of certain capital projects as listed on Exhibit A attached hereto and made a part hereof (collectively, the "Capital Project").

WHEREAS, the Issuer intends to issue tax-exempt bonds (the "Bonds") to finance all or a portion of the purchase price, acquisition and installation expenses, costs of related construction and improvements and issuance costs of the Capital Project, all constituting capital expenditures (collectively referred to as the "Project Costs").

WHEREAS, the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for the Project Costs paid by the Issuer prior to the issuance of the Bonds.

NOW, THEREFORE, THE ISSUER MAKES THE FOLLOWING DECLARATION OF OFFICIAL INTENT:

1. BE IT RESOLVED, that the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for those Project Costs incurred and paid by the Issuer prior to the issuance of the Bonds. The Bonds will be issued in a total principal amount not to exceed $150,000,000.

2. BE IT FURTHER RESOLVED, that the Issuer intends that the adoption of this Resolution shall be and constitute an "official intent resolution" within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date of its adoption by the Board of Regents.

ADOPTED, this 19th day of June, 2020

__________________________________________
Ellen Herbst
Vice Chancellor for Administration and Finance
University System of Maryland
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MATURITY EXTENSION

BOND RESOLUTION

OF THE BOARD OF REGENTS OF THE

UNIVERSITY SYSTEM OF MARYLAND
MATURITY EXTENSION
BOND RESOLUTION
OF THE BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF MARYLAND

RECITALS

WHEREAS, pursuant to Title 19 of the Education Article of the Annotated Code of Maryland (2018 Replacement Volume and 2019 Supplement) (“Title 19”), the University of Maryland System (the "System") is authorized to issue bonds for the purpose of financing or refinancing all or any part of the costs of the acquisition, construction, reconstruction, equipment, maintenance, repair, renovation and operation of one or more "projects", as such term is defined in Title 19, of the System;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted on May 3, 1989, the System approved the Indenture of Trust dated as of May 1, 1989, by and between the System and the Trustee (the “Original Indenture”) providing for the issuance of one or more series of bonds from time to time for the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted June 14, 1995, the System approved the Frist Supplemental Indenture of Trust dated June 14, 1995, by and between the System and the Trustee (the “Supplemental Indenture” supplementing and amending the Original Indenture, the “Indenture”) in furtherance of the purposes described in Title 19;

WHEREAS, pursuant to the authority provided by Section 19-103(b)(2)(i) of the Education Article, bonds of each issue for any auxiliary facilities shall mature at such time or times not exceeding the useful life of the project for which the bonds are issued, but in no event exceeding 33 years from their date or dates of issue, as may be determined by a system;

WHEREAS, pursuant to the authority provided by Section 19-103(a)(1), a system may provide, by resolution, from time to time, for the issuance, in series, of its bonds for the purposes set forth in Title 19;
WHEREAS, pursuant to the authority provided in Title 19 and the Indenture, the Board has authorized and sale of Bonds for certain Projects pursuant to the following bond resolutions (collectively, the “Prior Bond Resolutions”):

(a) the Twenty-Seventh Bond Resolution of the Board of Regents of the System adopted September 7, 2007, as amended;

(b) the Twenty-Eighth Bond Resolution of the Board of Regents of the System adopted June 20, 2008, as amended;

(c) the Twenty-Ninth Bond Resolution of the Board of Regents of the System adopted June 19, 2009, as amended;

(d) the Thirty-First Bond Resolution of the Board of Regents of the System adopted February 2, 2010, as amended;

(e) the Thirty-Second Bond Resolution of the Board of Regents of the System adopted September 17, 2010, as amended;

(f) the Thirty-Fourth Bond Resolution of the Board of Regents of the System adopted June 22, 2012, as amended;

(g) the Thirty-Fifth Bond Resolution of the Board of Regents of the System adopted June 21, 2013, as amended;

(h) the Thirty-Seventh Bond Resolution of the Board of Regents of the System adopted June 11, 2015, as amended;

(i) the Thirty-Eighth Bond Resolution of the Board of Regents of the System adopted June 10, 2016, as amended;

(j) the Thirty-Ninth Bond Resolution of the Board of Regents of the System adopted June 8, 2017, as amended;
(k) the Fortieth Bond Resolution of the Board of Regents of the System adopted June 22, 2018, as amended; and

(l) the Forty-First Bond Resolution of the Board of Regents of the System adopted June 22, 2018, as amended;

on one or more Issuance Dates (as defined in the Prior Bond Resolutions) in one or more series from time to time, subject to the terms and conditions of the Prior Bond Resolutions and the Indenture and secured by and payable from the Trust Estate pledged under the Indenture;

WHEREAS, as permitted by Section 19-103 of Title 19 and the Prior Bond Resolutions, the System has determined to amend the Prior Bond Resolutions to extend the permitted maturity date of any future issuance of bonds for Projects authorized thereby.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF MARYLAND SYSTEM THAT:

ARTICLE I

DEFINITIONS

Except as otherwise provided herein, all capitalized terms contained in the Indenture and the Prior Bond Resolutions when used in this Amendment shall have the same meaning herein as set forth in the Indenture and the Prior Bond Resolutions.
ARTICLE II

AMENDMENTS TO THE PRIOR BOND RESOLUTIONS

Section 2.01. Increase in Maturity Date of Bonds under Prior Resolution Bonds

Authorized. The Prior Bond Resolutions each hereby are amended by deleting Section 2.02(b) and inserting in lieu thereof:

"The Current Interest Bonds shall bear interest from their date, until paid, at the rate or rates set forth in, or determined in the manner provided in, a System Order (computed on the basis of (a) a 360-day year, composed of twelve 30-day months, in the case of Bonds authorized by this Resolution which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer or (b) a 365- or 366-day year, as appropriate, for the number of days elapsed in the case of all other Bonds authorized by this Resolution) payable on each Interest Payment Date, and shall mature on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than (a) thirty-three (33) years from the Issuance Date of the applicable series of Bonds related to Auxiliary Facilities Project and (b) thirty-three (33) years from the Issuance Date of the applicable series of Bonds related to Academic Facilities Project and any other Projects of the System, each as authorized by this Resolution, and as permitted by law. Interest on the Capital Appreciation Bonds shall accrue from their date of delivery at the rate or rates and in accordance with the method set forth in a System Order, shall be compounded on April 1 and October 1 of each year or as set forth in a System Order and shall be payable at maturity or earlier on any redemption date, or on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than as authorized by this Resolution."
ARTICLE III

EFFECTIVE DATE

Section 3.01. Effective Date. This Amendment shall be effective on the date of its adoption by the Board of Regents

ADOPTED, this ___ day of ________ , 2020.
TOPIC: Biennial Adjustment to the Exempt Salary Structures for Fiscal Year 2021 - 2022

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: The USM is committed to conducting a biennial exempt market salary study to maintain salary competitiveness with the market. When the Board last considered the exempt salary structures in 2018, there was no immediate adjustment made to the two structures. This decision was supported by the determination that the structures had been adjusted in 2017 by more than market rates, due to factors unique at that time, including an adjustment for an expected US Department of Labor regulation change regarding the overtime eligibility salary threshold that never occurred. Instead, the decision was made to increase the structures by the amount of cost of living increases provided to all state employees. This resulted in an increase to the structures on January 1, 2019 of 2% and on April 1, 2019 of 0.5%.

The attached Biennial Exempt Market Salary Survey Report provides a summary of the 2019 market analysis and presents two options. This report indicates that the salary market increased by approximately 1.9% in calendar year 2019 and is expected to increase by another 2% in calendar year 2020. Despite this, the majority of the USM Compensation and Classification Committee recommended no change in July 2020 to the current salary structures for the following reasons.

- Under the current structures, the minimum salary for some positions is currently higher than the salary for comparable jobs within the local market of some institutions. Adjusting the salary structures would only increase this differential. Most institutions report that, generally, they are not having difficulty recruiting and retaining exempt employees at salaries within the current structures.

- Adjusting the structures, which will increase the minimum salary for all ranges, will create salary compression issues for existing employees. For some employees, it can effectively nullify the impact of recently received cost of living adjustments. For others, it may result in new employees being hired at higher salaries than those of current employees in the same position with similar qualifications and experience levels.

- The USM benefits package is more generous than what is available in most local private industries, so considering total compensation, most institutions are in a competitive position to hire and retain employees within their local markets.

Due to the expected economic impact of the coronavirus, it is anticipated that the report’s projections regarding salary structure increases in calendar year 2020 may no longer be accurate. For this reason, the Vice Presidents for Administration and Finance recommend, and the presidents concur, renewing the current structures for July 2020 and delaying consideration of any increase until the end of calendar year 2020.

ALTERNATIVE(S): The Board could elect to modify the recommendation and approve increases to the structures on July 1, 2020 as reflected in Option 1 of the report.
FISCAL IMPACT: No impact is anticipated.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents renew the current structures beginning July 2020 and delay consideration of any increase until the end of calendar year 2020.

SUBMITTED BY: Ellen Herbst (301) 445-1923
BIENNIAL REVIEW OF THE
USM EXEMPT SALARY STRUCTURES

Structure Effective Dates:
Beginning of the First Full Pay Period of FY2021
(2-Year Cycle)

Recommendations to the
Systemwide Human Resources Committee
PURPOSE

The USM Classification & Compensation Committee (CCC) is a subcommittee of the Systemwide Human Resources Committee (SHRC), charged with conducting a biennial review of the USM’s staff salary structures, under the auspices of the USM’s Nonexempt and Exempt Staff Pay Program.

The biennial reviews ensure the staff pay structures are competitive in the external job market enabling the USM’s institutions to recruit, retain, and reward talented employees to do the work of their unique missions.

This year, the CCC reviewed the USM’s two Exempt salary structures:

- The wide band structure is used by most of the USM’s institutions, including the University of Maryland, College Park
- The traditional structure is used only by the University of Maryland, Baltimore

Compensation professionals from each USM institution compared the USM’s Exempt salary structures against market indicators, following the established process of earlier reviews:

|--------------------------------------------------|-----------------------------|-----------------|----------------------------------------|

**Consider:**
- External market indicators and other factors that may impact final recommendations (i.e., FLSA Final Rule)
- Anecdotal evidence from institutional reps re: recruiting and retaining talent within the existing structures.

**Compare & Consider:**
- Salary survey data collected and presented by compensation professionals from one of the USM’s constituent institutions (rotating assignment)

**Perform analysis based on external market data:**
- Costs reported by each institution and included in biennial review report

**Formulate recommendations for structure adjustment:**
- Prepare draft report for the SHRC’s consideration (2/6/2020);
- Begins critical path for consideration by VPAF (2/25/2020), CUSP (3/2/2020); Finance Committee (3/26/2020);
- For approval by the Board of Regents (5/1/2020)
CURRENT USM EXEMPT SALARY STRUCTURES

Effective April 1, 2019 through the end of the FY2020

Traditional Salary Range
*Used by UMB Only*

<table>
<thead>
<tr>
<th>Grade</th>
<th>Min</th>
<th>Mid</th>
<th>Max</th>
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<tbody>
<tr>
<td>C</td>
<td>$41,004</td>
<td>$58,729</td>
<td>$76,454</td>
</tr>
<tr>
<td>D</td>
<td>$48,318</td>
<td>69,419</td>
<td>$90,520</td>
</tr>
<tr>
<td>E</td>
<td>$56,267</td>
<td>$80,427</td>
<td>$104,588</td>
</tr>
<tr>
<td>F</td>
<td>$64,219</td>
<td>$91,742</td>
<td>$119,266</td>
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<td>G</td>
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</tr>
<tr>
<td>H</td>
<td>$85,627</td>
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<tr>
<td>I</td>
<td>$98,470</td>
<td>$140,060</td>
<td>$181,651</td>
</tr>
<tr>
<td>J</td>
<td>$108,867</td>
<td>$162,996</td>
<td>$217,125</td>
</tr>
<tr>
<td>K</td>
<td>$142,506</td>
<td>$241,040</td>
<td>$339,574</td>
</tr>
</tbody>
</table>

Wide Band Salary Range
*Used by BSU, CSU, FSU, SU, TU, UB, UMBC, UMCES, UMCP, UMES, UMGC, USMO*

<table>
<thead>
<tr>
<th>Range</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>$41,004</td>
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<tr>
<td>II</td>
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<td>$142,689</td>
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<tr>
<td>III</td>
<td>$61,278</td>
<td>$181,609</td>
</tr>
<tr>
<td>IV</td>
<td>$85,106</td>
<td>$253,607</td>
</tr>
<tr>
<td>V</td>
<td>$110,640</td>
<td>$339,575</td>
</tr>
</tbody>
</table>
GUIDING PRINCIPLES

- The USM is committed to conducting a biennial review of market conditions and, when conditions warrant, to adjusting its Exempt structures. Salary structure adjustments do not result in pay adjustments for employees, except where employees fall below the minimum of an adjusted range; in that case, the employee’s salary is adjusted to the new range minimum, with the costs borne by the institution.

- Lead-lag: philosophically, the USM’s salary structures should lead the market in the first year of the biennial cycle, meet the market at the midpoint of the cycle, and lag at the end.

- Each institution’s Exempt pay administration program follows the requirements of VII-9.11 USM Policy on Pay Administration and fits within the parameters of the USM’s Exempt salary structures.

- Exempt jobs under the USM Pay Program are unique, and each job has its own value and its own market defined by the USM institution. The market for a position includes internal and external comparators. There are no benchmark jobs across the USM, but institutions may have benchmark jobs within their respective structures.
# RECENT HISTORY OF EXEMPT SALARY STRUCTURE ADJUSTMENTS

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Adjustment</th>
<th>Reason</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2014</td>
<td>8.7%</td>
<td>Market adjustment + fixes</td>
<td>8.7% adjustment to the Wide Band Structure (Range I, III, IV, and V; Range II adjusted to 20% above Range I).</td>
</tr>
<tr>
<td>January 1, 2017</td>
<td>7.625%</td>
<td>Market + additional FLSA adjustment</td>
<td>5% for market movement, plus additional adjustment in anticipation of proposed FLSA new Exempt salary threshold ($47,476).</td>
</tr>
<tr>
<td>July 1, 2018</td>
<td>0%</td>
<td>Market</td>
<td>Market survey reflected movement of 5.0% in external market. However, no immediate market adjustment was made because the previous adjustment was over the market due to expected FLSA changes. There were two adjustments in the amount of, and on the effective date of, two expected FY2019 COLAs.</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>2.0%</td>
<td>COLA</td>
<td></td>
</tr>
<tr>
<td>April 1, 2019</td>
<td>.5%</td>
<td>COLA</td>
<td></td>
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## MARKET COMPARATORS USED IN THIS EXEMPT BIENNIAL REVIEW

Average Salary Structure Adjustments in the External Market

*Data Published in Calendar Year 2019*

<table>
<thead>
<tr>
<th></th>
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</thead>
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<tr>
<td><strong>Aon-Hewitt</strong></td>
<td>Including 0% Budgets</td>
<td>Geographic Region: East</td>
<td>Executive Group</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Salaried Exempt</td>
<td>1.9%</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>Service Industry: Education</td>
<td></td>
<td>Executive Group</td>
<td>1.3%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
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<td>Salaried Exempt</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.7%</td>
</tr>
<tr>
<td></td>
<td>Excluding 0% Budgets</td>
<td>Geographic Region: East</td>
<td>Executive Group</td>
<td>2.3%</td>
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</tr>
<tr>
<td></td>
<td>Service Industry: Education</td>
<td></td>
<td>Executive Group</td>
<td>2.1%</td>
<td>2.5%</td>
<td>2.5%</td>
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<td>Salaried Exempt</td>
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<td>2.1%</td>
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<td><strong>Salary.com</strong></td>
<td>All Data</td>
<td>Sub-Region: Mid Atlantic</td>
<td>Executives</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other Managers</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
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<tr>
<td></td>
<td></td>
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<td>2.0%</td>
<td>2.0%</td>
</tr>
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<td>Executives</td>
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<td>2.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other Managers</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
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<td>Exempt</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td>Industry: Education, Government &amp; Non-profit</td>
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<td>Executives</td>
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<td>2.0%</td>
<td>2.0%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Other Managers</td>
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<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
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<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
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<td>2.6%</td>
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<tr>
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<td>Other Managers</td>
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<td>2.6%</td>
<td>2.6%</td>
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<tr>
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<td>Exempt</td>
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<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Payfactors</strong></td>
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<td>1.0%</td>
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<tr>
<td></td>
<td></td>
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<td>1.3%</td>
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<td></td>
<td>Region: Middle Atlantic</td>
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<td>2.1%</td>
<td>2.1%</td>
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<tr>
<td></td>
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<td>Managers</td>
<td>1.9%</td>
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<td></td>
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<td>1.9%</td>
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</tr>
<tr>
<td></td>
<td>Metro: Baltimore, MD</td>
<td>Officers &amp; Executives</td>
<td>1.3%</td>
<td>1.7%</td>
<td>1.7%</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Managers</td>
<td>1.6%</td>
<td>1.8%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exempt</td>
<td>1.6%</td>
<td>1.8%</td>
<td>1.8%</td>
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</tr>
<tr>
<td></td>
<td>Industry: Educational Services</td>
<td>National Officers/Executives</td>
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<tr>
<td>------------------------</td>
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<tr>
<td></td>
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<tr>
<td>Maryland</td>
<td>Officers/Executives</td>
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<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td></td>
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<tr>
<td></td>
<td>Exempt Salaried</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Baltimore (metro)</td>
<td>All</td>
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<tr>
<td>WorldatWork</td>
<td>Maryland Officers/Executives</td>
<td>1.5%</td>
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</tr>
<tr>
<td></td>
<td>Exempt Salaried</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td></td>
</tr>
</tbody>
</table>

|                        | NCA                           | National Exempt               | 4.2% | 4.3% | 4.3% |
|                        | Mecer                         | National All Employees        | 2.4% | 2.3% | 2.3% |

| Culpepper              | US Base Salary Range Structure| Job Level                     | 2.10%| 2.14%| 2.14%|
|                        |                               | Director & Manager Level      | 2.04%| 2.12%| 2.12%|
|                        |                               | Individual Contributor:       | 1.9% | 2.0% | 2.0%|
|                        |                               | Professor, Support, Sales    | 2.04%| 2.12%| 2.12%|
|                        |                               | Individual Contributor:       | 1.9% | 2.0% | 2.0%|
|                        |                               | IT/Tech/Engineering/Scientific| 2.04%| 2.12%| 2.12%|

BOR Finance Committee - Public Session
ADDITIONAL FACTORS CONSIDERED BY THE CCC IN THIS BIENNIAL REVIEW

1. The State of Maryland passed legislation in 2019 that adjusts the minimum wage incrementally each year, currently at $11.00 per hour ($22,880 annually), moving to $11.75 per hour on 1/1/2021 ($24,440 annually), and to $12.50 on 1/1/22 ($26,000 annually). This has had no impact on the Exempt salary structures.

2. On January 1, 2020, a new Final Rule was issued by the U.S. Department of Labor that established a new minimum salary threshold for the exempt employee category to $35,568 ($684 per week).

3. Several years ago, the DOL proposed a rule that set a much higher minimum salary threshold for the exempt employee category ($47,476). As a preemptive effort to meet the anticipated new requirements of the that rule, on January 1, 2017, the Exempt structures were adjusted by 7.625%. This represented the market adjustments recommended in the biennial market review dated October 20, 2016, plus an additional increment based on the FLSA proposed rule. Following litigation to enjoin the DOL from implementing the rule, the proposed rule was never finally promulgated.

4. The biennial review of the Exempt structures conducted in 2018 resulted in a recommendation that the Exempt structures not be adjusted to reflect the market, because they had been adjusted by more than market in 2017. They were adjusted only on the effective date of two employee COLAs during that time period.

RECOMMENDATIONS (Two Options)

OPTION 1 - Adjust the Exempt salary structures by 4.0% to reflect external market movement. This option is supported by 1 of the 12 USM institutions.

Using the established methodology for the Biennial review of the exempt salary structures, the CCC reviewed market data prepared by compensation staff from one of the institutions. This task rotates with each biennial review.

The preliminary market survey data set was presented to the CCC on January 15, 2020, and fully discussed by the committee’s members. The committee agreed to remove certain data elements that were considered outliers in the market survey. After receiving input from the members of the SHRC on February 6, 2020, the CCC agreed to a refined data set that indicated estimated market movement of 2.0% in CY2020, and 2.0% in CY2021 (See chart on pp. 6-7.) The proposed adjusted Exempt salary structures appear below:
USM EXEMPT SALARY STRUCTURES, ADJUSTED BY 4.0% TO REFLECT MARKET MOVEMENT

Effective at the Beginning of the First Full Pay Period in July 2020

Traditional Salary Range

*Used by UMB Only*

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>$42,644</td>
<td>$61,078</td>
<td>$79,511</td>
</tr>
<tr>
<td>D</td>
<td>$50,251</td>
<td>$72,196</td>
<td>$94,140</td>
</tr>
<tr>
<td>E</td>
<td>$58,520</td>
<td>$83,645</td>
<td>$108,771</td>
</tr>
<tr>
<td>F</td>
<td>$66,789</td>
<td>$95,413</td>
<td>$124,036</td>
</tr>
<tr>
<td>G</td>
<td>$76,966</td>
<td>$110,043</td>
<td>$143,119</td>
</tr>
<tr>
<td>H</td>
<td>$89,052</td>
<td>$127,217</td>
<td>$165,382</td>
</tr>
<tr>
<td>I</td>
<td>$102,410</td>
<td>$145,663</td>
<td>$188,917</td>
</tr>
<tr>
<td>J</td>
<td>$113,222</td>
<td>$169,516</td>
<td>$225,809</td>
</tr>
<tr>
<td>K</td>
<td>$148,207</td>
<td>$250,682</td>
<td>$353,157</td>
</tr>
</tbody>
</table>

Wide Band Salary Range

*Used by BSU, CSU, FSU, SU, TU, UB, UMBC, UMCES, UMCP, UMES, UMGC, USMO*

<table>
<thead>
<tr>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>$ 42,644</td>
<td>$109,041</td>
</tr>
<tr>
<td>II</td>
<td>$ 51,174</td>
<td>$148,397</td>
</tr>
<tr>
<td>III</td>
<td>$ 63,729</td>
<td>$188,873</td>
</tr>
<tr>
<td>IV</td>
<td>$ 88,510</td>
<td>$263,751</td>
</tr>
<tr>
<td>V</td>
<td>$115,066</td>
<td>$353,158</td>
</tr>
</tbody>
</table>

COSTS TO IMPLEMENT OPTION 1

Each institution representative estimated the costs associated with moving Exempt employees at the lowest ends of the pay ranges to new range minimums adjusted by 4.0%. These estimated costs do not factor in fringe benefits. Across the USM, they are:

- **Regular Exempt Staff:** $ 75,649
- **Contingent 2:** $166,521
- **Contingent 1:** $ 14,747

**TOTAL:** **$412,136**
## OPTION 1: USM INSTITUTIONAL AND OVERALL COSTS ASSOCIATED WITH A 4.0% EXEMPT STRUCTURE ADJUSTMENT

### At Point-In-Time of Structure Adjustment

<table>
<thead>
<tr>
<th>USM INSTITUTION</th>
<th>Regular Status 1</th>
<th>Contingent 2</th>
<th>Contingent 1</th>
<th>All USM Exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EE Pop</td>
<td>EE Cost</td>
<td>EE Count</td>
<td>EE Cost</td>
</tr>
<tr>
<td>All Exempt Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(EE) Staff</td>
<td>1</td>
<td>2</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Bowie State University</td>
<td>201</td>
<td>2,637</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Copin State University</td>
<td>155</td>
<td>7,230</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Frostburg State University</td>
<td>205</td>
<td>7,744</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>Salisbury University</td>
<td>275</td>
<td>4,386</td>
<td>34</td>
<td>3</td>
</tr>
<tr>
<td>Towson University</td>
<td>800</td>
<td>28,541</td>
<td>56</td>
<td>3</td>
</tr>
<tr>
<td>University of Baltimore</td>
<td>251</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>University of Maryland, Baltimore</td>
<td>2,210</td>
<td>29,179</td>
<td>117</td>
<td>15</td>
</tr>
<tr>
<td>University of Maryland, Baltimore County</td>
<td>823</td>
<td>4,162</td>
<td>54</td>
<td>1</td>
</tr>
<tr>
<td>UMCES</td>
<td>61</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>University of Maryland, College Park</td>
<td>3,465</td>
<td>7,010</td>
<td>122</td>
<td>5</td>
</tr>
<tr>
<td>University of Maryland, Eastern Shore</td>
<td>203</td>
<td>1,959</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>University of Maryland, Global Campus</td>
<td>717</td>
<td>51,705</td>
<td>259</td>
<td>111</td>
</tr>
<tr>
<td>University of Maryland System Office</td>
<td>89</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTALES</strong></td>
<td>9,455</td>
<td>75,649</td>
<td>720</td>
<td>153</td>
</tr>
</tbody>
</table>

1 Regular Staff are appointed to a fixed position in the institution’s State budget, with recurring salary and fringe benefits costs.

2 Contingent 2 is a non-regular status of staff employment. C2 employees are usually appointed to one-year contracts, with some fringe benefits funded by the institution.

3 Contingent 1 is a non-regular status of staff employment. C1s are appointed on an hourly basis, known as hourly if-and-when needed, seasonal or intermittent employees.

4 "EE Pop" (Employee Population) represents the number of employees in the category, both full-time and part-time. These are not reflected in terms of full-time equivalence.
OPTION 2 - No adjustment to the Exempt salary structures.
This option is supported by 11 of the 12 USM institutions.

Although the Compensation & Classification Committee’s review of external market data showed an anticipated 4% average adjustment in salary structures through 2021, most institutions recommend that the current structure should not be adjusted. They believe they are currently meeting the needs of the University and matching the market. Continuation of hiring to market allows them to provide competitive salaries for experienced employees. With any necessary equity adjustments to individual salaries or to a class of similarly situated individuals, the universities believe they have the necessary flexibility to meet current budgets while providing competitive salaries.

Below are specific points supporting this recommendation.

- Under the current structures, the minimum salary for some positions is currently higher than the salary for comparable jobs within the local market of some institutions. Adjusting the salary structures would only increase this differential. Most institutions report that, generally, they are not having difficulty recruiting and retaining exempt employees at salaries within the current structures.

For example, UMB identified the jobs listed below as benchmark jobs. A review of the Baltimore market for these benchmark jobs shows that the 25th percentile of the salary range for each job is below the minimum of the USM pay structure.

<table>
<thead>
<tr>
<th>Benchmark Job Title</th>
<th>Pay Grade</th>
<th>Pay Grade Minimum</th>
<th>Band</th>
<th>Band Minimum</th>
<th>Mkt 25th</th>
<th>Mkt 50th</th>
<th>Mkt 75th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writer</td>
<td>C</td>
<td>$41,004</td>
<td>1</td>
<td>$41,004</td>
<td>$35,618</td>
<td>$44,411</td>
<td>$58,575</td>
</tr>
<tr>
<td>Financial Counselor</td>
<td>C</td>
<td>$41,004</td>
<td>1</td>
<td>$41,004</td>
<td>$39,701</td>
<td>$44,935</td>
<td>$51,363</td>
</tr>
<tr>
<td>Admission Counselor</td>
<td>C</td>
<td>$41,004</td>
<td>1</td>
<td>$41,004</td>
<td>$40,900</td>
<td>$42,800</td>
<td>$46,900</td>
</tr>
<tr>
<td>Contract &amp; Grants Coordinator</td>
<td>C</td>
<td>$41,004</td>
<td>1</td>
<td>$41,004</td>
<td>$52,923</td>
<td>$60,907</td>
<td>$71,240</td>
</tr>
<tr>
<td>Accountant</td>
<td>D</td>
<td>$48,318</td>
<td>1</td>
<td>$41,004</td>
<td>$47,816</td>
<td>$55,889</td>
<td>$56,823</td>
</tr>
<tr>
<td>Graphic Designer</td>
<td>D</td>
<td>$48,318</td>
<td>1</td>
<td>$41,004</td>
<td>$50,165</td>
<td>$55,491</td>
<td>$62,685</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>D</td>
<td>$48,318</td>
<td>1</td>
<td>$41,004</td>
<td>$50,707</td>
<td>$57,495</td>
<td>$64,966</td>
</tr>
</tbody>
</table>

C Avg  $42,286  $48,263  $57,020
D Avg  $49,563  $56,292  $61,491

SOURCE: UMB CompAnalyst
Further review of UMB research jobs shows that the minimum of the current pay structure band exceeds the minimum starting salaries for similar jobs at Johns Hopkins University in UMB’s local labor market.

<table>
<thead>
<tr>
<th>Title</th>
<th>Research Focus</th>
<th>Minimum Education</th>
<th>Min Yrs of Exp</th>
<th>Pay Grade</th>
<th>Minimum Hiring Rate</th>
<th>Midpoint of Hiring Rate</th>
<th>Maximum Hiring Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>JHU Research Specialist II</td>
<td>Lab</td>
<td>Bachelors</td>
<td>2</td>
<td></td>
<td>$38,920</td>
<td>$46,210</td>
<td>$53,500</td>
</tr>
<tr>
<td>UMB Research Assistant</td>
<td>Lab</td>
<td>Bachelors</td>
<td>0</td>
<td>C</td>
<td>$41,004</td>
<td>$57,290</td>
<td>$74,581</td>
</tr>
<tr>
<td>UMB Research Specialist</td>
<td>Lab</td>
<td>Bachelors</td>
<td>3</td>
<td>D</td>
<td>$48,318</td>
<td>$68,311</td>
<td>$88,303</td>
</tr>
<tr>
<td>JHU Senior Research Specialist II</td>
<td>Lab</td>
<td>Bachelors</td>
<td>4</td>
<td></td>
<td>$48,193</td>
<td>$57,283</td>
<td>$66,372</td>
</tr>
<tr>
<td>UMB Research Specialist</td>
<td>Lab</td>
<td>Bachelors</td>
<td>3</td>
<td>D</td>
<td>$48,318</td>
<td>$68,311</td>
<td>$88,303</td>
</tr>
<tr>
<td>UMB Lead Research Specialist</td>
<td>Lab</td>
<td>Bachelors</td>
<td>5</td>
<td>E</td>
<td>$54,891</td>
<td>$78,459</td>
<td>$102,026</td>
</tr>
<tr>
<td>JHU Senior Research Program Coord</td>
<td>Clinical</td>
<td>Bachelors</td>
<td>3</td>
<td></td>
<td>$38,536</td>
<td>$45,763</td>
<td>$52,989</td>
</tr>
<tr>
<td>UMB Research Project Coord</td>
<td>Clinical</td>
<td>Bachelors</td>
<td>0</td>
<td>C</td>
<td>$41,004</td>
<td>$57,290</td>
<td>$74,581</td>
</tr>
<tr>
<td>UMB Senior Research Project Coord</td>
<td>Clinical</td>
<td>Bachelors</td>
<td>2</td>
<td>D</td>
<td>$48,318</td>
<td>$68,311</td>
<td>$88,303</td>
</tr>
</tbody>
</table>

*SOURCE: JHU Job website & UMB HRMS*
- Adjusting the structures, which will increase the minimum salary for all ranges, will create salary compression issues for existing employees. For some employees, it can effectively nullify the impact of recently received cost of living adjustments. For others, it may result in new employees being hired at higher salaries than those of current employees in the same position with similar qualifications and experience levels.

See below a comparison of two employees hired as Clinical Research Assistant in pay grade C, illustrating the compression with each adjustment to salary structure minimum.

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
<th>Salary</th>
<th>Minimum of Pay Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire</td>
<td>1/23/2017</td>
<td>$40,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>030736 COLA &amp; Structure</td>
<td>1/1/2019</td>
<td>$40,800</td>
<td>$40,800</td>
</tr>
<tr>
<td>030736 COLA &amp; Structure</td>
<td>4/1/2019</td>
<td>$41,004</td>
<td>$41,004</td>
</tr>
<tr>
<td>030736 COLA</td>
<td>7/1/2019</td>
<td>$42,234</td>
<td>$41,004</td>
</tr>
<tr>
<td>030736 COLA</td>
<td>1/1/2020</td>
<td>$42,656</td>
<td>$41,004</td>
</tr>
<tr>
<td>With Adjusted Structure</td>
<td>7/1/2020</td>
<td>$43,923</td>
<td>$43,923</td>
</tr>
</tbody>
</table>

Master’s and 3.5 years of experience

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
<th>Salary</th>
<th>Minimum of Pay Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire</td>
<td>9/3/2019</td>
<td>$41,004</td>
<td>$41,004</td>
</tr>
<tr>
<td>035273 COLA</td>
<td>1/1/2020</td>
<td>$41,414</td>
<td>$41,004</td>
</tr>
<tr>
<td>035273 With Adjusted Structure</td>
<td>7/1/2020</td>
<td>$43,923</td>
<td>$43,923</td>
</tr>
</tbody>
</table>

Bachelor’s and 9 months of experience

- The USM benefits package is more generous than what is available in most local private industries, so considering total compensation, most institutions are in a competitive position to hire and retain employees within their local markets.

SU recently had a consultant complete a benchmark review of the SU benefits package versus local market/private industry. When comparing SU’s total compensation, including the benefits package, to that of the local market/private industry, the result was clear that the health benefits, retirement, leave programs, and tuition remission were a greater benefit than what is available in the local market/private industry. The SU benefits program is an approximate 45% uplift over base salary with respect to total compensation.

RECOMMENDATION TO THE BOARD OF REGENTS
TOPIC: University of Maryland, College Park: Amendment to Sale of Land to Core Campus Manager, LLC

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: On February 21, 2020, the Board of Regents approved a sale of real property by the University of Maryland, College Park (UMD) to Core Campus Manager, LLC (or a designated controlled affiliate) (Core Campus) of approximately 0.24 acres of land located at 4218 and 4220 Knox Road in College Park, Maryland (the Property). The approved purchase price was $2.3 million.

Since then, the coronavirus pandemic has created economic turmoil, freezing equity and debt markets. Core Campus anticipates that when, and as the debt markets thaw, lenders will require higher equity contributions and correspondingly, equity investors will demand higher returns. Fortunately, Core Campus reports that its equity investors remain committed to the project and wish to move forward on the original schedule. But to reflect current market turmoil, Core Campus asked UMD to reduce the land sales price. After a period of negotiation, UMD agreed, subject to this Board's approval, to reduce the sales price from $2.3 million to $2.1 million. The reduced sales price remains well above the Property’s appraised value as set forth below:

<table>
<thead>
<tr>
<th>Appraiser</th>
<th>Date</th>
<th>Value for Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moroney &amp; Associates, LLC</td>
<td>June 20, 2019</td>
<td>$373,000</td>
</tr>
<tr>
<td>Merit Real Estate Analysis, Inc.</td>
<td>July 15, 2019</td>
<td>$450,000</td>
</tr>
</tbody>
</table>

It is noteworthy that Core Campus has committed to moving forward expeditiously. In support of economic recovery, this project will create jobs (both during construction and operations) and provide substantial tax revenue to the City, County, and State.

The project remains unchanged from that previously approved, except for sales price. As noted in the earlier approved agenda item, UMD will sell its land to Core Campus and Core Campus will assemble that parcel with another (privately-owned) parcel. On the combined parcel, Core Campus will build a private undergraduate student housing project with approximately 200 residential units, 2,000 square feet of street level retail and 120 parking spaces. This private project will be subject to County and local development approval. UMD will have certain review and approval rights of the detailed site plan. The project will continue the revitalization of the south edge of campus along Knox Road. UMD’s campus directly abuts the Property and UMD may also grant access and use easements over small intervening gap properties to allow direct access from the project to campus.

PURCHASER/DEVELOPER: Core Campus Manager, LLC, (affiliate of CoreSpaces) Austin, TX Marc Lifshin, CEO

ALTERNATIVE(S): The Board of Regents could reject the proposed sales contract modification. Because the sales contract has not yet been approved by the Board of Public Works, Core Campus is not yet contractually obliged to perform and would have the option to withdraw from the project. UMD would retain the existing unimproved land; however, the advantage of a larger assemblage with the adjacent private property could either be lost or deferred.
FISCAL IMPACT: The 0.24 acre parcel is valued at not more than $450,000 based on appraisals ordered by UMD. The “reduced” purchase price of $2.1 million, though tempered by significant short-term market uncertainty, continues to reflect a competitive market for well-located private student housing opportunities. The disposition would have no direct cost to UMD beyond that associated with due diligence and closing costs.

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, College Park the disposition by sale of approximately 0.24 acres of UMD land at 4218 and 4220 Knox Road, as described above, consistent with the University System of Maryland Policy on Acquisition and Disposition of Real Property.

COMMITTEE RECOMMENDATION: DATE:

BOARD ACTION: DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923
TOPIC: 2020 USM Dashboard Indicators

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: Each year, the Board of Regents receive the Dashboard Indicators (DBIs), which summarize a single point in time when critical measures of success and compliance in a wide array of Board initiatives may be reviewed. The DBIs include indicators focused on the external environment, the System as a whole, and each USM institution. Established in 2005, the DBIs were later re-organized in 2010 to match the categories of the USM Strategic Plan:

1) Affordability, Success and Diversity & Inclusion;
2) Faculty
3) Economic & Workforce Development;
4) Stewardship; and
5) Effectiveness & Efficiency.

New this year, the USM DBIs are presented in an interactive web environment at this link: http://www.usmd.edu/dashboard-indicators/. This site provides the Regents with historical data back to the first set in 2001 to review changes over time at both the System and institutional level. Included for each indicator is drill-down capability, which explains the data sources, trend data, and a summary of recent performance. Wherever possible, benchmarks, based on peer performance, Board policy, or institutional policy are provided. Going forward, this website will be updated annually around mid-April.

Dashboard Indicators Summary for 2020

The 2020 DBIs are based on the most recent data available for the institution and its peers. In some cases, the data lag, but it is important to note that official sources (e.g., IPEDS) publish national data following a lengthy collection, editing, and review cycle. The DBIs are summarized within each Strategic Plan category.

Affordability, Success, Diversity & Inclusion.

Generally, the percentage of under-represented minorities, student quality and student success held steady or improved. In many cases, graduation rates and retention rates remain below peer benchmarks for half of the USM institutions. Moving forward, retention improvements are critical for institutional enrollment plans especially as the number of new Maryland Community College transfers declined.

Tuition and fees, the percentage of students with financial aid, and the average student debt at graduation are affordability indicators. These indicators must be considered as a whole because of the inter-indicator interactions. Tuition and fees continue to increase, moderately impacting student debt. Similarly, student loans count as financial aid and increase the percentage of students with debt. While costs increased moderately, institutions have also increased institutional aid to mitigate the impact of such an increase. The average student debt increased moderately but remains less than the peer averages.
Faculty

Faculty salaries are a mixed story for USM institutions. UMBC, UMCP, and Towson are above peer benchmarks, whereas the other institutions were slightly below the 85th percentile benchmark. Most institutions are increasing the percentage of the operational budget allocated for instructional costs, but most are still below peer averages. Student-faculty ratios are comparable to peer averages, but sometimes higher. Finally, Research & Development (R&D) dollars and awards per faculty are increasing for UMCP and UMBC but decreased for UMB and UMES.

Economic & Workforce Development

With a few exceptions, the performance in the Economic & Workforce Development indicators is not improving. US Patents issued, adjusted gross license revenue, licenses and options executed, and the number of start-up companies are below the three-year trend. On the positive side, most USM institutions have increased the number of students enrolled in upper-level STEM courses, and the R&D dollars per faculty have been improving.

Fiscal Stewardship

Nearly all institutions met their fund balance goals, and approximately half the institutions met their institutional fundraising goals. The key areas where USM institutions differ from the peer institutions are the operating expenditures for instructional and administrative costs. While instructional expenditures are increasing, USM institutions tend to spend a lower percentage on instructional costs and more on administrative costs compared to peer averages.

Effectiveness & Efficiency

Most USM institutions continue to increase the classroom utilization rates, improve the facilities renewal allocations, improve the percentage of credit hours taught by non-traditional methods, and improve time-to-degree. That said, most institutions are below the benchmark performances in these areas with the exception of course hours taught by non-traditional methods where USM institutions performed above the benchmark. Lastly, this is the final report of the instructional workload outcome measured as course-units-per-faculty. A new faculty productivity measure will be reported based on the BOR policy change.

This was a brief summary of over 200 Dashboard Indicators reported by institution and topic areas. For further information, please refer to http://www.usmd.edu/dashboard-indicators/ or contact Chad Muntz, cmuntz@usmd.edu; Laura Walker, alwalker@usmd.edu; or Ichun Yeh, iyeh@usmd.edu.

ALTERNATIVE(S): This item is presented for information purposes.

FISCAL IMPACT: This item is presented for information purposes.

CHANCELLOR’S RECOMMENDATION: This item is presented for information purposes.
New Dashboard Indicator (DBI) Website.

http://www.usmd.edu/dashboard-indicators/

1. Home Page
2. Summary of Current DBI
3. Documentation and Information
4. All Historic Board Reports
5. Institution Menu
6. Trend Data Selector
7. Each Indicator includes “Drill Down” Function
TOPIC: Board Statement of Values and Expectations on Collaboration and Cooperative Efforts in Acquiring and Implementing New Information Technology and Upgrading Business Processes – Status Update

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

SUMMARY: Since its formation, the Effectiveness and Efficiency BOR Workgroup has evolved its goals and desired outcomes multiple times to respond to various factors and conditions. Each development has been successful in driving measurable and significant results locally at institutions and systemwide. Most recently, in the past two years, the E&E Workgroup promulgated recommendations that USM institutions find even more ways to collaborate—not just on leveraged purchasing of enterprise technology—but also more broadly on the processes and underlying data which enable our staff to operate. To that end, the discussion resulted in the Board of Regents developing a statement of expectations.

At the June 2019 Board of Regents meeting, a Statement of Values and Expectations on Collaboration and Cooperative Efforts was approved. That statement can be found at https://www.usmd.edu/usm/adminfinance/. In December 2019, all USM institutions provided updates on collaborative planning activities per the Statement of Values and Expectations and a consolidated report was presented to the Finance Committee and Board of Regents. The December 2019, update report is attached for reference.

A second requirement of the Statement of Values and Expectations was for USM Institutions to provide a long-term plan for collaboration in May 2020, which would be synthesized and presented to Finance Committee and the Board of Regents during the June 2020 cycle. Due to the timing of the CoVID-19 pandemic crisis, several institutions requested that the USM Office seek an extension on the due date for the report, given the heavy resource strain put on all institutions beginning in February. The Chancellor, Finance Committee Chair and E&E Chair approved a six-month extension for presenting the report to the Board. Therefore, the new requirement is to bring the consolidated long-term plan to the Finance Committee and Board in December 2020. An updated detailed schedule of key dates for completing the plan has been communicated to all USM institutions.

In exchange for the approval to extend the deadline, the USM Office agreed to provide an interim update on activities occurring since the December report was presented. Following is a brief summary of some notable collaborative partnership developments:

- CoVID-19 Response - One positive outcome of the current crisis is it has perpetuated the need for the USM overall, to make many critical decisions quickly and collectively and react more nimbly than on other occasions. The level of collaboration resulting from this has been extensive and affinity groups (e.g., Presidents, VPs for Admin and Finance, CIOs, Provosts) have been meeting much more frequently to share knowledge and experience and make decisions for the collective good. Constant collaborative decisions and resource sharing on processes and technology surrounding migration to fully online education and telework, budget impacts, and return to campus/office have been happening since mid-February and continue without slowing through...
today. All institutions have contributed mightily to help the USM respond to this unparalleled crisis, with a shared set of tools, processes, technology and data.

- **A Consortium of 6 USM institutions** – Since December 2019, the Consortium of 6 (BSU, CSU, FSU, SU, UB, and UMES) with coordination from the USM Office, have continued to make progress toward a new level of shared processes and technology; one goal being the use of one Finance, HR and Student system being used by all six, as opposed to six separate instances. A consultant was brought in to perform an assessment between January and April, to identify opportunities and challenges of this Consortium of institutions. The result of the assessment was a clear endorsement that, although there are certainly challenges to be overcome, the benefits of this partnership and the desired objectives are not only achievable but provide an opportunity that the partner institutions would be ill-equipped to achieve individually. Also, a team of three individuals has been brought in to focus solely on the detailed program planning and management, business analysis and change/communications management that is needed to help propel the effort.

- **USM Data Privacy Legislation** – In response to constantly increasing digitization and personal data being transmitted and stored via the internet, regulations in the US and abroad about data privacy have increased. Institutions of higher education are somewhat unique in the amount of personal data requirements in comparison to other State agencies. Legislation that might be enacted to cover State agencies would likely not reflect the nuances of higher education. Because this, the USM determined that it would collectively draft legislation specific to those nuances with the assistance of a multi-institutional and cross-functional workgroup of university general counsels, IT and data security experts, and other IT and financial leadership. The legislation was passed by the General Assembly and signed by the Governor in May 2020. USM institutions are working collaboratively to implement the legislation on a four-year time horizon. UMBC, whose representative took a lead role in drafting the bill, has offered their assistance to all USM campuses with regard to implementation. This effort provides a unique opportunity for all USM institutions to collaborate on process, technology and data best practices.

Attached is a document that outlines each institution’s collaboration activities.

**ALTERNATIVE(s):** This item is presented for information purposes

**FISCAL IMPACT:** This item is presented for information purposes

**CHANCELLOR’S RECOMMENDATION:** This item is presented for information purposes.

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**COMMITTEE RECOMMENDATION:**

**DATE:**

**BOARD ACTION:**

**DATE:**

**SUBMITTED BY:** Ellen Herbst (301) 445-1923
**University System of Maryland**  
*Update on Institutional Collaboration Planning Efforts*  
*May 2020*

**Interim Institutional Progress on Collaborative Activities**

Following is a summary of collaboration activities by institution.

<table>
<thead>
<tr>
<th>University</th>
<th>Summary of Collaboration Planning Efforts (as of May 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSU</td>
<td>- More than 25 from each campus engaged in process assessment to evaluate opportunities and challenges</td>
</tr>
<tr>
<td>CSU</td>
<td>- Assessment confirmed clear value of consortium partnership</td>
</tr>
<tr>
<td>FSU</td>
<td>- Program manager, business analyst and change management specialist hired for Consortium program planning/execution</td>
</tr>
<tr>
<td>SU</td>
<td>- Governance design, change management strategy, program roadmap and business process redesign underway.</td>
</tr>
<tr>
<td>UB</td>
<td>- Integration partner for Finance/HR system procured.</td>
</tr>
<tr>
<td>UMES</td>
<td>- Discussions with Consortium of 6 on partnership ongoing.</td>
</tr>
<tr>
<td>TU</td>
<td>- Finance system implemented</td>
</tr>
<tr>
<td></td>
<td>- Enterprise system data integration discussions ongoing with UMCP under Strategic Partnership Act</td>
</tr>
<tr>
<td></td>
<td>- Continuing lessons learned discussions with Towson on implementation of same vendor technology</td>
</tr>
<tr>
<td>UMB</td>
<td>- Taking lead role on implementation of USM Data Privacy law</td>
</tr>
<tr>
<td></td>
<td>- Provided several online resources used by other institutions related to telework readiness and online education</td>
</tr>
<tr>
<td>UMCP</td>
<td>- Finance/HR/Student system integration commencement delayed until ~ January 2021.</td>
</tr>
<tr>
<td></td>
<td>- ERP system waterfall pricing incorporated into contract to benefit any USM institution choosing to leverage</td>
</tr>
<tr>
<td>UMBC</td>
<td>- UMCES continues to successfully partner with the other UM’s on various initiatives, which they plan on continuing as is</td>
</tr>
<tr>
<td>UMGC</td>
<td>- New USM partners for UMGC’s HelioCampus (UMBC)</td>
</tr>
<tr>
<td>USM Office</td>
<td>- Coordinating project/assessment efforts with Consortium of 6</td>
</tr>
<tr>
<td></td>
<td>- Developing governance frameworks with Consortium and broader USM collaboration effort</td>
</tr>
<tr>
<td></td>
<td>- Providing technology/process leadership and resources for online education shift</td>
</tr>
<tr>
<td></td>
<td>- Monthly, at minimum, hosting various constituent group collaboration discussions for Presidents, Provosts, CIOs, VP’s, IT security leads and campus project managers, relative to collaboration efforts and CoVID-19 response</td>
</tr>
</tbody>
</table>
University System of Maryland
Update on Institutional Collaboration Planning Efforts
November 22, 2019

Introduction

At its June 12, 2019 meeting, the BOR unanimously approved a Statement of Values and Expectations on Collaboration and Cooperative Efforts wherein USM institutions are expected to pursue opportunities to cooperate, collaborate, and establish common solutions to business process needs. As required by the Statement of Values and Expectations, each institution provided an update on collaboration planning activities to the USM Office. Specifically, institutions were asked to provide information in three areas:

1. Top priorities and initiatives that may or may not support pursuing collaboration efforts
2. Plans for achieving current top priorities and initiatives
3. Collaboration planning status

The following is a high-level summary of all responses.

Overview of current priorities

All USM campuses are engaged in many significant activities to address priorities relative to areas including strategic goals, risk mitigation and academic and operational excellence. Many campuses cited similar priorities relative to increasing enrollment, improving processes and technology particularly around budget planning and student experience, and funding/managing growth in new facilities to support enhanced programs. Many of the individual campus priorities provide areas for new exploration into ways in which institutions could partner either in small groups or systemwide. Several partnerships are already in process.

Collaborative partnerships in process

Partnerships and collaborations of note:

- University of Maryland College Park and Baltimore under the auspice of the MPower Strategic Partnership Act, developed a strategic plan for consolidating process, technology and data for many administrative functions. To date, technology collaboration has occurred which allows administrators and researchers at both institutions to log in with their home university credentials through one portal to access the shared Kuali Research Pre-Award System. UMCP and UMB share the same instance of this grants management system, which went live in 2018. Also, both institutions are pursuing leveraged contracts for systems needed by both including buying and implementing the same job market pricing comparison tool for the hiring function. In process are leveraged contracts for multifunction copiers/printers and potentially joint HR ERP contracting.
A Consortium of 6 USM institutions has been developing over the course of several years and has begun to formalize. Leaders from Frostburg State, Bowie State, University of Baltimore, Coppin State, Salisbury and UM Eastern Shore have been meeting several times monthly, often facilitated by USM Office leadership, since June. Discussions have revolved around developing expectations for the partnership, breadth and depth of scope, governance and proper resourcing and timing for moving forward individually and collectively. Towson University has led discussions on key business process frameworks and standards based best practices. They have offered to establish a governance structure to facilitate information sharing and collaboration between participating USM institutions including sharing of interfaces, Chart of Accounts structure, integrations and conversions developed throughout the project. A team of three dedicated project resources will be procured to by the USM Office and will continue to evolve the program. Also, a readiness assessment and roadmap engagement will soon begin to identify how each institution is aligned and what steps need to be taken by each and collectively to achieve desired outcomes of shared process, data and technology.

BPower - University of Baltimore and Coppin State University, along with BCCC, have created the BPower initiative to enable Baltimore City K-12 students to more easily pursue higher education. Both UB and Coppin have college readiness and dual enrollment programs in place to prepare Baltimore City youth to continue their education after high school. This Baltimore educational partnership is creating a pipeline of leaders to help further enhance the city’s current culture and is evolving into a workforce development model for other urban areas to emulate.

**Expected Outcomes for USM Collaboration Efforts**

In an effort to help define a vision for what the Board of Regents intends by issuing the Statement of Values and Expectations, a set of high-level expected outcomes were identified by USM leadership. Below are those expected outcomes and the remainder of the summary report which discusses collaboration efforts at each institution through that lens.

**Expected Outcomes for USM Collaboration Efforts:**

**Present-2020**

- Each institution clearly positioned on a lifecycle roadmap
- Institutions aligned on plans for technology and process collaboration
- Governance structure working and roles clearly defined

**2021-2022**

- Data needs and models converged on USM standards
- Clusters of schools have developed common processes
## Progress on short term (Present – 2020) expected outcomes

A continual cycle of improvement and collaboration has been developed and will be the basis for development of campus collaboration planning and roadmap reports due in May to the Board of Regents. The USM Office is also developing governance models for discussion across the USM, to develop decision making bodies to direct collaboration efforts long term.

### University Summary of Collaboration Planning Efforts (as of December 2019)

<table>
<thead>
<tr>
<th>University</th>
<th>Summary of Collaboration Planning Efforts (as of December 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowie State</td>
<td>- Campuses all part of Consortium of 6</td>
</tr>
<tr>
<td>Coppin State</td>
<td>- Currently engaged in planning and readiness assessment collectively</td>
</tr>
<tr>
<td>Frostburg State</td>
<td>- Collaboratively defining governance structure and process</td>
</tr>
<tr>
<td>Salisbury</td>
<td>- UMES involved in UMCP’s ERP selection process as they are currently supported by UMCP’s ERP systems and are evaluating this relationship as a continued option</td>
</tr>
<tr>
<td>University of Baltimore</td>
<td></td>
</tr>
<tr>
<td>UM Eastern Shore</td>
<td></td>
</tr>
<tr>
<td>Towson</td>
<td>- Recently selected cloud HR and Finance ERP solution and implementation partner</td>
</tr>
<tr>
<td></td>
<td>- Negotiated a new Oracle contract that improves on UMB pricing with an additional 10% discount and ensured availability to all other USM institutions</td>
</tr>
<tr>
<td></td>
<td>- Implementation underway in early 2020</td>
</tr>
<tr>
<td></td>
<td>- Partnering with UMB on lessons learned in implementing the same ERP tool</td>
</tr>
<tr>
<td></td>
<td>- Worked with Consortium of 6 to evaluate opportunities for being service provider more broadly. No clear option emerged.</td>
</tr>
<tr>
<td>UM Baltimore</td>
<td>- Under SB1052, several initiatives complete or under-way with UMCP related to administrative processes and tools</td>
</tr>
<tr>
<td></td>
<td>- Cloud financial ERP implemented on October 2, 2019</td>
</tr>
<tr>
<td></td>
<td>- Sharing lessons learned with Towson</td>
</tr>
<tr>
<td></td>
<td>- UMB will incorporate the Oracle Human Capital Management (HR) application into the existing UMB Oracle platform for achieving the most cost-effective, optimal integration solution with the new Quantum (Oracle) financial system.</td>
</tr>
</tbody>
</table>
Selection process for HR ERP underway. Involved with UMCP in their selection process for HR ERP

- Plan to remain with current on-premise ERP technology
- Investing resources in other campus priorities

UM College Park
- Under SB1052, several initiatives complete or under-way with UMCP related to administrative processes and tools
- Currently evaluating cloud ERP vendors for HR and Student Systems. Plan to continue to support UMES, UMCES and USM
- Have offered participation in their procurement to greater USM

UMCES
- UMCES continues to successfully partner with the other UM’s on various initiatives, which they plan on continuing as is

UM Global Campus
- Fully implemented cloud HR and Financial ERP Systems through AccelerEd
- Recently selected new cloud Student Information System Implementation underway

USM Office
- Coordinating planning and assessment efforts with Consortium of 6
- Developing governance frameworks with Consortium and greater USM
- Absorbing cost of providing consulting assistance to Consortium of 6
- Monthly hosting various constituent group collaboration discussions for CIOs, VP’s, IT security leads and campus project managers

Progress on mid-term (2021 – 2022) expected outcomes

As institutions continue to migrate to cloud based ERP and other modern technology systems, an opportunity for converged data models emerges. This will provide improved consistency in data sharing between designated stakeholders and facilitate enhanced analytics and data-driven decision making. Likewise, as institutions begin to decide on modernizing technology, process improvement and convergence opportunities also increase.

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<tbody>
<tr>
<td>Bowie State</td>
<td>- As part of Consortium of 6 readiness assessment, business processes will be evaluated and a roadmap to converge will be created</td>
</tr>
<tr>
<td>Coppin State</td>
<td>- Each campus undergoing business process evaluation in various areas, which will inform the Consortium assessment</td>
</tr>
<tr>
<td>Frostburg State</td>
<td>- Working with USM Office on various data consolidation initiatives (e.g. common chart of accounts, HR data, etc.)</td>
</tr>
<tr>
<td>Salisbury</td>
<td></td>
</tr>
<tr>
<td>University of Baltimore</td>
<td></td>
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<tr>
<td>UM Eastern Shore</td>
<td></td>
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</tbody>
</table>

University Summary of Collaboration Planning Efforts (as of December 2019)
<table>
<thead>
<tr>
<th>Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towson</td>
<td>- Implementation of Budget and Planning and Financials Cloud will be completed for FY22 go-live&lt;br&gt;- Engaged in process evaluation and redesign in preparation for implementing new HR and Payroll Cloud product&lt;br&gt;- Continues to lead in a shared service of aggregating payroll data from all Comprehendatives and forwarding to State of MD Central Payroll Bureau</td>
</tr>
<tr>
<td>UM Baltimore</td>
<td>- With UMCP, developed common processes and standardized on same technology for grant management (Kuali)&lt;br&gt;- Working with UMCP to find areas of commonality in both data and process, across administrative functions with several areas identified (e.g. travel administration, HR onboarding, IT functions, etc.) and are in discussion on how to converge&lt;br&gt;- Underwent internal process improvement for finance function with move to cloud Financial ERP&lt;br&gt;- Undergoing internal process improvement for Human Resources functions with move to cloud to HR ERP.</td>
</tr>
<tr>
<td>UMBC</td>
<td>- Purchased and implemented eProcurement System and extended contract and pricing to all USM&lt;br&gt;- Currently undergoing internal campus-wide student facing process and data enhancements&lt;br&gt;- Expanding internal shared service efforts providing administrative support</td>
</tr>
<tr>
<td>UM College Park</td>
<td>- With UMB, developed common processes and standardized on same technology for grant management (Kuali)&lt;br&gt;- Working with UMB to find areas of commonality in both data and process, across administrative functions with several areas identified (e.g. travel administration, HR onboarding, IT functions, etc.) and are in discussion on how to converge</td>
</tr>
<tr>
<td>UMCES</td>
<td>- UMCES has been participating in the UMCP ERP evaluation process and intends to continue to have UMCP be their service provider for HR and Financial systems.</td>
</tr>
<tr>
<td>UM Global Campus</td>
<td>- Working with several campuses to implement HelioCampus, a higher-ed specific data analytics platform and service offering&lt;br&gt;- HelioCampus helps normalize and coalesce various campus data sources into a format and toolset that allows campuses to make more informed decisions</td>
</tr>
<tr>
<td>USM Office</td>
<td>- USM Institutional Research and IT continue to build common data structures for ingesting campus data to create institutional profile data and for mandatory reporting&lt;br&gt;- USM Office is providing the Consortium of 6, funding to perform a process readiness assessment for moving to cloud</td>
</tr>
</tbody>
</table>
ERP as well as adjunct staff to lead process improvement efforts

Progress on long-term (2023 – 2028) expected outcomes

While some institutions have begun or even completed modernization to cloud ERP technology, several are still in process or planning for migration after other priorities are addressed. While 3-4 instances of ERP technology are possible in the foreseeable future, it is more likely that a 10-15 year window is more likely for consolidation to one instance of ERP technology that services all 12 institutions. With the first-round, migration will still bring consolidated data modeling and ability for campuses and clusters to do more with analytics and data-driven decision making. It should be noted that cloud-based ERP systems do not allow the same flexibility to customize the system to the current process. As processes converge around best practice as defined by cloud ERP technology, opportunities for efficiency through shared services become more prevalent. Likewise, cloud ERP and integrated technology are built from the beginning, with ubiquitous access by all digital devices in mind. This provides opportunities for faculty, staff and students to do their work anywhere they are.

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<thead>
<tr>
<th>University</th>
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</thead>
<tbody>
<tr>
<td>Bowie State</td>
<td>- As part of the Consortium of 6, the intent is to pursue one shared instance of cloud ERP systems (HR, Finance and possibly Student) among all 6</td>
</tr>
<tr>
<td>Coppin State</td>
<td>- Cloud ERP and integrated technologies are built to provide support for access to systems and data from traditional computing and mobile devices through any browser</td>
</tr>
<tr>
<td>Frostburg State</td>
<td>- Sharing one instance of the ERP technology and common processes will provide the ability for any of the 6 campuses to fulfill administrative needs for each other as needed</td>
</tr>
<tr>
<td>Salisbury</td>
<td>- After completion of Financials implementation, will begin the HR Cloud implementation</td>
</tr>
<tr>
<td>UM Eastern Shore</td>
<td>- Procured their Finance and HR cloud ERP using UMB’s contract pricing</td>
</tr>
<tr>
<td>University of Baltimore</td>
<td>- Continues to be a service center for aggregation payroll data to the Comprehensives</td>
</tr>
<tr>
<td></td>
<td>- Discussions about expanding services to Consortium of 6 is ongoing</td>
</tr>
<tr>
<td>Towson</td>
<td>- With UMCP, developed common system login capability to access the Kuali Research Pre-Award System that is shared and used by both campuses</td>
</tr>
<tr>
<td>UM Baltimore</td>
<td>- Implemented same Financial ERP that Towson plans to and sharing lessons learned in development. Potential for additional consolidation</td>
</tr>
</tbody>
</table>
- Various administrative procedures and technology in the evaluation stage of converging with UMCP’s procedures

**UMBC**
- UMBC currently has not communicated plans to migrate to cloud ERP, collaborative data schema and processes
- Various convergence options will be in place when they do
- Developing internal shared service centers, the model for which could be promulgated across other USM institutions

**UM College Park**
- With UMB, developed common system login capability to access systems shared by both campuses
- Potential to purchase and implement same cloud ERP vendor as UMB and Towson (Oracle for Financials and HR)
- Aggregating payroll data and serving as procurement service lead for UMES, UMCES and the USM Office
- Various administrative procedures and technology in the evaluation stage of converging with UMB’s procedures

**UMCES**
- Continue to partner with UM on various technology and associated systems as is currently the case

**UM Global Campus**
- AccelerEd and UMGC are in discussions with several USM schools to provide IT and process transformation services
- HelioCampus desires to become the standard bearer for analytics across USM institutions

**USM Office**
- Funding an assessment that will show which processes or activities might best benefit from shared technology and services across the Consortium of 6
- Funding three consulting resources to help with project planning, assessment and change/communication management
- Continuing to build and enhance USM-wide systems and services providing efficiency across the System (e.g. tuition remission, articulation system, charitable giving, campus data aggregation, common security services and leveraged contracting)
TOPIC: Convening Closed Session

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 10, 2020

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 Finance 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 Board of Regents Committee on Finance vote to reconvene in closed session.

COMMITTEE RECOMMENDATION: DATE:

BOARD ACTION: DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923
STATEMENT REGARDING CLOSING A MEETING
OF THE COMMITTEE ON FINANCE
OF THE USM BOARD OF REGENTS

Date: June 10, 2020
Time: 1:30 p.m.
Location: Conference Call

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) [x] 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.

(15) [ ] To discuss cybersecurity, if the public body determines that public discussion would constitute a risk to:
   (i) security assessments or deployments relating to information resources technology;
   (ii) network security information, including information that is:
      1. related to passwords, personal identification numbers, access codes, encryption, or other components of the security system of a governmental entity;
      2. collected, assembled, or maintained by or for a governmental entity to prevent, detect, or investigate criminal activity; or
      3. related to an assessment, made by or for a governmental entity or maintained by a governmental entity, of the vulnerability of a network to criminal activity; or
   (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

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

[x] Administrative Matters

TOPICS TO BE DISCUSSED:
Real property acquisitions in Salisbury and the City of College Park. The proposed FY 2022 Capital Budget submission and potential adjustments to the submission. Discussion about the development of a forecast to estimate the financial impact of COVID-19.

REASON FOR CLOSING:
To maintain confidentiality of discussions of potential property acquisitions prior to BOR approval (§3-305(b)(3)); to maintain the confidentiality (pursuant to executive privilege) of proposed capital budget prior to Governor’s submission to legislature (§3-305(b)(13)); and, to handle an administrative matter concerning the development of a forecast to estimate the financial impact of COVID-19 (§3-103(a)(1)(i)).