



**UNIVERSITY SYSTEM
of MARYLAND**

Board of Regents
Committee on Finance

December 7, 2022

Zoom Details to be Provided to Committee

Public Listen-Only Access: 301-715-8592; Conference ID: 973 0757 4238;
Passcode: 231702

AGENDA FOR PUBLIC SESSION

Call to Order

Chairman Attman

1. [University System of Maryland: Modification to Contract for Additional Insurance Products \(action\)](#)
2. [University of Maryland, Baltimore: Creation of an Affiliated Business Entity—a Fiscal Sponsor Host Organization—to Serve as an Incubator for Small or Early-stage Nonprofit Projects \(action\)](#)
3. [University of Maryland Global Campus: Sale of Largo Properties to Maryland-National Capital Park and Planning Commission \(action\)](#)
4. [2022 USM Dashboard Indicators \(information\)](#)
5. [Convening Closed Session \(action\)](#)



TOPIC: University System of Maryland: Modification to Contract for Additional Insurance Products

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: December 7, 2022

SUMMARY: The USM Office requests approval to modify the current contract with Metropolitan Life Insurance Company (MetLife) to include additional optional insurance products: 1) Group Accident; 2) Critical Illness; 3) Hospital Indemnity; 4) Legal Plan; 5) Pet Insurance; and 6) Group Auto and Home.

The original contract was for Life and Long-Term Disability Insurance and was approved by the Board of Regents on December 18, 2020, and the Board of Public Works on January 6, 2021.

The initial term of the contract is five-years, with five additional one-year renewal options. This modification will incorporate the optional insurance products described above, as well as Short-Term Disability Insurance that was inadvertently omitted from the original agenda item. The Board of Public Works approved this contract modification on October 12, 2022.

VENDOR: Metropolitan Life Insurance Company: New York, NY: Vice President, David S. Brennan

ALTERNATIVES: USM could continue with Life and Long-Term Disability Insurance and not offer these additional insurance products to employees.

FISCAL IMPACT: Below is the estimated cost of the modified contract. There is no fiscal impact to USM or USM institutions as all of these insurance products are 100% employee paid.

\$28,934,775	5-year base for Life and Long-Term Disability, using current employee count including Optional Benefits for years 3-5
\$7,983,755	First Renewal plus Optional Benefits
\$7,983,755	Second Renewal plus Optional Benefits
\$10,575,755	Third Renewal plus Optional Benefits
\$10,575,755	Fourth Renewal plus Optional Benefits
\$10,575,755	Fifth Renewal plus Optional Benefits
\$76,629,550	Total: 10-year Period

CHANCELLOR’S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the University System of Maryland to modify the Contract with MetLife to add the optional insurance products as described above.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



TOPIC: University of Maryland, Baltimore: Creation of an Affiliated Business Entity—a Fiscal Sponsor Host Organization—to Serve as an Incubator for Small or Early-stage Nonprofit Projects

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: December 7, 2022

SUMMARY: The University of Maryland, Baltimore (“UMB”) requests Board recognition of a not-for-profit 501(c)(3) to be established by UMB as an affiliated business entity as described in Section 12-113, Education Article, and USM Policy VIII-13.00. The business entity, a Fiscal Sponsor Host Organization (FSHO), will provide small or early-stage nonprofit projects with financial, legal, administrative services, and capacity building, allowing the nonprofits to focus on their programmatic impact and growth.

This model permits client organizations, which usually lack 501(c)(3) status, to receive the benefits of tax-exempt status through the FSHO. For a program being sponsored, using a fiscal sponsorship arrangement offers a way for a mission-oriented activity to attract donors even when it is not recognized as a tax-exempt organization. UMB expects that the FSHO will hire an executive director in late Spring 2023 and engages its first five projects in the first quarter of fiscal year 2024.

In 2021, the Open Society Institute-Baltimore and the Annie E. Casey Foundation conducted a landscape analysis of fiscal sponsors that concluded, “without investment and commitment from funders and buy-in from all stakeholders, the ecosystem is neither sustainable nor able to meet the essential needs of all stakeholders.”¹ The shortage of FSHOs in the City constrains the growth and development of new ideas in the nonprofit sector, because founders often struggle to find a sponsor willing to host their project. These challenges with the fiscal sponsor model have prevented grassroots organizations and nonprofits from being able to deliver crucial programs and services, with a disproportionate impact on communities of color. In response to these dynamics, the University has decided to establish an FSHO for Baltimore and Maryland-based nonprofits.

a) Describe the legal form of the business entity

The FSHO business entity will be a 501(c)(3) nonprofit organization. It will be filed as a Maryland tax-exempt nonstock corporation and will apply for 501(c)(3) tax-exempt status from the IRS. The business entity will be established in accordance with Article 12-113 of the Annotated Code of Maryland. Starting the new FSHO as an independent nonprofit, rather than an office under the University’s umbrella, is more straightforward and provides unique advantages. First, it allows for operational efficiency. A small, independent FSHO will be able to design its finance and operations systems around the needs of clients; UMB and the FSHO would establish an affiliation agreement allowing for partnership and collaboration. Second, this arrangement would provide a healthy degree of independence and separation between UMB and the FSHO, as UMB would not be ultimately responsible for the financial or operational choices of the FSHO. An affiliation agreement between UMB and the FSHO could create space and pathways for resource sharing, joint fundraising, collaboration with students and faculty, and other mutual priorities.

¹ <https://www.osibaltimore.org/2022/03/casey-foundation-osi-examine-baltimores-fiscal-sponsorship-landscape/>

b) Explain why a separate business entity is needed:

A separate business entity is needed for this purpose because the existing UMB financial processes are not able to meet the needs of fiscally sponsored clients. One of the core requirements of a fiscal sponsor is the prompt processing of transactions on behalf of its client organizations, including vendor payments, reimbursements, and other financial transactions. Because client organizations often work with small vendors and individuals, the substantial processing times of the UMB financial system would cause difficulties and the potential for hardship. During the diligence phase of this project, many current and former fiscal sponsorship clients expressed that they would not work with a sponsor that was unable to process routine transactions within a few business days.

Additionally, by creating the fiscal sponsor as a separate business entity, UMB and USM will not bear ultimate legal and financial responsibility for the new organization.

c) Explain how the business entity will further the goals of the institution or the USM:

The proposed FSHO will contribute significantly to key UMB goals:

- UMB students will gain opportunities for productive internships and jobs when they graduate.
- UMB faculty will gain potential collaborators to win and implement research and service grants and contracts.
- New non-profit companies will be launched, directly employing Maryland residents and providing social services to many more.

The FSHO will also contribute to the success of core UMB community initiatives, such as School of Social Work Promise Heights and Social Work Community Outreach Service, Francis King Carey School of Law Clinical Law Programs, the Community Engagement Center, and the UMB CURE Scholars.

d) Explain how the business entity is related to the mission of the institution or the USM:

The proposed FSHO is strongly aligned with UMB's mission to "improve the human condition and serve the public good of Maryland and society at-large through education, research, clinical care, and service." The FSHO will assist its sponsored organizations in delivering vital services to Maryland residents by capitalizing on UMB's excellence in education, research, clinical care, and service.

e) Explain how the business entity will compete, if at all, with the institution or the USM:

The business entity will not compete with UMB or USM. No other entity within or connected to the USM currently provides the type of fiscal sponsorship services proposed here. Rather than competing, it is expected that the new FSHO will complement existing programs and activities within UMB. For example, it will provide volunteer and internship opportunities for students; create pathways for research collaboration with faculty; and bolster UMB's reputation in the Baltimore community.

f) Define the composition of the business entity's governing body, addressing specifically, any role of the institution or USM in appointing and removing members of the governing body:

The business entity's governing board will be composed of a majority of non-UMB employees. Board members would include a diverse group of local stakeholders and community leaders with backgrounds in nonprofit management, business development, philanthropy, and related areas, in addition to

potentially including a small number of UMB employees. UMB and USM will not have a formal role in appointing or removing board members because such an arrangement would impede the entity's ability to attract the local philanthropic support that is necessary for its financial viability.

While UMB will not approve or remove board members, it will maintain a substantial partnership with the new entity through an affiliation agreement that will provide for UMB donations of staff time, office space, and other resources. This arrangement will enable UMB to exercise a degree of influence over the organization without formal control of the board. The Affiliation Agreement will include provisions that would reserve the right for the Board or UMB to terminate the agreement if certain conditions are not met.

g) Describe any Ethics Law issues presented by the proposal and how they will be resolved:

UMB is not aware of any Ethics Law issues concerning the proposed business entity. Any UMB administrators and faculty who are managers or officers of the new business entity will hold their positions subject to UMB's designation and will obtain any needed State Ethics Law exemptions from UMB or from the State Ethics Commission. UMB administrators and faculty will not receive compensation from the new business entity. While UMB administrators and faculty will not receive compensation from FHSO, FHSO is likely to provide funding to UMB to cover salary expenses of UMB administrators and faculty.

h) Describe any other potential conflict of interest or other problems which might be anticipated at the time Board's approval is sought, e.g., individuals who have potential conflicts regarding compensation; members of the governing board who stand to financially benefit from the activities of the business entity; and if the business entity might receive goods or services at a below market price as a result of actions of a member of the governing board:

The business entity's status as a 501(c)(3) nonprofit organization reduces the potential for conflicts of interest. Board members will not be compensated for their roles and, because of the nonprofit mission involved, there will not be any direct financial benefit to board members as a result of the success of the business entity or its clients. All clients will be required to operate in line with 501(c)(3) requirements.

As a nonprofit organization, the business entity will maintain a conflict of interest policy. All board and staff members will complete annual conflict disclosure forms which will be examined by the entity's leadership and will be subject to review during the entity's annual audit. UMB employees that provide services to the entity will be subject to the System's conflict of interest policies, and Section 5-525 of the Public Ethics Law provisions within the General Government article.

The entity's nonprofit status will allow it to receive goods or services at a below market price, so long as 1) those transactions are properly valued and recorded as donations, and 2) those donations are not leveraged by the donor for future benefit (financial or otherwise) from the entity.

i) Comply with any Board of Regents approved due diligence requirements

UMB and the FSHO will comply with all BOR approved due diligence requirements. A copy of the articles of incorporation will be sent to the Chancellor as the business entity files them with the Maryland State Department of Assessments and Taxation, or other appropriate government filing office.

ALTERNATIVE(S): UMB could continue to team with local community initiatives and foundations in an ad hoc fashion. However, this would not address the dire, unmet need for an additional fiscal sponsor in Baltimore. Further, it would sharply limit the educational, career, research, and social impact opportunities for UMB faculty, students, graduates, and staff.

FISCAL IMPACT: The FSHO will set fee rates that balance client accessibility and organizational stability. They will develop a budget with evidence-based revenue projections and adequate staff allocations. The FSHO will partner with UMB to facilitate collaboration, resource sharing, and mutual benefits between sponsored projects and the UMB community.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approves that the University of Maryland, Baltimore may create the FSHO business entity and enter into an Affiliation Agreement, and any other required agreements and documents required to create the entity; and delegate to the Chancellor the authority to execute all required agreements and documents consistent with the USM Policy on Business Entities, following legal review by the Office of the Attorney General. *All agreements, organizational documents, and affiliation agreement are subject to the approval of the USM Sr. Vice Chancellor of Administration and Finance.*

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



TOPIC: University of Maryland Global Campus: Sale of Largo Properties to Maryland-National Capital Park and Planning Commission

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: December 7, 2022

SUMMARY: The University of Maryland Global Campus (UMGC) seeks approval to sell several properties to the Maryland-National Capital Park and Planning Commission (M-NCPPC) for a purchase price of \$75 million.

M-NCPPC will acquire from UMGC:

- a 232,038 sq. ft. building at 1616 McCormick Drive, Upper Marlboro
- a 63,500 sq. ft. building at 1601 McCormick Drive, Upper Marlboro
- A 6.8-acre vacant parcel at 1440 McCormick Drive, Upper Marlboro

Site location maps are attached as Exhibit A.

UMGC obtained two appraisals for the properties described above and M-NCPPC obtained three appraisals.

Appraiser	Date	Value For Properties	Obtained By
Lippman Frizzell & Mitchell	August 22, 2022	\$70,570,000	UMGC
John R. Fowler, Inc.	June 27, 2022	\$92,598,000	UMGC
Principle Valuation & Advisory Group	June 15, 2022	\$55,850,000	M-NCPPC
Associated Appraisers	June 13, 2022	\$80,056,000	M-NCPPC
Cushman & Wakefield	June 9, 2022	\$49,900,000	M-NCPPC

Prior to the COVID-19 pandemic, the University fully occupied the buildings and utilized the land for parking. Since the beginning of the pandemic, the University has been operating in a hybrid work fashion, where most of its employees work from home and only come on-site for essential functions or team collaboration and engagement. This new hybrid work arrangement has allowed the University to consolidate its operations at its Adelphi location and reduce the amount of square footage required to operate. The positive effects on the climate from employees working mainly remote cuts emissions-related carbon production by 60%—reducing approximately 7,680 kg of CO2 in the atmosphere per day.

UMGC is currently undertaking program planning for a renovation of the Adelphi location for the purpose of enhancing the space to optimize the facilities for hybrid operations.

This disposition of real property will require the approval of the Maryland Board of Public Works and is expected to be presented in December of 2022.

PURCHASER/DEVELOPER: Maryland-National Capital Park and Planning Commission, Riverdale
Asuntha Chiang-Smith, Executive Director

UMGC LARGO SALE

BROKER: NAI Michael, 10100 Business Parkway, Lanham
Gary W. Michael, CEO

ALTERNATIVE(S): The Board of Regents could reject the proposed land sale to the Maryland-National Capital Park and Planning Commission. UMGC would retain the properties; however, they are not currently in use and there are no plans for future use. UMGC would need to expend funds to maintain these vacant facilities.

FISCAL IMPACT: UMGC will receive \$75 million in sales proceeds. UMGC will pay a broker fee of 4% (\$3 million) to NAI Michael.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for UMGC the disposition by sale of a 232,038 sq. ft. building at 1616 McCormick Drive, a 63,500 sq. ft. building at 1601 McCormick Drive, and a 6.8-acre vacant parcel at 1440 McCormick Drive, Upper Marlboro, MD 20774, for \$75 million, to the Maryland-National Capital Park and Planning Commission consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

EXHIBIT A (Site Maps)



UMGC LARGO SALE



TOPIC: 2022 USM Dashboard Indicators

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: December 7, 2022

SUMMARY: Periodically, the Board of Regents is provided with an update of the USM Dashboard Indicators (DBIs). There are over 200 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. These indicators are focused on the external environment, the System as a whole, and each USM institution.

The USM DBIs are available in an interactive web environment accessible at this link:
<http://www.usmd.edu/dashboard-indicators/>.

This site provides members of the Board, institutional leaders, and stakeholders with historical data back to the first set produced in 2001. Users of the site may examine changes at both the System and institutional level. Included for each indicator is a 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.

Chad Muntz, leader of the USM’s Office of Institutional Research, Data, and Analytics, will provide a brief demonstration at the meeting.

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.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: December 7, 2022

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



UNIVERSITY SYSTEM
of MARYLAND

STATEMENT REGARDING CLOSING A MEETING
OF THE COMMITTEE ON FINANCE
OF THE USM BOARD OF REGENTS

Date: December 7, 2022

Time: 10:30 a.m.

Location: Video Conference

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.

CONVENING CLOSED SESSION

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

- Administrative Matters

TOPICS TO BE DISCUSSED:

To consider the awarding of a new contract for online program management; to discuss the Committee's self-assessment results; and the development of the proposed FY 2024 Operating Budget submission and potential adjustments to the submission.

REASON FOR CLOSING:

To maintain confidentiality of discussions of bid proposals prior to BOR approval and the awarding of a new contract (§3-305(b)(14)); to maintain confidentiality (pursuant to executive privilege) of the proposed operating budget prior to the Governor's submission to legislature (§3-305(b)(13)); and, to discuss an administrative matter concerning the Committee's self-assessment (§3-103(a)(1)(i)).

CONVENING CLOSED SESSION