



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

March 30, 2017
University of Baltimore

Minutes of the Public Session

Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:08 a.m. Regent Pevenstein read the *Convening in Closed Session statement* citing State Government Article Section 3-305 of the Open Meetings Act to discuss issues specifically exempted in the Act from the requirement for public consideration. Regent Pevenstein moved and Regent Attman seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:08 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 10:24 a.m.

The Committee reconvened in public session at 10:30 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, and Mr. Rauch. Also present were: Chancellor Caret, Mr. Vivona, Ms. Doyle, Mr. Sadowski, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Presidents Perman and Miyares, Mr. Appleton, Mr. Brockenbrough, Mr. Colella, Mr. Danik, Mr. Oster, Ms. Schaefer, Mr. Shoenberger, Mr. Lockett, Mr. Rose, Mr. Schuckel, Ms. Rhodes, Mr. Maginnis, Mr. Ulman, Mr. Petrov, Mr. Principe, Ms. Aughenbaugh, Ms. Fowler-Young, Mr. Page, Ms. Denson, Mr. Hickey, Ms. Skolnik, Ms. West, Dr. Passmore, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University of Maryland, Baltimore: Facilities Master Plan Update

President Perman presented the master plan, offering renewing and reinvesting in the University's buildings as a key theme. The plan outlines improvements that renew aging facilities, enhance the campus environment, create stronger physical connections to the community, and promote sustainability initiatives. The plan identifies a variety of sites for specific projects to be developed over the next ten years. Discussed in the plan was facilities renewal, the future redevelopment on the north end of the campus, an integrated bike network, and innovation and collaboration. Another important theme of the plan is the *University as an anchor institution*. Dr. Perman expressed the University's desire to enhance connectivity by creating stronger and safer connections to Lexington Market, the BioPark, MetroWest, public transit along Howard Street, and communities to the west and east. Six near-term priorities in the proposed plan include the School of Social Work, an Interprofessional Education Center, a Community Engagement Center, revitalization of existing buildings, greening the campus, and substation and electrical infrastructure.

Regent Pevenstein thanked Dr. Perman and his staff, and then reminded committee members that the plan update would be placed on the agenda for consideration for approval at their next meeting.

The Report was accepted for information purposes.

[The presentation is available online <http://www.usmd.edu/regents/agendas/fc20170330>]

2. USM Enrollment Projections: 2017-2026

Dr. Passmore presented the enrollment projections. He first reviewed the role of the projections, an important component in the development of the operating budget short-term, program development mid-term, and capital planning long-term. He went on to say that the USM projections inform the MHEC statewide projection process.

He explained that this year's projection was the most conservative of the last ten years. Overall headcount is slated to increase just 1% by the fall, with overall projected headcount growth for the ten-year period at 8%, or somewhat less than 1% per year. Compared with last year's projections, the graphical display showed a trend of slowing growth.

At this point, UMES is the only institution projected to grow rapidly over the next ten years. Regent Gossett asked about the growth, would it be met with new programs or existing programs? Mr. Appleton responded that initially, the University intends to look at growth with its existing programs. Continuing along, Dr. Passmore noted that BSU, CSU, SU, TU, UB, and UMBC fell into the "moderate growth" category, projected somewhere between 1-1.7% per year. FSU, UMB and UMCP are expected to have very little growth with potentially small declines. With regard to UMUC, long the major growth institution in all types of budget environments, Dr. Passmore states they projected about 1% growth per year representing a slowing of growth at that institution. Regent Neall added that we might need to temper some of these numbers in a market where everyone is trying to get your customers.

Turning to the enhancement of the projection process, Dr. Passmore explained that as part of this year's enrollment projections process, the staff met with each institution regarding their enrollment projection. Discussion topics included: ability to grow, 3-year projection horizon, risk rating, and accountability.

Looking ahead, Dr. Passmore stated that the USM Office will work to develop a multi-level enrollment allocation approach. In support the 55% college completion and workforce development goals, the staff will work towards developing funding scenarios based on each institution's current status. Some of the possible scenarios will address institutions that are facing major challenges in maintaining their enrollment and related institutional operations, those with high demand in need of support to maintain competitive performance during growth, and those institutions that have the capacity to address the most critical state priorities and strategic economic needs.

The Finance Committee recommended that the Board of Regents approve the enrollment projections.

[The presentation is available online <http://www.usmd.edu/regents/agendas/fc20170330>]

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

3. University System of Maryland: Self-Support Charges and Fees for FY 2018

Regent Pevenstein explained that the process for approving tuition and student fees occurs in two separate stages. This schedule concerns only those non-mandatory charges which are not part of the state budget. He indicated that College Park would be using the increase in parking fee revenue to help fund a new garage and that Frostburg's requested room rate increases are associated with a planned renovation and updating of the residence halls.

The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2018 as set forth in the item's schedule.

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

4. Biennial Nonexempt Market Salary Survey Report – Nonexempt Salary Structure Adjustment for FY 2018-2019

Mr. Pevenstein summarized the item. He noted that the proposal is consistent with past practice. Every two years the USM surveys the market to determine whether the salaries are competitive or not with the employment market. This structure covers all nonexempt employees—contingent or regular status. The structure is set to be a lead/meet/lag system. Those staff who fall below the new minimums for each range would have their salaries increased to the new limit.

The Finance Committee recommended that the Board of Regents approve the proposed Nonexempt Salary Structure Adjustment, effective for FY 2018 and FY 2019.

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

5. Amendments to USM Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes

Regent Pevenstein explained that this policy is used to determine initial residency classification at the time of admission, as well as a change of classification for tuition purposes. The proposed revisions are required to comply with federal regulations.

The Finance Committee recommended that the Board of Regents approve the amended policy as presented.

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

6. University of Maryland, Baltimore: Authorization for President and Vice President for Enterprise and Economic Development to Serve on Steering Committee of Affiliated Business Entity

Regent Pevenstein stated that Board approval is necessary so that the president and Jim Hughes can serve on the steering committee of the affiliated business entity. The entity was created by the Regents with the goal of exploring opportunities involving Japanese pharmaceutical firms.

The Finance Committee recommended that the Board of Regents approve (a) pursuant to Policy III-1.11, exemptions from the sections of the State Ethics Law to permit President Perman and Vice President Hughes to serve as members of the UMI Steering Committee for five years, (b) development by the Chancellor or his designee of appropriate conflict of interest management plans for President Perman and Vice President Hughes as required under the Policy; and (c) a requirement that UMB submit to USM reports as required by Policy VIII-13.00 about the UMB relationship with UMI, an affiliated business entity, starting with a report due in fiscal year 2019.

This approval is conditioned upon the 30-day review and concurrence of the exemptions by the State Ethics Commission, per §5-525 of the General Provisions Article.

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

7. University of Maryland, Baltimore: Dental Student Clinics Management Contract

Mr. Pevenstein stated that UMB seeks to exercise the first of five one-year renewal options with U.M. FDSP Associates for the day-to-day operations of the student dental clinics. This group is not-for-profit and has been running the clinics for many years. The estimated dollar amount for the upcoming contract year is \$10.2 million.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the request to exercise the second one-year renewal option with U.M. FDSP Associates, P.A. as described in the item.

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

8. University of Maryland, Baltimore: Sale of Properties on W. Pratt Street

Regent Pevenstein explained this is a request to sell three properties to a developer who intends to assemble them with a site owned by UMMS for the purpose of constructing market-rate housing. They are older buildings and a sales price of \$540,000 has been agreed to by the University and the buyer.

The Finance Committee recommended that the Board of Regents approve the sale of the properties to Zahlco Holdings, LLC (or an affiliate) and delegate to the Chancellor the authority to execute all required documentation after appropriate legal review and consistent with the University System of Maryland Policy and Procedures on the Acquisition and Disposition of Real Property. The University shall continue to work with the University System of Maryland Office of the COO/Vice Chancellor for Administration and Finance and the Office of the Attorney General throughout the sale process.

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

9. University of Maryland, College Park: Sale of 0.3 acres located in Burtonsville to Montgomery County

Regent Pevenstein stated this request involves the sale of a small parcel to the county, where an old fire tower previously stood. The property is no longer in use by the University and selling it to the County would restore its use as an important public safety and communications facility. Regent Gossett asked if there was an inventory of university-owned properties, to which Mr. Vivona responded, "yes, and they are scrubbing that list."

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park to sell this property, and delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required for the disposition consistent with applicable University System of Maryland Policy "Acquisition and Disposition of Real Property."

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

10. University of Maryland, College Park: Creation of Terrapin Development Company, LLC and Transfer of Real Property

Regent Pevenstein introduced the item and then asked Mr. Colella and Mr. Ulman to take the group through the request.

Mr. Colella offered that the creation of the Terrapin Development Corporation (TDC) will help to formalize the activities that the campus has been engaged in to create a better College Park. He indicated that TDC will be a two-member limited liability corporation comprised of UMCP and the UMCP Foundation as members. TDC will be able to better facilitate the development of real property through this partnership, permitting it to operate in a nimble and effective manner. The campus is requesting the approval of the formation of the business entity, the transfer of three parcels to the entity, and an exclusive development agreement on several remaining parcels. Mr. Ulman added that the University has done a pretty good job in a siloed process, but there is the need to formalize a structure that *can act at the speed of business*. Regent Attman greeted the proposal as a great idea, however, made note that the majority of the LLC board will be from the Foundation, and not the institution. Mr. Ulman responded that they are careful to be sure that debt does not consolidate to the campus, and board control is one factor that has been taken into consideration in the due diligence process. Regent Attman added that perhaps veto authority could be explored as an alternative.

Regent Pevenstein stated that it would be important to return to the committee in six months and provide a report on activities.

The Finance Committee recommended that the Board of Regents approve that the University of Maryland, College Park may create the TDC business entity and enter into an Operating Agreement, the company conflict of interest policy, the Contribution Agreement, and any other required agreements and documents required to implement the disposition and acquisitions described above; and delegate to the Chancellor the authority to execute all required agreements and documents consistent with USM Policy and Procedures for the Acquisition and Disposition of Real Property, following legal review by the Office of the Attorney General.

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

11. University of Maryland University College: Proposed Human Resources Policies

Regent Pevenstein reminded the group that the policies were presented by President Miyares at the previous meeting for information. He pointed out the comparison chart provided with the item and asked if there were any comments or questions of the committee members. Hearing none, the item was offered for consideration.

The Finance Committee recommended that the Board of Regents approve for UMUC the proposed institutional human resources policies as submitted. UMUC shall return to the Board of Regents for approval of substantive changes to these policies and the creation of new human resources policies.

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

12. University System of Maryland: Review of Capital Improvement Projects

The report was accepted for information purposes.

13. University System of Maryland: Report on FY 2016 Procurement Contracts

The report was accepted for information purposes.

The meeting was adjourned at 12:06 p.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance



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Minutes of the Closed Session

Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:08 a.m. in the Bogomolny Room.

Regents participating in the session included: Mr. Pevenstein, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, and Mr. Rauch. Also taking part in the meeting were: Chancellor Caret, Mr. Vivona, Assistant Attorneys General Bainbridge, Lord, and Palkovitz; Mr. Hickey, Mr. Page, Ms. Denson, Ms. Skolnik, and Ms. McMann. Dr. Perman, Ms. Rhodes, and Dr. Murray were present for a portion of the meeting.

1. The committee considered and unanimously recommended awarding a contract for information technology financial systems (§3-305(b)(14)). (moved by Regent Pevenstein; seconded by Regent Gooden)
2. The committee considered and unanimously recommended awarding a contract for information technology support (§3-305(b)(14)). (moved by Regent Pevenstein; seconded by Regent Gooden)

The meeting was adjourned at 10:24 a.m.

Respectfully submitted,

Robert L. Pevenstein
Chairman, Committee on Finance