



UNIVERSITY SYSTEM  
of MARYLAND

BOARD OF REGENTS  
COMMITTEE ON FINANCE

June 7, 2018  
Columbus Center, Baltimore

Minutes of the Public Session

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Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:40 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 Neall seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:40 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 11:43 a.m.

The Committee reconvened in public session at 11:50 a.m. Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel (via phone), Mr. Neall, Mr. Rauch, and Mr. Shorter. Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. Neal, Assistant Attorney General Lord, Mr. Campbell, Mr. Colella, Ms. Rehn, Ms. Rhodes, Ms. Schaefer, Mr. Maginnis, Mr. Beck, Mr. Hickey, Mr. Page, Ms. Denson, Ms. West, Ms. Skolnik, Dr. Muntz, Ms. Norris, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. FY 2019 System Funded Construction Program Request

Regent Pevenstein summarized the item. He reminded everyone of the informative Capital Workshop that was held with the members of the Board on May 22nd. At the Workshop the Regents heard from Vice Chancellor Herbst and her staff, and then from each of the presidents. The recommendation for the FY 2019 System-Funded Construction Program includes funding from USM Auxiliary Bonds and cash appropriations by institutions as outlined in the attachments to the item. Regent Pevenstein went on to say that where there are opportunities for public-private partnerships to complete other projects—like student housing for instance—Ellen and her group will bring those to the Finance Committee as they come along during the year.

**The Finance Committee recommended that the Board of Regents approve the FY 2019 System Funded Construction Program request with the conditions listed (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.**

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

2. University System of Maryland: Fortieth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

Regent Pevenstein stated that under the Indenture of Trust entered into between the USM and the Trustee, the Board must adopt a resolution to authorize the issuance of any series of Bonds to be used for project costs. This resolution authorizes the issuance of Revenue Bonds to finance \$117.92 million of academic and auxiliary facilities projects. Included in the resolution are three academic project authorizations totaling \$24 million and five auxiliary project authorizations totaling \$93.92 million. He noted that the academic project authorizations were passed during the recent legislative session and the auxiliary project authorizations were included in the SFCP that was just recommended for approval. Regent Pevenstein pointed out that the USM legislative debt cap is \$1.4 billion and the USM currently has \$1.2 billion of outstanding debt subject to this debt cap. In order to ensure that the System has the flexibility to meet its borrowing needs, Regent Pevenstein indicated that Vice Chancellor Herbst and her staff will begin to inform the members of the state's Capital Debt Affordability Committee and the General Assembly of the need to raise the USM's legislative debt cap to allow for debt issuance to fund previously-approved projects over the next few years.

**The Finance Committee recommended that the Board of Regents approve the Fortieth Bond Resolution.**

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

3. University System of Maryland: FY 2019 Operating Budget

Regent Pevenstein stated that this is an action item for the budget that will go into place on July 1 and requires Board approval. He asked Vice Chancellor Herbst to review a few highlights of the operating budget. Vice Chancellor Herbst reported that state funding increased by \$39.2M. The increases largely relate to the funding of new facilities, cost of living salary increases, and the implementation of the Maryland Strategic Partnership. She pointed out that the increase in state funding also made it possible to limit the increase of resident undergraduate tuition to 2%. The state-supported budget of \$3.2 billion covers expenditures for instruction, academic and student support, administration, and facilities operations. It was noted that institutions would be required to produce efficiencies to balance the budget.

**The Finance Committee recommended that the Board of Regents approve the FY 2019 operating budget as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be reported back to the Board.**

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

4. University System of Maryland: Proposed Amendment to Policy VIII-2.50—Policy on Student Tuition, Fees, and Charges

Regent Pevenstein indicated that this was a policy that the Finance Committee initially had on its agenda in March. Several amendments to the policy had been proposed in an effort to provide more clarity regarding the definitions of mandatory versus non-mandatory fees, as well as clean up some outdated timeline process language. He reminded everyone that at the March meeting, the committee members heard from the USM Student Council chair, Caden Fabbi (who is traveling) and after a brief discussion, he asked Vice Chancellor Herbst and her staff to take a second look at the policy. He stated that since

that time, they had met with the Student Council chair and Regent Shorter, listened to their concerns, and worked through some further revisions to the policy language.

One of these changes involves the addition of Student Parking charges to the Room and Board requirement found in Section II of the policy. The addition of Student Parking in Section II essentially codifies in policy what has been the practice during the last two decades—namely the submission of proposed parking rate increases on the Room and Board schedule that is submitted to the Regents in March/April each year for consideration and approval. He stated that one might say that the parking fee is a material amount charged on a student’s bill, and that is perhaps the reason for its inclusion over this period. Regent Pevenstein stressed that the current policy provides for student consultation and the amended policy will continue to provide for student consultation. He explained that for mandatory fees, this is an annual requirement. For the non-mandatory fees, student engagement is required prior to the time that a new fee is to be established. To be certain that campuses are adhering to this latter point, they will be required to submit to the vice chancellor’s office an attestation that they are following this policy requirement. These submissions will be posted and available to anyone online. He concluded by noting that this item represents a set of recommended changes to a Systemwide policy—these are not intended to take the place of institutional procedures. Regent Shorter then addressed the committee and members of the audience. He voiced his appreciation of Vice Chancellor Herbst and her staff for working through the issues as described in a collaborative manner, adding that his constituents were supportive of the current version of the amended policy. He expressed his thanks to the committee for requesting a “second look” at the policy and pointed out that this was really a great example student engagement and shared governance.

**The Finance Committee recommended that the Board of Regents approve the proposed policy amendment as presented.**

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

5. University of Maryland, Baltimore County: 2018 Facilities Master Plan

Regent Pevenstein reminded the group that President Hrabowski and his staff gave a very informative presentation related to their facilities master plan at the March meeting. It was well done and offered solutions to a number of critical needs. He noted that as part of the two-step process, the plan was under consideration at this point for recommendation to the full Board.

**The Finance Committee recommended that the Board of Regents recommend UMBC’s 2018 Facilities Master Plan and materials as presented at its March 2018 meeting for approval, in accordance with the Board’s two-step approval process. Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.**

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

6. Proposed FY 2019 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

Regent Pevenstein offered that he was also the finance chair of the medical system board. The contract spells out all financial obligations, exchanges of services, and any other agreed relationships between the parties for the upcoming fiscal year. He explained that the contract was principally for the doctors working in the hospital. The item was recommended without further discussion.

**The Finance Committee recommended that the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2019.**

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

7. University of Maryland, College Park: Lease Modification for the Division of Information Technology

Regent Pevenstein reviewed the item. He stated that the University is requesting approval to modify the lease with M Square, for office space for the Division of IT. The Board had previously approved this lease in February. The lease is for 60,000 rentable square feet in the property, which is located on University Research Court. Regent Pevenstein cited an increase in the base rent of \$3.11 per square foot, which would amount to about \$1.25 million over the ten-year term of the lease. He mentioned that the increase in cost is attributable to the need to have the developer procure the furniture as well as to install a backup power generator and separate communications connectors from power connections.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the modification to the previously approved Lease for the Division of Information Technology with the changes described herein.**

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

8. 2018 USM Dashboard Indicators

Dr. Muntz of the USM Institutional Research Office presented the Dashboard Indicators (DBIs). He noted that the DBIs are one of the USM's primary management tools for monitoring the overall health and productivity of the System and its individual institutions. The annual report brings together and summarizes key data points from many USM reports and activities to present a picture of the status of the USM and its institutions at a single point in time. He explained that in order to help provide a better sense of the overall direction of the System and the institutions, the DBI's feature not just the actual data but also color-coded ratings against past performance and, when possible, benchmarks. Dr. Muntz pointed out that the material provided in the hard copy packet includes a summary of the key issues and a set of overview pages. He added that there is a full detailed document available online and through the Board's Regent's web portal. Dr. Muntz made note of several key developments: financial aid where institutional aid is at a record-high; non-traditional credit activity where 13% of all credits are delivered non-traditionally; fund balance goals where all but one USM institution increased its fund balance; and STEM Workforce progress where STEM enrollment is up by 300. Dr. Muntz reiterated that the Dashboards will be online and available to the Regents year round, noting that any corrections or updates are made as they become available.

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

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

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance



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BOARD OF REGENTS  
COMMITTEE ON FINANCE

June 7, 2018  
Columbus Center, Baltimore

Minutes of the Closed Sessions

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Regent Pevenstein called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:40 a.m. in the Multi-Purpose Room.

Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel (via phone), Mr. Neall, Mr. Rauch, and Mr. Shorter. Also taking part in the meeting were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. Neal, Assistant Attorney General Lord, Mr. Page, Mr. Beck, Mr. Hickey, and Ms. McMann. Dr. Bell (via IVN), Mr. Miyares, Mr. Colella, Mr. Shoenberger, Ms. Orris, Ms. Martin (via IVN), and Mr. Maginnis were present for a portion of the session.

1. The committee considered and unanimously recommended the lease of real property in Princess Anne [Section 10-508(a)(3)]. (moved by Regent Pevenstein; seconded by Regent Attman; Regent Rauch abstained from the vote)
2. The committee considered and unanimously recommended the acquisition of property in the City of Baltimore (§3-305(b)(3)). (moved by Regent Pevenstein; seconded by Regent Neall)
3. The committee considered and unanimously recommended the awarding of several digital and offline advertising services contracts (§3-305(b)(14)). (moved by Regent Pevenstein; seconded by Regent Gooden)
4. The committee considered and unanimously recommended the lease of property in College Park (§3-305(b)(3)). (moved by Regent Pevenstein; seconded by Regent Attman)
5. The committee considered and unanimously recommended the proposed FY 2020 Capital Budget submission and potential adjustments to the submission (§3-305(b)(13)). (moved by Regent Pevenstein; seconded by Regent Gooden)

The meeting was adjourned at 11:43 a.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance