



UNIVERSITY SYSTEM  
*of* MARYLAND

BOARD OF REGENTS  
COMMITTEE ON FINANCE

October 11, 2018  
UMUC

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 10:33 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 Pope seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:33 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 12:04 p.m.

The Committee reconvened in public session at 12:06 p.m. Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Holzapfel, Mr. Neall, Mr. Pope, and Mr. Rauch. Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Mr. Neal, Mr. Sadowski, Assistant Attorney General Bainbridge, Dr. Nowaczyk, Mr. Colella, Mr. Lockett, Ms. Rhodes, Mr. Wyden, Mr. Beck, Mr. Hickey, Mr. Page, Ms. Denson, Ms. Norris, Ms. McMann, and other members of the USM community and the public.

1. Frostburg State University 2018 Facilities Master Plan

President Nowaczyk provided a very informative presentation of the Frostburg State University master plan. The plan, created in-house, was received favorably by the Committee, with Regent Pevenstein commenting on its thoroughness. The plan includes a number of familiar components like land use, transportation, and utilities extensions. Environmental sustainability and building "town-gown" relationships play a key role. The plan concludes with a list of future capital projects that consist primarily of renovation and replacement work. The president made the point that their most critical need is not for new or additional space, but to rebuild the facilities they have, and the plan reflects this. Regent Pevenstein reminded everyone of the Committee's two-step process regarding master plans. He indicated that any questions should be sent to Vice Chancellor Herbst or Mr. Beck. The plan will return for consideration for approval at the December meeting.

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

2. University System of Maryland: Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects

Regent Pevenstein summarized the item. He stated that the System has had an Official Intent Resolution in place for the last several years, since switching the timing of its bond issuance in 2014. This allows the System the flexibility to reimburse itself and the institutions for invoices they pay and then seek reimbursement for; and, “overspend” the USM bond proceeds for the year and then provide reimbursement with the proceeds of the next bond series once available. He went on to say that the System has historically issued revenue bond debt, and then used the cash proceeds to fund academic and auxiliary projects the Board has approved for bond funding. However, over the past few years, bond proceeds have been exhausted before the System has been ready to go to the bond markets to sell additional debt. He pointed out that while this is more of a safety net than a necessity at this time, it is smart to have in place. Regent Pevenstein added that the State of Maryland also has a standing Official Intent Resolution every year in order to reimburse various agencies for bond authorized projects.

**The Finance Committee recommended that the Board of Regents approve the resolution as presented to enable the spending of System cash balances on revenue bond-authorized projects to be reimbursed from the proceeds of the next bond issue.**

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

3. University of Maryland, College Park: Establishment of \$25M Quasi-endowment to Provide Matching Fund for Maryland Promise Fund

Regent Pevenstein stated that the Board of Regents is requested provide formal approval for the establishment of a \$25 million quasi-endowment needed under the provisions of the University’s largest gift in history—a generous \$220 million gift from the Clark Foundation. He explained that a quasi-endowment is a fund that is managed as an endowment. Endowments are gifts that are expected to be invested in perpetuity, usually by stipulation by the donor. Quasi-endowments are simply funds established by act of the governing board, rather than as a condition of a donor-directed gift. As background, Regent Pevenstein indicated that the General Assembly and Governor provided legislative authority for the fund last Spring. The terms of the Clark Foundation gift include a commitment on the part of the Clark Foundation to provide a match of up to \$25 million from Clark Foundation funds. He pointed out that the University will seek outside donors to contribute \$50 million, which combined with the UMCP Quasi-endowment and the Clark Foundation funds, will create a \$100 million endowment called the *Maryland Promise Fund*. The fund will produce spendable income into perpetuity to fund need-based scholarships.

**The Finance Committee recommended that the Board of Regents approve the establishment of a quasi-endowment in the amount of \$25 million for the University to provide matching funds for an endowment fund to be raised from private donations to benefit the School of Engineering, in accordance with the terms and conditions of the Clark Foundation gift.**

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

4. University of Maryland, Baltimore: Renovation of 16 S. Poppleton Street, Baltimore

Regent Pevenstein reminded everyone that at its June meeting, the Board approved the purchase of the Poppleton Street building for the purpose of housing a Community Engagement Center. The total cost of the renovating the three-story brick building is \$9.6 million. He detailed that funding for the project will include a \$4 million Seed Community Development Anchor Institution Fund grant from the Department of Housing and Community Development; approximately \$4 million in gifts that were received for the Center; and, an estimated \$1.6 million from the University's fund balance. He referenced President Perman's comments at the Capital Workshop last May. At the time, President Perman stressed the critical role the services to be provided in the Center would play in improving the lives of those that live in the West Baltimore community. The building will house programs run by the University and its partners promoting neighborhood economic development, education and health; and provide professional practice opportunities for the University's students and faculty. The University intends to engage the Maryland Economic Development Corporation to manage the design and construction of the project. In response to a question regarding the renovation cost per square foot, Ms. Rhodes, a UMB vice president, indicated that there was a need to meet the Seed grant, as well as the fact that it is very expensive to meet the requirements of the Historic Trust associated with the renovation project.

**The Finance Committee recommended that the Board of Regents approve the 16 S. Poppleton Street renovation project as described in the agenda item summary.**

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

The meeting was adjourned at 12:38 p.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance



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**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

October 11, 2018  
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Minutes of the Closed 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 closed session at 10:33 a.m. in the Chesapeake Ballroom Salon A.

Regents participating in the session included: Mr. Pevenstein, Mr. Brady, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Holzapfel, Mr. Neall, Mr. Pope, and Mr. Rauch. Also taking part in the meeting were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Mr. Neal, Assistant Attorney General Bainbridge, Mr. Page, Ms. Denson, Mr. Beck, Mr. Hickey, Ms. Norris, and Ms. McMann. Mr. Raley, Mr. Gallo, and Ms. Purcell participated for a portion of the session.

1. The committee discussed the investment of the Common Trust Fund (§3-305(b)(5)). There was no action taken on this item.
2. The committee considered and unanimously recommended the lease of real property in Hagerstown (§3-305(b)(3)). (moved by Regent Pevenstein; seconded by Regent Gossett)

The meeting was adjourned at 12:04 p.m.

Respectfully submitted,

Robert L. Pevenstein  
Chairman, Committee on Finance