



UNIVERSITY SYSTEM  
*of* MARYLAND

BOARD OF REGENTS  
COMMITTEE ON FINANCE

March 27, 2019  
Coppin State University

Minutes of the Public Session

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Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:30 a.m. Regent Attman 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 Gossett 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 10:30 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 10:41 a.m.

The Committee reconvened in public session at 10:45 a.m. Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, Mr. Pevenstein, Mr. Pope (via phone), and Mr. Rauch (via phone). Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Assistant Attorney General Langrill, Mr. Colella, Ms. Aughenbaugh, Mr. Bobart, Mr. Danik, Dr. Foust, Ms. Kemp, Mr. Campbell, Mr. Primus, Ms. Rehn, Mr. Bitner, Mr. Wyden, Ms. Hudson, Mr. Maginnis, Mr. Beck, Mr. Hickey, Mr. Page, Ms. Denson, Mr. Muntz, Ms. West, Ms. Mann, Dr. Spicer, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. USM Enrollment Projections: 2020-2029

Regent Attman stated that the enrollment projections are presented annually to the Committee for action and help to determine the basis for MHEC's statewide projections. He then introduced Mr. Muntz, head of the System's Institutional Research, Data & Analytics Office, who presented the FY 2020 - FY 2029 enrollment projections. Mr. Muntz stated that Board policy requires annual enrollment plans for each university that reflect the near-term realities and long-term planning to provide access to quality higher education. These enrollment plans are used to request operating funds as well as planning capital projects. He explained that university enrollment growth derives from enrolling more new students, increasing student retention, or the combination of both. In accordance with policy, institutions submitted plans that provided the targets and strategies required to achieve the enrollment plan for the next ten years. These plans also took into account historical success, future demographic trends, and the competitive market place.

Mr. Muntz indicated that in the near-term and the long-term, the System's aggregate enrollment plan includes institutions that are expecting lower enrollment, high enrollment, and no change in enrollment. In the short-term, overall headcount is projected to increase in Fall 2019 by 0.6%, an increase from 176,430 to 177,554. Those institutions that are growing include Bowie, Frostburg, Salisbury, Towson, UMBC, University of Maryland, College Park, and UMUC. While the University of Baltimore and University of Maryland Eastern Shore project decreases, there is no change in enrollment projected for Coppin and the University of Maryland, Baltimore. Mr. Muntz also covered the projected headcount growth for the long-term. Overall, projected headcount growth for the ten-year period is 6.6%, an increase from 176,430 to just over 188,000. Most of the growth will be occurring at the undergraduate level. He discussed the matter of the State of Maryland being a net-exporter of high school graduates. Essentially, more student leave the State for higher education opportunities than come in to Maryland. Looking ahead to 2025, the number of high school graduates will decrease, thus increasing competition for Maryland high school graduates in the long-term. Mr. Muntz emphasized that USM institutions must use the next five years to solidify their Maryland market share before competition intensifies by out-of-state competitors.

**The Finance Committee recommended that the Board of Regents approve the enrollment projections.** The presentation is available online <http://www.usmd.edu/regents/agendas/>

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

2. University System of Maryland: Self-Support Charges and Fees for FY 2020

Regent Attman stated that that the Schedule of Self-Support Charges and Fees contains the proposed charges for room, board and parking. These are basically the user type fees that fund the self-support operations on each of the campuses. While most of the rate increases for a standard dorm room fall in the range of 2%-4.4%, Regent Attman explained that in Frostburg's case, the University is in the midst of a multi-year plan to provide upgrades to the residence halls that have not yet been renovated and the construction of a new residence hall. Frostburg has many older residential facilities that are in need of renovation and the Board has been supportive of this initiative to reinvigorate the student housing stock. Regent Attman noted that there were campus vice presidents and representatives available from each institution if anyone had specific questions. In response to a general question regarding funding for deferred maintenance of auxiliary facilities, Ms. Herbst responded that yes, those costs would be the responsibility of the self-support operation as well as covering the employee COLA increase. Mr. Colella added that there was a 2% annual reinvestment in facility renewal.

**The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2020 as set forth in the item's schedule.**

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

3. University System of Maryland: Proposed Amendment to USM Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes

Regent Attman indicated that after internal discussions and a review by the OAG Educational Affairs Division, it was determined that administrative revisions to the policy were in order. He pointed out the amended language on page 6 of the item. Essentially, “Anyone who lives in Maryland, ... and is entitled to rehabilitation under Title 38 United States Code §3102 (a) will continue to retain in-state status if the individual is using educational benefits under chapter 30, 31 or 33.” Regent Attman also provided some background on the veterans’ program. For the purposes of the proposed administrative revision to the Policy VIII-2.70 to provide in-state tuition rate to veterans as mandated by the Department of Veteran Affairs Expiring Authorities Act of 2018 of the 115<sup>th</sup> Congress (2017-2018), the term “*rehabilitation*” includes veterans who qualify in accordance with the basic entitlements of Chapter 38 – “*Veteran’s Benefits*” of the United States Code as follows: A veteran who has a service-connected disability rated at 10 percent, 20 percent or more which as incurred or aggravated in service; or a veteran hospitalized or receiving outpatient medical care, services, or treatment for a service-connected disability pending discharge from the active military, naval, or air service; or a veteran is determined by the Secretary to be in need of rehabilitation because of a serious employment handicap. Regent Attman recognized Dr. Boughman in the audience, if there were any questions.

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

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

4. Board of Regents Statement of Values and Expectations on Collaboration and Cooperative Efforts in Acquiring and Implementing New Information Technology and Upgrading Business Processes

Regent Attman communicated that the item was an outgrowth of discussion from the E&E Workgroup. The purpose of the Board Statement is to encourage institutions to work together. Ms. Herbst recognized and thanked the vice presidents and chief information officers for coming together to work on the document. Ms. Herbst explained that over the next several years, almost all of the USM institutions will need to make decisions about their institutional information systems and processes. She underscored the value of collaboration in clusters, as well as pointing out the need to upgrade business practices to be current, reliable, transparent, and supportive our institutions. Several of the regents acknowledged the great opportunity for Systemness—together with the potential for savings and consistency. While suggesting that the Statement, as presented, was a “good start” and a “prime opportunity,” the general sense of the regents was that there was still room for strengthening of the Statement. Suggestions included the establishment of a steering committee, an actionable plan with milestones and check-in points with periodic reporting. Following the discussion, Regent Attman suggested that the Statement be pulled back from consideration at this point, and asked Ms. Herbst to rework the document and return to the Board in April with a revised Statement.

**There was no action taken on this item.**

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

Regent Attman stated that the University seeks to exercise the third 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. FDSP receives no compensation other than the reimbursable personnel expenses and reasonable out-of-pocket expenses that are reviewed by the Dental School. The estimated dollar amount for the upcoming contract year is \$11.8 million. Regent Gossett inquired if the program was audited. Mr. Bitner, UMB's Sr. Associate Vice President, responded "yes."

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

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

6. University of Maryland Eastern Shore: Dining Services Contract Renewal

Regent Attman welcomed Mr. Lester Primus, the recently appointed vice president. Regent Attman then provided a summary of the request. The University is seeking approval to exercise a one-year contract renewal with Thompson Hospitality and to exercise subsequent renewal options at their sole discretion through the year 2024. The estimated contract amount, if all five-years are exercised, is \$32 million. Regent Attman stated that the contract is a revenue generating contract for the University that is expected to produce \$8 million if all five-year options are exercised. In addition, the contractor will invest \$5.9 million over the potential ten-year term of the contract for dining facilities capital improvements.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland Eastern Shore to renew the contract with Thompson Hospitality, and to exercise any annual renewal option at their sole-discretion, with a total contract amount of approximately \$32 million if all options are exercised.**

(Regent Attman moved recommendation, Regent Pope seconded, unanimously approved)

7. Frostburg State University: Dining Services Contract Renewal

Regent Attman summarized the item. The University is seeking to exercise the sole five-year renewal with Compass Group USA-Chartwells Division with an estimated amount of \$62 million. Similar to the UMES contract, this is a revenue producing contract whereby the University receives an 18% commission on external sales and catering. The contractor will invest \$7.3 million in capital for dining facilities improvements over the ten-year term. Regent Attman recognized and welcomed Mr. Wyden, the University's vice president for administration and finance.

**The Finance Committee recommended that the Board of Regents approve for Frostburg State University to renew the contract with Compass Group USA, Inc. by and through its Chartwells Division for a term of five years in the amount of approximately \$62 million to commence on May 23, 2019.**

(Regent Attman moved recommendation, Regent Gossett seconded, unanimously approved)

8. University of Maryland, College Park: Sale and Ground Lease of Land to Gilbane Development Company to Develop Graduate Student Housing, Townhomes, and Access Roadways

Regent Attman stated that the University is seeking approval for a partnership with Gilbane Development Company to develop what will be called the Western Gateway. The purpose of the project is to provide much needed graduate student housing as well as a market-rate townhouse development located on the northwestern edge of the campus bounded by Mowatt Lane and Campus Drive. Regent Attman noted that the project will be built on an assemblage of private and public land. He explained that there are two components to the transaction: a long-term ground lease and a sale of property. First, the University is requesting approval to ground lease approximately 2.26 acres to support the graduate student housing development for seventy-five years with two ten-year renewals. The ground lease will impose restrictions requiring the developer to make priority offering of the 300 units for graduate students. A formula will be developed as part of the ground lease to mandate below-market rents in exchange for an abatement of the annual ground rent appraised at \$622,500 annually. Second, the University is requesting approval to sell approximately 9.1 acres to GDC for \$810,000—which is the higher of the two appraised values—to support development of the market-rate townhouses. Closing is contingent on GDC obtaining all necessary approval from Prince George’s County. Regent Attman recognized Mr. Colella, vice president for administrative affairs, in the audience. Mr. Colella recapped that graduate student housing is always in short supply, so this project will be very beneficial to the campus.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the disposition by sale of approximately 9.1 acres of University land on Mowatt Lane and Campus Drive and the lease of approximately 2.26 acres of University land on Mowatt Lane to the Gilbane Development Company, in consultation with the System Office and after appropriate legal review, consistent with the University System of Maryland Policy on “Acquisition and Disposition of Real Property.”**

(Regent Attman moved recommendation, Regent Gossett seconded, unanimously approved)

9. University of Maryland, College Park: Increase in Project Budget Authorization for Improvements and Approval of MEDCO Financing at Calvert Road Child Care Facility

Regent Attman reminded the regents that last June, the Board approved for the University to enter into a forty-year ground lease with the City of College Park for the operation of a new Child Care Facility that would serve both the campus and the City with 120 child care seats. The approval was for a budget of approximately \$6 million. Regent Attman explained that due to design modifications and construction inflation, the project budget is now approximately \$7.2 million. As a result of the growth in the project budget, the University is again seeking approval of the Board, through the Finance Committee. Regent Attman reported that the University intends to finance the capital improvements through MEDCO issued bonds. That financing will be in the form of a lease/leaseback or similar transaction, with the sublease structured as a Capital Lease. In response to a question from Regent Gooden, Mr. Colella indicated that the extended timeframe of the project together with the historic preservation requirements were two of the main drivers in the increase of the project cost. Mr. Colella offered that they have a project contingency, will have a guaranteed maximum price, and have selected an operator for the child care center. He added that since the University's Center for Young Children is focused on early childhood programming and does not accommodate infants, this project will help to satisfy a long-standing need.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park an increase in the project budget for the Calvert Road Child Care Facility, with a total cost of approximately \$7.2 million to be financed as described in the item.**

(Regent Attman moved recommendation, Regent Gossett seconded, unanimously approved)

10. University of Maryland, College Park: Proposed Joint Development of City Hall Block

Regent Attman reviewed the information item regarding the proposed joint development of the City Hall block. The University is currently in the planning and design phase of the development of this block, the majority of which is owned by the City and the remainder is owned by Terrapin Development Company. The proposal is to jointly develop this block with demolition of all improvements and a replacement building of approximately 100,000 square feet. The plan is for the University to occupy approximately 43,000 square feet, the City to occupy 50,000 square feet and the remaining 7,000 square feet to be ground level retail space. The total project budget is estimated to be \$43 million, of which the University's share would be approximately \$25 million. Regent Attman noted that MEDCO would finance the construction of the building.

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

11. University of Maryland, Baltimore: Replacement of Sanitary Drain Piping and Associated Systems on Two Floors in Bressler Research Building

The University asked for approval of a project to replace the sanitary drain piping and associated systems on two floors of the Bressler Research Building. Regent Attman conveyed that the drain lines serving the animal care facilities on the 6th floor of the Bressler Building had begun leaking animal waste into the ceiling of the floor below and the University must act quickly to correct the problem. Regent Attman stated that the project consists of restoring and upgrading selected mechanical utilities located in the 5th floor ceiling and floor finishes for the Cage Wash Room serving the Animal Facility above. The utility work will be completed sequentially in several phases to minimize disruption to the research support operations. He added that the University will proactively use this opportunity to replace all related utilities lines in the vicinity. This will provide significant economies of scale versus going back later to replace the other deteriorated systems. The total cost of the project is estimated at \$5.9 million, to be paid with institutional funding.

**The Finance Committee recommended that the Board of Regents approve the Bressler Research Building 5<sup>th</sup>, 6<sup>th</sup> Floors Replace Sanitary Drain Piping Project and Associated Systems as described in the item.**

(Regent Attman moved recommendation, Regent Gooden seconded, unanimously approved)

The meeting was adjourned at 11:57 a.m.

Respectfully submitted,

Gary L. Attman  
Interim Chair, Committee on Finance



**UNIVERSITY SYSTEM  
of MARYLAND**

**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

March 27, 2019  
Coppin State University

Minutes of the Closed Session

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Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:30 a.m. in Room 218 of the Talon Center.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Holzapfel, Mr. Neall, Mr. Pevenstein, Mr. Pope (via phone), and Mr. Rauch (via phone). Also taking part in the meeting were: Chancellor Caret, Ms. Herbst, Assistant Attorney General Langrill, Ms. Wilkerson, and Ms. McMann.

1. The committee discussed an administrative matter involving a regent committee assignment (§3-103(a)(1)(i)). This was an information item.

The session was adjourned at 10:41 a.m.

Respectfully submitted,

Gary L. Attman  
Interim Chair, Committee on Finance