



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

November 19, 2019
University of Maryland, Baltimore

Minutes of the Public Session

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:38 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 Attman moved and Regent Pope seconded to convene in closed session. In response to the motion, the Committee members voted unanimously (yea=8; nay=0; abstaining=0) to convene in closed session at 10:38 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 10:41 a.m. Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Holzapfel (via phone), Mr. Neall, Mr. Pope, and Mr. Rauch. Also present were: Chancellor Caret, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. McDonough, Assistant Attorneys General Bainbridge and Palkovitz, Dr. Goodwin, Mr. Colella, Mr. Evans, Mr. Salvador, Ms. Kemp, Mr. Lowenthal, Mr. Primus, Dean Kairo, Mr. Pyles, Ms. Rehn, Mr. Namazie Ms. Rhodes, Mr. Savia, Ms. Schaefer, Mr. Sertsu, Mr. Beck, Mr. Hickey, Mr. Page, Ms. Denson, Mr. Muntz, Ms. Norris, Ms. McMann, and other members of the USM community and the public.

2. University of Maryland Center for Environmental Science 2018 Facilities Master Plan

Regent Attman welcomed Dr. Goodwin, along Ms. Rehn, and Mr. Namazie. Regent Attman reminded the members of the Committee of the Board's two-part approval process for master plans. Part one involves the institution's presentation for information purposes, and then the master plan item will be placed on the agenda of the subsequent meeting for recommendation to the full Board for approval. Regent Attman also pointed out that approval of the Plan does not imply approval of capital projects or funding, but rather these items will be reviewed through the normal procedures of the capital and operating budget processes.

Dr. Goodwin then gave his presentation. There was a consistent focus on the environment throughout the master plan. The plan embraces strategic goals for scientific innovation, tech transfer, entrepreneurship and education for Maryland's workforce. UMCES carefully assessed its physical assets and structured a plan for facility improvement and expansion that will support these goals. When implemented, the plan will help support collaborative research, provide high quality, flexible lab space, build on the campus' resilience in the face of climate challenges, and improve energy efficiency. Regent Attman thanked Dr. Goodwin, noting that UMCES' work is so important to the State and the world.

Regent Gossett also commended Dr. Goodwin, and expressed that UMCES take a bolder approach in showcasing its accomplishments. He suggested that UMCES produce a document that can be shared with members of the legislature highlighting UMCES' great work.

The Finance Committee accepted the master plan for information purposes, to be considered at its subsequent meeting.

3. Salisbury University: Real Property Acquisition

Regent Attman stated that the next three items were inter-related and involved a student housing development at Salisbury. The University is requesting approval to acquire real property from the Salisbury University Foundation, in order to develop a 750-bed student housing project. The Foundation had originally acquired the 8.6 acre parcel for the purpose of creating a mixed-use development through a public-private partnership. Because the financing of the mixed-use development could not be realized, and given the critical need to replace three student residence halls that have reached the end of their useful life, the University is seeking to acquire this land in order to develop new student housing on the property. Regent Attman noted the purchase price is \$6 million, which is lower than both appraisals as indicated on the agenda item. He then asked Mr. Pyles, SU vice president, to address the group. Mr. Pyles indicated that the campus was in genuine need to move forward with the new housing for students. He confirmed that the purchase price will be lower than the appraisals. Regent Rauch, the designated regent representative for SU, added that he met with campus leadership and received a complete overview of the project. He voiced his support for all of the related transactions necessary to move the project forward.

The Finance Committee recommended that the Board of Regents approve the acquisition of the properties using System auxiliary revenue bonds as described in the item, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property. (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

4. Salisbury University: New Housing Complex

Regent Attman stated that with the recommendation to acquire the land, this is now the item whereby the University seeks approval to build a new 285,000 GSF housing project on the parcel. The new facility will replace about 600 beds in older campus dorms and add approximately another 150 beds, for a total of 750 beds. The project is expected to cost \$86.5 million, and would be financed through USM 20-year auxiliary revenue bonds. The University would assume management of the housing facility upon substantial completion of the project, potentially scheduled for Fall 2022. Regent Attman pointed out that Salisbury is utilizing the UMD Service Center as its advisor. Regent Rauch advised that the campus and service center personnel should be thinking about different methods of constructing facilities, taking into consideration an industry that is rapidly changing. He added that they should continuously look at ways where possible to bring costs down. Ms. Herbst noted that there is definite interest in keeping these costs lower because an institution's students are the payers of the housing fees. Regent Gossett inquired about the dorms that are slated to be closed. Mr. Pyles stated that those facilities would be demolished, thereby freeing up prime space on the main campus for future use.

The Finance Committee recommended that the Board of Regents approve funding a new Housing Complex at Salisbury University through the use of up to \$86,500,000 of University System of

Maryland revenue bonds, as described in the item. (Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

5. University System of Maryland: Amendment to the Forty-First Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

Regent Attman stated that this item simply formalizes the Board’s approval of the use of System revenue bond proceeds for project that the Committee just recommended for Salisbury. An action and formal approval is required by the System’s Indenture of Trust, an agreement with a trustee on behalf of purchasers and holders of System revenue bond debt that covers all the uses of proceeds of the debt.

The Finance Committee recommended that the Board of Regents approve the Second Amendment to the Forty-First Bond Resolution. (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

6. University of Maryland Eastern Shore: Increase in Authorization for Construction of an Agricultural Research and Education Center

Regent Attman welcomed Mr. Primus, vice president, and asked that he introduce his team; those members included Dean Kairo and Mr. Salvador, of the UMD Service Center. They briefly summarized the issue. The University is requesting Board approval of an increase in cost for the AgREC facility. The project was originally approved by the Board for a budget amount of \$9.5 million. The initial project budget did not include an estimate from the Service Center. This revised estimate is calculated on the newest figures based on the UMES pharmacy building on the campus. Mr. Salvador pointed out that they had been working with Salisbury on several small projects and have noted a labor shortage in the construction market on the Eastern Shore. In response to a question, it was confirmed that the project is not in the flood zone.

The Finance Committee recommended that the Board of Regents approve the increased budget for the University of Maryland Eastern Shore to design and construct an Agricultural Research and Education Center in the amount of \$13.954 million for the purpose of agricultural research, teaching and extension including support for economic development activities on the Eastern Shore using USDA 1890 Land Grant Program.

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

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

7. University of Maryland, College Park: Increase in Authorization for New Residence Halls

Prior to reviewing the request, Regent Attman reminded everyone that we need better housing for our students and that the Regents are committed to upgrading and funding new housing. He proceeded to summarize the item. The University is requesting approval to increase the funding authorization for the New Residence Halls by \$18.4 million. The Board of Regents must approve all projects that are funded

with debt as well as self-funded projects that exceed \$5 million. The Regents originally authorized \$97 million of Auxiliary Revenue Bonds to build two 450-bed buildings as part of the System Funded Construction Program. Subsequently, the Board approved an increase of \$3.9 million to be cash funded in FY 2021, to align with the design/build firm's cost estimate of \$100.9 million based on the Design Development drawings. At the time, the University advised the USM that they expected to receive bid prices in summer 2019 and would be able to further refine actual construction costs in the fall as construction proceeds, and that the overage amount will be adjusted as needed in the FY 2021 budget submission. The institution now has those bid prices. Regent Gooden asked if there was any way to improve the estimating process, in light of several requests for increases. Mr. Colella responded that the DC metro area is experiencing a high amount of construction, and that coupled with a shortage of workers has resulted in the market conditions where costs are increasing 10% or more. Mr. Colella noted that the campus is continuing to modernize its student housing, and this will permit them to take offline older housing. Regent Rauch said that he recently learned of a concrete company that is using technology to enhance the concrete process and is a cost saver; he suggested that perhaps the service center staff could explore this new approach.

The Finance Committee recommended that the Board of Regents approve the University's request to increase the funding authorization for the New Residence Halls by \$18,400,000, from \$100,900,000 to \$119,300,000. (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

8. University of Maryland, College Park: Increase in Authorization for North Campus Dining Hall Replacement

Regent Attman explained that the University is requesting approval to increase the funding authorization for the North Campus Dining Hall Replacement by \$7.9 million. The Board originally authorized \$36.75 million for this project in June 2017 as part of the System Funded Construction Program. In June 2018, the Board approved a \$2.7 million increase of institutional cash to add space for a living-learning honors program, and then in June 2019, the Board approved a \$9.4 million increase of institutional cash to align with the design/build firm's cost estimate based on the Design Development drawings. As with the housing project, the University advised USM that they expected to receive bid prices in summer 2019 and would be able to further refine actual construction costs in the fall as construction proceeds, and that the overage amount will be adjusted as needed in the FY 2021 SFCP submission. The design/build contractor estimates the cost of the project will be \$56,750,000, and UMD is requesting the approved budget be increased to that figure, with the difference of \$7,900,000 to come from institutional funds. Mr. Colella added that the University needs the authorization to take the next step and make certain that the dining hall can be delivered in time to meet the opening of the new dorms coming online. This will be the first new dining hall in forty years and will contain more modern food stations.

The Finance Committee recommended that the Board of Regents approve the University's request to increase the funding authorization for the North Campus Dining Hall Replacement by \$7,900,000, from \$48,850,000 to \$56,750,000. (Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

9. University of Maryland, College Park: University of Maryland College Park Foundation, Inc. Right of Entry for Construction of the Basketball Performance Center

Regent Attman described the center as a truly unique project; one that would be financed 100% by private donations. He acknowledged vice president Colella and AD Evans in the audience, noting that they had nodded affirmatively to his opening statement. The proposal is to build a 60,000 gross square foot Basketball Performance Center adjacent to the Xfinity Center. Mr. Evans stated that they want to provide their students with the resources to compete academically and athletically at the highest levels. He pointed out that 63 of the 65 Power 5 conference schools have similar performance centers. They are committed to raising the full \$36 million cost. Potential naming rights will be a consideration. Chancellor Caret pointed out that the money has to be raised, clarifying that no bridge loans are contemplated. Similar to the IDEA facility on campus, the construction will be done to University standards and in coordination with the University's service center.

The Finance Committee recommended that the Board of Regents authorize the University of Maryland, College Park to grant access to its property to the Foundation for the purpose of constructing the Basketball Performance Center as described in the item, to be funded with Foundation assets. Construction of the Basketball Performance Center shall not begin until \$36 million of private gift funding for this project is secured via a combination of executed gift agreements and cash (paid in full). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

10. University of Maryland, College Park: Information Regarding Replacing Videoboards and Audio System at Maryland Stadium and the Associated Control Equipment

Regent Attman summarized the information item. The University has asked to discuss with the Board their plans to move forward with procurement of a design/build contract to replace the obsolete and failing videoboards and audio system at Maryland Stadium and replace the associated obsolete control equipment. Mr. Evans stated that the campus has a hard time finding and procuring replacement parts for the video board, due to its age. The videoboard is beyond its useful life at this point. The current board is 28x28 and the University is contemplating a 96x50 board over the Gossett Fieldhouse and 52x30 at the west end of the stadium. The University will request Board authorization for the project early next year after receiving bid prices. Regent Attman expressed his appreciation to Mr. Colella and Mr. Evans for briefing the committee on this upcoming project.

The Finance Committee received the item for information purposes.

11. Bowie State University: Increase in Authorization for Thurgood Marshall Library HVAC Renovation Project

Regent Attman welcomed Mr. Savia and summarized the item. Bowie State University is asking the Board to increase authorization for this project by \$400,000. The University will use its own funds for this increase. The project was originally approved in October 2017, by the Vice Chancellor for Administration and Finance for a total project budget of \$4.9 million; however, the Board of Regents must approve all cash/self-funded projects that exceed \$5 million. Mr. Savia stated that the library was

constructed in 1977 and renovated in 1996. The HVAC system is beyond its life at this point. Regent Attman agreed that it's important to have a good air distribution system in the facility.

The Finance Committee recommended that the Board of Regents approve Bowie State University's request for an increase for the Thurgood Marshall Library project for a new total project cost of \$5,300,000. (Regent Attman moved recommendation, seconded by Regent Fish; unanimously approved)

Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

12. Opening Fall 2019 Enrollment and FY 2020 Estimated FTE Report

Dr. Muntz presented the fall enrollment report to the committee. As background, the report provides the overall headcount and FTE for each institution, and makes note of any changes or trends. Enrollment changes may impact revenue, resource usage, and institutional strategic goals.

The presentation may be accessed online at:

https://www.usmd.edu/regents/agendas/20191119_Pres_Enrollment.pdf

The Finance Committee received the item for information purposes.

13. University of Baltimore: Lease for the Baltimore City Police Academy

Regent Attman explained that this an information item presented by UB to make the Board aware of a lease between the University and the Baltimore Police Department for the City's Police Academy. The Academy is relocating from Northwest Baltimore to the H. Mebane Turner Building, the former law school building on the UB campus. Regent Attman went on to say that UB had been looking for a use for this space, and this action appears to be a win for both the City and the campus. The City will lease 94,169 gross square feet at a cost of \$14 per square foot, and the rent will be \$1.3 million in the first year. In addition to the leased space, the Police Academy will also have exclusive use of the gymnasium Monday through Friday 6 a.m. to 3 p.m. The City will also make a one-time payment of \$400,000 for UB's capital renewal reserves. USM will provide up to \$2.4 million (via reimbursement to UB) for the tenant fit-out necessary to accommodate the Police Academy. Regent Attman added that the University has also entered into a parking agreement with the City that provides up to 80 monthly passes that can be increased to 125 as well as 180 daily transient parking passes which may be purchased. The parking revenue is estimated to generate between \$69,000 and \$235,000 annually depending on usage. Regent Fish asked if the lease was structured as a typical City lease, to which Mr. Sertsu replied in the affirmative, adding that once they are settled in, UB believes the police academy will stay for at least five years.

The Finance Committee received the item for information purposes.

The meeting was adjourned at 12:18 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



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November 19, 2019
University of Maryland, Baltimore

Minutes of the Closed Session

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 10:38 a.m. in the Board Room at the Saratoga Building.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett, Mr. Holzapfel (via phone), Mr. Neall, Mr. Pope, and Mr. Rauch. Also taking part in the meeting were the following: Chancellor Caret, Ms. Herbst, Dr. Boughman, Mr. McDonough, Assistant Attorneys General Bainbridge and Palkovitz, Ms. Wilkerson, Mr. Beck, and Ms. McMann. Ms. Kemp was present for a portion of the session.

1. The committee discussed the awarding of a new contract for recruiting process services (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Neall; unanimously approved.)

Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

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

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance