



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

June 10, 2020

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Attman welcomed those on the video and teleconference and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 1:30 p.m. Prior to the roll call, Vice Chancellor Herbst briefly explained the various audio and/or video galleries of meeting participants and attendees.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Gonella, Mr. Holzapfel, Mr. Neall, Mr. Pope, Mr. Rauch, Mr. Wood, Ms. Johnson, Mr. Leggett, Mr. Malhotra, and Hon. Schultz. Also participating were: Chancellor Perman, Ms. Herbst, Dr. Boughman, Ms. Wilkerson, Mr. Hogan, Mr. McDonough, Assistant Attorney General Langrill, Dr. Jarrell, Ms. Peartree, Ms. Amyot, Mr. Colella, Mr. Danik, Ms. Kemp, Mr. Lockett, Mr. Lowenthal, Mr. Pyles, Ms. Rehn, Ms. Rhodes, Mr. Savia, Ms. Schaefer, Ms. Washington, Mr. Wyden, Mr. Bittner, Mr. Maginnis, Ms. Schuelke, Ms. Barton, Mr. Beck, Ms. Bucko, Ms. Decker, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Muntz, Mr. Nicholson, Mr. Page, Ms. Skolnik, Ms. West, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Proposed FY 2021 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation (action)

Regent Attman recognized Dr. Jarrell, Ms. Peartree, Ms. Rhodes, and Ms. Gillette from UMB. Regent Attman stated that this is a long-standing contract for service and explained that Section 13-306 of the Education Article of the State of Maryland requires that the annual contract be submitted to the Board of Regents, upon recommendation of the UMB president, for consideration, any modification, and approval. The contract is negotiated each year for market value. This year's contract contains expanded security coverage for maintaining a safe environment. Regent Gossett inquired as to why the net figures provided earlier in the day during an UMMS board meeting differed from those in the Committee's materials. Ms. Rhodes responded that UMB works very collaboratively with the medical system to arrive at the agreement, and the figures involved should be in fact the same. Dr. Jarrell pointed out that there are parts of the UMMS meeting where he must recuse himself and thus did not have an answer regarding the figures. Following a brief discussion of the potentially differing figures, the UMB leadership was asked and agreed to reconcile any differences between the two sets of numbers presented for the contract.

The Finance Committee recommended that the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2021, subject to a reconciliation of the two sets of figures for the contract.

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

Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0

[Update 6/10/20: UMB has confirmed that the contract that will be signed between the two parties will reflect the numbers as presented in this Board item.]

2. University of Maryland, Baltimore: Notice of Emergency Procurement (information)

Regent Attman provided an overview of the item. This item is coming to Committee as an information item that is reported as an Emergency Procurement that exceeds \$5 million, consistent with the USM Procurement Policies and Procedures. He explained that UMB's Institute for Genome Sciences would be conducting testing for the COVID-19 virus and that the Assay kits were purchased in order to carry out that testing. Dr. Jarrell indicated that it is very efficient testing. The University obtained 5,000 kits which translates into 500,000 tests. Ms. Rhodes indicated that UMB will be the recipient of an award from the State to reimburse the University for its expenditure.

The Finance Committee received the item for information purposes.

3. University System of Maryland: FY 2021 Operating Budget (action)

Regent Attman stated that this item represents the operating budget as approved by the Legislature during this session. The budget is required to be approved by the Board prior to July 1st. He reminded the regents that throughout the year that Chancellor Perman and Vice Chancellor Herbst had done a great job of keeping the Board informed on the strategic direction and progress of the budget. Additionally, the Chancellor provided operating budget updates throughout the Legislative Session during his reports to the Board. Referring to the materials, Regent Attman noted that the total USM budget of \$6.1 billion includes revenue from state appropriations, tuition and fees, auxiliary services, federal and other contract and grants, and other revenues. He cautioned, however, that under the current circumstances the operating budget illustrated on the charts and passed by legislature would be subject to revision as Board, state, and federal actions evolve. In response to a question by Regent Wood regarding the fringe benefits figure, Vice Chancellor Herbst responded that the amount includes changes in the cost of healthcare plans and other university/state-provided benefits to employees.

The Finance Committee recommended that the Board of Regents approve the FY 2021 operating budget as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be in consultation with and reported back to the Board.

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

Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0

4. University System of Maryland: FY 2022 Schedule of Tuition and Mandatory Fees (action)

Regent Attman began by stating that this recommendation recognizes the economic impact that the pandemic is having on students and their families. The USM recognizes and takes seriously its responsibility to students and families who have been disrupted during this unprecedented situation; and therefore, continues to work to help mitigate the financial impact of the COVID-19 pandemic.

Regent Attman then announced that in consideration of the present and ongoing situation, the recommendation before the Committee was for a freeze of the existing tuition and mandatory fees at the FY 2020 level. As such, all undergraduate and graduate students would see no increase in their FY 2021 tuition or mandatory fee rates. Vice Chancellor Herbst indicated that under normal circumstances, in an effort to keep tuition affordable, the Committee would be considering a proposal to increase tuition rates of up to 2% for undergraduate resident students and 5% for graduate students and non-resident undergraduates. In implementing a freeze, she recognized that action would have an impact on funding, adding the leadership's desire to hold the students and their families at their same level of costs. It was also noted that the schedule contained proposed rates for new programs, as listed on the item's summary.

Vice Chancellor Herbst responded to a question regarding whether the USM anticipated any issues with charging full tuition rates to students if they are receiving instruction online. She explained that the institutions are planning to bring students back to campus in some arrangement, possibly a hybrid mix of in-person and online instruction. She strongly stated that the value is in the accomplishment of the credentials that the students are receiving, online delivery of courses has been effective, and that the value is still there. Chancellor Perman added that according to national polls, students are interested in returning to campuses.

The Finance Committee recommended that the Board of Regents approve the tuition and mandatory fees schedule as submitted.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

5. University System of Maryland: Self-Support Charges and Fees for FY 2021 (action)

Regent Attman reviewed the item. In line with the Committee's recommended action on tuition and mandatory fees, he offered the recommendation that the existing self-support charges and fees be frozen at the FY 2020 level as well. Regent Attman indicated that Frostburg would have a new residence hall coming online in the Fall 2020, and as such those new rates for this hall were itemized on the schedule. It was also noted that that there was the need to stay within any CDC guidelines for housing students and that following such guidelines could impact the capacity in dorms and the actual charge for accommodations. Importantly, as planning for housing in the fall continues, institutions would be working to minimize the financial impact on students and their families.

The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2021 as set forth in the presented document.

(Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

6. FY 2021 System Funded Construction Program Request (action)

Regent Attman summarized the item. The recommendation for the FY 2021 System-Funded Construction Program includes funding from USM Auxiliary Bonds and cash appropriations by institutions as outlined in the attachments to the item. He pointed out that the document reflected one change stemming from the draft materials distributed last month—a change requested by College

Park to the funding for two student-related projects. Approximately \$8.8M in bonds allocated for the High-Rise renovation project would instead be applied instead to the Replacement Dining Hall. This would replace a like amount of auxiliary cash that the College Park's dining program had set aside for the project and allows the campus to apply that money to meet other needs. Regent Attman reminded the Committee that the approval is for the single, asking-year budget, but a full five-year plan is required by Board policy. He also noted that where there are opportunities for public-private partnerships, Ellen and her group would bring those projects to the Finance Committee as they come along during the year. Vice Chancellor Herbst noted that the recommendation lists projects that are already under construction or those that are ready to go. Regent Attman added that if financial conditions change drastically, then the Committee could revisit the project list.

The Finance Committee recommended that the Board of Regents approve the FY 2021 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 Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

7. University System of Maryland: 42nd Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds (action)

Regent Attman stated that the System has entered into an Indenture of Trust with a Trustee that provides protections and rights to purchasers of USM revenue bonds. The Indenture requires that the Board adopt a resolution to authorize the issuance of any series of Bonds to be used for project costs. The resolution authorizes the issuance of Revenue Bonds to finance \$104.5 million of academic and auxiliary facilities projects. Included in the resolution are four academic project authorizations approved by the legislature and signed into law by the Governor last month, including facilities renewal, totaling \$32 million, and six auxiliary project authorizations

The Finance Committee recommended that the Board of Regents approve the 42nd Bond Resolution.

(Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

8. University System of Maryland: Auxiliary Project Maturity Extension and Official Intent Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects (action)

Regent Attman explained that this item represented two inter-related actions. The first is an “official intent resolution,” which allows the System to spend its own cash prior to selling bonds, and then reimburse itself for the use of cash on those projects with bond proceeds when the USM goes to financial market with the next new money issuance. The second resolution modifies the bond resolutions previously adopted, to extent the possible, increasing the term limit for auxiliary projects from 20 years to 30 years to lower the annual debt service amounts required of student housing projects.

The Finance Committee recommended that the Board of Regents approve the two referenced resolutions as submitted.

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

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

9. Biennial Exempt Market Salary Survey Report – Exempt Salary Structure Adjustment for FY 2021-2022 (action)

Regent Attman stated that the USM’s Compensation and Classification Committee conducts a market salary study every other year and makes a recommendation regarding whether the existing exempt salary structures should be adjusted. However, the work supporting these findings was completed in several months before the coronavirus pandemic occurred. Due to the expected economic impact of the pandemic, it is anticipated that the report’s projections regarding salary structure increases in calendar year 2020 may no longer be accurate. For this reason, the Vice Presidents for Administration and Finance with the concurrence of the Presidents recommend renewing the current structures for July 2020 and delaying consideration of any potential change in the structure until December. In response to a question from Regent Wood about a statewide salary freeze, Vice Chancellor Herbst explained that the State had announced several measures to curb spending, including hiring freezes, travel bans, and other spending restrictions. She indicated that the USM had also put into place a set of controls to watch discretionary spending.

The Finance Committee recommended that the Board of Regents renew the current structures beginning July 2020 and delay consideration of any increase until the end of calendar year 2020.

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

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

10. University of Maryland, College Park: Amendment to Sale of Land to Core Campus Manager, LLC (action)

Regent Attman reminded the regents that they had reviewed and approved the terms of the sale of the property at the February Board meeting. Considering the current economic climate and uncertainties, the University was approached by the developer for some price negotiations. While the subsequent negotiations resulted in an agreement to lower the purchase price by \$200,000, the new figure is still well in excess above the stated appraisals. Mr. Maginnis confirmed that the developer had already assembled properties around the UMD parcel, and that combined with the excellent location of the parcel created a value that exceeded the two appraisals.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the disposition by sale of approximately 0.24 acres of UMD land at 4218 and 4220 Knox Road, as described in the item, consistent with the University System of Maryland Policy on Acquisition and Disposition of Real Property.

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

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

11. 2020 USM Dashboard Indicators (information)
12. Board Statement of Values and Expectations on Collaboration and Cooperative Efforts in Acquiring and Implementing New Information Technology and Upgrading Business Processes— Status Update (information)

Regent Attman noted that the two information items on the agenda could be reviewed at one’s leisure, with any questions ensuing directed to Vice Chancellor Herbst. He thanked staff for their work on these important systemwide initiatives.

The Finance Committee received the two items for information purposes.

Regent Attman then turned his attention to the upcoming June 30th retirement of Dr. Donald Spicer, Associate Vice Chancellor and Chief Information Officer, praising his outstanding contribution to the USM for over 20 years. Regent Attman called Dr. Spicer a steady force for improvement and transformation in the USM IT landscape—building collaborative networks not only in the USM, but throughout higher education. Regent Attman recognized Dr. Spicer as instrumental in implementing the vision of the Board’s Effectiveness & Efficiency Initiative. His leadership in these efforts—including the Maryland Education Enterprise Consortium—yielded tens of millions of dollars in savings across the USM and other educational entities throughout Maryland. Regent Attman asked everyone to join him in wishing Dr. Spicer a long and fulfilling retirement with sincere gratitude for his many years of service to the USM.

13. Convening Closed Session

Regent Attman read the Convene to Close Statement.

“The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Finance will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents and it is posted on the USM’s website.”

The Chancellor recommended that the Committee on Finance vote to reconvene in closed session.

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

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

Regent Attman thanked everyone for joining the meeting. The public meeting was adjourned at 2:31 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



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**BOARD OF REGENTS
COMMITTEE ON FINANCE**

June 10, 2020

Meeting via Video Conference

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 2:34 p.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gossett, Mr. Gonella, Mr. Neall, Mr. Pope, Mr. Rauch, Mr. Wood, Ms. Johnson, Mr. Leggett, Mr. Malhotra, and Hon. Schultz. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Mr. Hogan, Mr. McDonough, Assistant Attorney General Langrill, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Page, and Ms. McMann. Mr. Colella, Mr. Maginnis, Ms. Schuelke, and Mr. Pyles also participated in part of the session.

1. The committee discussed the lease of real property in the City of College Park (§3-305(b)(3)). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0
2. The committee discussed the acquisition of real property in the City of Salisbury (§3-305(b)(3)). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0
3. The committee discussed the proposed FY 2022 Capital Budget submission (§3-305(b)(13)). (Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

The session was adjourned at 3:02 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance