



UNIVERSITY SYSTEM  
*of* MARYLAND

**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

February 10, 2020  
University of Maryland, Baltimore

Minutes of the Public Session

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Regent Attman welcomed those in attendance and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:35 a.m.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gossett (via phone), Mr. Gonella, Mr. Holzapfel (via phone), Ms. Johnson, Mr. Neall, Mr. Pope, Mr. Rauch, and Mr. Wood. Also present were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Boughman, Mr. McDonough, Assistant Attorneys General Bainbridge and Langrill, Ms. Aughenbaugh, Mr. Colella, Mr. Danik, Ms. Kemp, Mr. Lowenthal, Ms. Rehn, Ms. Rhodes, Ms. Schaefer, Ms. Washington, Mr. Maginnis, Mr. Hughes, Mr. Beck, Mr. Hickey, Ms. Denson, Ms. West, Ms. Skolnik, Ms. Norris, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: FY 2021 Operating Budget Update

Regent Attman stated that this is an informational update item for the FY 2021 operating budget. He then turned to Vice Chancellor Herbst.

Vice Chancellor Herbst explained that the USM budget includes revenues from state appropriations, tuition and fees, auxiliary services, federal and other contract and grants, and other revenues for a total budget of \$6 billion. The Governor's Allowance (proposal) of \$1.5 billion represents a combination of the General Fund and the Higher Education Investment Fund. The USM increase of \$55 million is 3.7 percent over the current year's appropriation. There is an additional \$38 million included in the DBM Personnel Budget for employee Cost of Living salary Adjustments, which would have to be approved by the Legislature. She pointed out that the Allowance includes state funding of \$12.5 million as part of the State's continuing effort to "buy-down" the proposed tuition rate increases; this enables institutions to hold increases for undergraduate resident students to 2%. She also reviewed several highlights of the budget increase: \$10 million to support Year 3 of the USM's Workforce Development Initiative, which includes a 3-year plan to generate over 3,000 degrees/certificates per year and targets Maryland's key workforce needs in areas of cyber and healthcare; \$5.5 million to fund operating expenses for new USM facilities; funding in support of Physician Assistant Program accreditation at UMES; and to support priority educational programs and community engagement at UB. Vice Chancellor Herbst indicated that hearings are underway and reminded everyone that during the legislative session adjustments are recommended to the Governor's Budget Allowance in order to fund other legislative priorities.

Importantly, she noted, the USM community works together to minimize any recommended reductions or reallocations of the proposed USM budget.

**The Finance Committee received the item for information purposes.**

2. Discussion of FY 2019 USM Audited Financial Statements

Regent Attman stated that this information item concerns the System’s annual audit of its financial statements for the year that ended June 30, 2019. He turned to Vice Chancellor Herbst and Ms. Denson, USM Comptroller, who he noted would review key takeaways from the audited financial statements and provide an overview of the fund balance in their presentation. Vice Chancellor Herbst began by saying that the USM received a clean/unmodified opinion once again. Ms. Denson walked the group through the financial charts provided with the meeting materials. Regent Fish inquired about any areas of concern. Ms. Denson responded affirmatively, that two areas mentioned of concern were a decline in enrollment and an increase in construction costs. Regent Attman offered that there is a small work group undertaking a review of construction project processes and costs. Regent Gooden also offered that a new Enrollment Workgroup, co-chaired by Regent Fish and Vice Chancellor Herbst, would begin its work in the upcoming months. Ms. Denson’s fund balance presentation is available to view online at <https://www.usmd.edu/regents/agendas/20200210-FC-Presentation.pdf>

**The Finance Committee received the item for information purposes.**

3. The Universities at Shady Grove: 2019 Facilities Master Plan Update

Regent Attman recognized Ms. Washington and reminded everyone of her presentation from the previous meeting.

The USG presentation is available to view online at <https://www.usmd.edu/regents/agendas/20191212-FC-PRESENTATION.pdf>

**The Finance Committee recommended that the Board of Regents approve the USG 2019 Facilities Master Plan Update and materials as presented at the Committee’s December meeting, 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 Attman moved recommendation, seconded by Regent Pope; unanimously approved)

Vote Count = YEAs: 10 NAYs: 0 Abstentions: 0

4. Towson University: Increase Authorization for Glen Towers Renovation Project (action)

Regent Attman summarized the item. Towson University is seeking authorization to combine two previously approved projects into a single project in order to facilitate a more effective delivery for both. This will result in an increase to the Glen Towers Renovation project by \$4.4 million. This amount is the approved cost of a project to renovate the associated Glen Plaza. This action will bring the total project cost from \$53.76 million to \$58.16 million. Regent Attman pointed out in the table that was included in the materials this is not an overall cost increase, rather this is an action that will improve the

effectiveness and efficiency of delivering this important improvement to the Towson campus. Vice President Lowenthal concurred that combining the projects would indeed be more efficient.

**The Finance Committee recommended that the Board of Regents approve Towson University's request to increase the Glen Towers project by \$4.4 million, for a total project cost of \$58.16 million, as described in the agenda item.**

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

Vote Count = YEAs: 10          NAYs: 0          Abstentions: 0

5.        University of Maryland, College Park: Real Property Exchange Supporting City Hall Block Project

Regent Attman stated that is the first of two real property items from College Park on the agenda today. He added that the project is very exciting and consistent with the goal of seeing College Park become a #1 college town. Vice President Colella thanked Regent Attman and the Committee for its support, and then turned to Mr. Maginnis, UMD Office of Real Estate. Mr. Maginnis explained that this is a companion item to the one presented to the Board in December. The University is using a three-appraisal process in the property exchange, and while unlikely, UMD would agree to pay the difference, up to \$500,000. Regent Wood asked several questions concerning transfer taxes, and a separate question was asked regarding the impact on the University's equity position based on the completed transaction's outcome. Vice President Colella offered to provide a follow-up response in advance of the Board meeting.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the acquisition and subsequent disposition of the TDC Property as more particularly described in an Exchange Agreement, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property. The Committee further stated that the University must provide responses to the following questions put forward during the discussion: (i) what are the transfer and recordation tax implications for the proposed transaction; and (ii) what effect, if any, will the proposed transaction have on the equity and control position in TDC? This information shall be provided in advance of the February 21 meeting of the Board.**

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

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

6.        University of Maryland, College Park: Sale of Land to Core Campus Manager, LLC

Regent Attman introduced the second real property item from the University, a sale of 0.24 acres of land located on Knox Road to support the development of private student housing. He recognized the appraisals of \$373,000 and \$450,000 in relation to a purchase price of \$2.3 million and commended the campus on its negotiations. Vice President Colella pointed out that the subject property is essential for the property assemblage to facilitate the development project.

**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, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.**

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

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

7. University of Maryland, Baltimore: School of Nursing Student Services Renovation and Window Replacement

Regent Attman summarized the item. The University is seeking approval to renovate the Student Services area and replace windows in the original School of Nursing Building on the campus. This project is coming to the Board for approval because it exceeds the policy limit of \$5M for approval by the Vice Chancellor for Administration and Finance. The Nursing School facility was built in 1970. This project involves renovation of a portion of the building to accommodate student services and a complete replacement of the original windows in the building. When asked about a project breakout, Mr. Mowbray (UMB Real Estate, Planning and Space Management), responded that less than \$500,000 of the project cost was associated with the windows replacement; the renovation involves 25,000 square feet.

**The Finance Committee recommended that the Board of Regents approve the University of Maryland, Baltimore’s request for the School of Nursing Student Services Renovation and Window Replacement, for a project cost of \$6 million, as described in the agenda item.**

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

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

8. University of Maryland, Baltimore: Amendments to the Ground Lease between UMB and UMB Health Sciences Research Park Corporation at the University of Maryland BioPark, Baltimore

Regent Attman summarized the item. The University is seeking the Board’s approval to extend the ground lease between the University and the UMB Health Sciences Research Park Corporation on 4.7 acres in the University of Maryland BioPark by approximately 31 years. This extension is necessary to support new projects in the BioPark in the next several years. The original ground lease was set to expire in 2064, and this request will extend the term to 2095. The extension will allow for the financing of the potential new developments. Vice President Rhodes noted that it simply makes sense to extend the lease—what is good for the BioPark is indeed good for UMB and the City. Mr. Hughes added that there is a developer ready to go. Chancellor Perman observed that the BioPark is a point of pride for the USM and the State.

**The Finance Committee recommended that the Board of Regents approve for University of Maryland, Baltimore: (1) the amendment of the ground lease to extend the term through December 31, 2095 and; (2) the acquisition of the two footways from RPC and inclusion of these footways in the ground lease, consistent with the University System of Maryland Procedures for the Acquisition and Disposition of Real Property.**

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

Vote Count = YEAs: 10 NAYs: 0 Abstentions: 0

9. Proposed Amendment to University of Maryland Global Campus HR Policy VII-1.22-GC—UMGC Policy on Separation for Regular Exempt and Overseas Staff Employees

Regent Attman stated that the Board recently approved amendments to the USM policy governing separation for regular exempt employees and that this item is UMGC's proposal to amend its separation policy for regular and overseas exempt staff employees to be more consistent with those amendments. Vice Chancellor Herbst added that in addition, in response to a recent OLA audit, the amended policy provides clarification regarding UMGC's provision of alternative compensation to employees in lieu of completing a notice period for all involuntary separations, including resignations in lieu of termination.

**The Finance Committee recommended that the Board of Regents endorse the proposed amendment to UMGC HR Policy VII-1.22-GC.**

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

Vote Count = YEAs: 10 NAYs: 0 Abstentions: 0

10. University System of Maryland: Review of Capital Improvement Projects

Regent Attman introduced the item. He noted that the Capital Planning Office prepares and presents a periodic status report on the major projects underway System-wide. He then turned to Mr. Beck, USM Capital Planning Director. Mr. Beck briefly reviewed the report. Included are contract awards, completions, and detailed project schedules; the report reflects activity for the seven-month period starting May 1, 2019 and ending November 30, 2019. He pointed out that fourteen new projects had been added to list, including: a major new residence hall complex and a proposed new student recreation center at Salisbury University; a new Health and Counseling Services Center at UMBC, that will be constructed using permanent modular techniques; and a major renovation of the Ellicott Residence Hall at College Park. Regent Wood inquired about the UMD practice gym project and lease of space in N. Virginia. Mr. Beck responded that the practice facility would be included as an active project in the time period covered during the subsequent report. With regard to the lease of the property by UMD in N. Virginia, Vice President Colella responded that all tenant improvement was being done by the landlord, and as such it was not a UMD capital project.

**The Finance Committee received the item for information purposes.**

The meeting was adjourned at noon.

Respectfully submitted,

Gary L. Attman  
Chair, Committee on Finance