



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

June 10, 2021

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 10:33 a.m.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gill, Mr. Gonella, Mr. Gossett, Mr. Holzapfel, Mr. Neall, Mr. Pope, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Assistant Attorney General Bainbridge, Mr. McDonough, Dr. Nowaczyk, Ms. Amyot, Mr. Colella, Ms. Brace, Mr. Donoway, Mr. Lockett, Mr. Lowenthal, Ms. Rehn, Dr. Rhodes, Mr. Savia, Ms. Schaefer, Mr. Sergi, Dr. Wormack, Mr. Williford, Ms. Peartree, Ms. Morris, Mr. Ulman, Ms. Orris, Mr. Trujillo, Mr. Delia, Mr. Maginnis, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Ms. Decker Mann, Ms. Norris, Mr. Page, Ms. Skolnik, Ms. West, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: FY 2022 Operating Budget Update

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 of Regents prior to July 1. He reminded everyone that throughout the year Chancellor Perman and Vice Chancellor Herbst had done a thorough job of keeping the Board informed on the strategic direction and progress of the budget. Referring to the material, Regent Attman specified that the total USM budget of \$6.2 billion includes revenue from state appropriations, tuition and fees, auxiliary services, federal and other contract and grants, and other revenues. He indicated that since the COVID-19 pandemic remains an on-going challenge on many fronts, the federal/state guidance continues to be updated and the allocations are still being finalized. As a result, the numbers presented in the Board document illustrate the USM's FY 2022 operating budget as passed by the legislature; however, the estimates are subject to revision as estimates and projections continue to evolve.

Regent Attman then asked Vice Chancellor Herbst to review the budget. Vice Chancellor Herbst began by recalling that the State reduced the USM appropriation in the FY 2021 budget by \$117 million as part of its prudent and reasonable cost cutting measures related to the COVID-19 pandemic. This reduction to the base budget carried forward into FY 2022, where an additional reduction of \$16 million was levied. She noted that the USM institutions received a \$23.5 million restoration of funds targeted to the healthcare professions and public health. However, Vice Chancellor Herbst stressed that the Federal relief funds provided to the USM institutions were one-time sources of revenue and do not solve the cuts to the base budget. One-time funding cannot pay for ongoing expenditures, such as positions that

have been held vacant due to lack of funds. Vice Chancellor Herbst described the state-funded portion of the budget, totaling \$3.4 billion, with tuition and fees accounting for \$1.6 billion and state funding accounting for \$1.5 billion. She pointed out that state funding increased \$54.5 million, of which \$42 million of the funding related to the state’s decisions on salaries and adjustments to fringe benefits. Overall, USM state-supported costs are estimated to increase by \$200 million.

The Finance Committee recommended that the Board of Regents approve the FY 2022 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 Pope; unanimously approved)

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

2. FY 2022 System Funded Construction Program Request

Regent Attman summarized the item. He explained that the Board considers two capital budgets for approval each year. One is the CIP, which is the Governor’s Plan for the academic facilities. The second is the SFCP, which covers system funding for a variety of projects, for instance dorms, garages, and dining halls. This item concerns the recommendation for the FY 2022 System-Funded Construction Program, which includes funding from USM Auxiliary Bonds and cash funding by institutions as outlined in the attachments to the item. If the Board approves the SFCP at its June meeting, the budget would be “live” and effective on July 1. Regent Attman reminded the Committee that the approval is for the single, asking-year budget; however, a full five-year plan is required by Board policy. He added that generally speaking, the request—similar to last year’s—was quite conservative. He noted that with one exception, the housing projects recommended in the SFCP were primarily for renovation of existing facilities. The one new residence hall project on the list is the proposed new 350-bed facility at Coppin State University. Regent Attman explained that the project had been recommended for a couple of reasons. First, Coppin leadership has stressed that on-campus student housing is absolutely critical to attracting and retaining students to the West Baltimore Campus; and, the General Assembly provided \$3 million with another \$9 million preauthorized, to help defray the financing costs of the project. In response to a question from Regent Wood regarding the funds from the Coalition [for Equity and Excellence in Maryland Higher Education] settlement, Vice Chancellor Herbst responded that the capital budget does not contemplate use of any of the Coalition funding, as it is for programmatic needs and not for capital at this point. She added that the settlement funding would be provided to the four institutions over a 10-year period.

The Finance Committee recommended that the Board of Regents approve the FY 2022 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 Pope; unanimously approved)

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

3. University System of Maryland: 43rd Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

Regent Attman stated that the resolution authorizes the issuance of Revenue Bonds to finance \$53.7 million of academic and auxiliary facilities projects. Included in the resolution are two academic project authorizations including facilities renewal and three auxiliary project authorizations that the Committee just recommended for approval in the SFCP. He shared that the USM issues debt at a premium, offering a coupon rate between 4-5%, which works out to an effective interest rate in the 2-3% range. The USM’s legislative debt cap is \$1.4 billion; there is currently \$1.2 billion of outstanding debt subject to this debt cap. In response to a question from Regent Wood who noted that the USM was close to the debt ceiling, Vice Chancellor Herbst responded that the System debt is increasing at the rate of approximately \$20 to \$30 million per year—annually issuing approximately \$115 million and retiring around \$90 million—and at these levels it is likely that the USM would seek to raise its legislative debt cap in the next year. She explained that the finance team works closely with its bond advisors in an effort to achieve the right balance, noting that USM was in a conservative position right now. Mr. Page stated that for each project in the SFCP, the finance team analyzes the proposed repayment source for each activity to ensure a viable project. He added that there will be a perpetual requirement for capital, as the institutions must provide and maintain facilities to meet the ongoing needs.

The Finance Committee recommended that the Board of Regents approve the 43rd Bond Resolution.

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

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

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

Regent Attman explained that sometimes the System will spend its cash to cover project costs with the intention of reimbursing itself with bond funds when the next issuance closes. The item before the Committee satisfies an IRS requirement that governing boards actively assert that they intend to reimburse cash-balances used for projects funded with Revenue Bond proceeds.

The Finance Committee recommended that the Board of Regents approve the Official Intent Resolution as described, 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 Attman moved recommendation, seconded by Regent Gossett; unanimously approved)

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

5. Bowie State University: Facilities Master Plan Update

Regent Attman recognized Mr. Savia and Mr. Williford, of Bowie State University. He recalled that President Breaux and her colleagues treated everyone to an excellent presentation of their campus plan update at the April meeting. The Facilities Master Plan update is based on the University’s mission and Strategic Plan titled Racing to Excellence. The campus intends to continue to use it as a guide for making decisions regarding Bowie State’s physical resources. Regent Attman described that the plan was developed through a collaborative effort on the campus that involved faculty, staff, student representatives, Prince George’s County, and the City of Bowie. It builds upon the University’s

commitment to evolve into a more sustainable campus. Prior to moving the recommendation, he reminded everyone that approval of the Plan does not imply approval of capital projects or funding, as these items will be reviewed through the normal procedures of the capital and operating budget processes.

The Finance Committee recommended that the Board of Regents approve the Bowie State University Facilities Master Plan Update and materials as presented in April, in accordance with the Board’s two-step approval process. Approval of the Plan Update 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: 9 NAYs: 0 Abstentions: 0

6. USM: Correction to Fiscal Year 2022 Schedule of Self-Support Charges and Fees

Describing it as the smallest dollar figure in an item he could recall, Regent Attman explained that the FY 2022 Schedule of Self-Support Charges and Fees approved by the Board in May contained an error in a proposed rate for student parking at Coppin State University. The current rate for FY 2021 is \$68, and the institution had proposed to increase the parking rate by \$3, bringing the rate to \$71; however, the schedule displayed a rate of just \$70. To amend the schedule, the Board was asked to approve the \$3 intended rate increase as a correction to the schedule.

The Finance Committee recommended that the Board of Regents approve the correction of the Coppin State University student parking rate to \$71 as indicated.

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

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

7. Proposed Amendments to USM Policy VII-8.05—Policy on Professional Conduct of Nonexempt and Exempt Staff Employees

Regent Attman summarized the item. The recommended revisions to the existing policy are an outgrowth of a subcommittee of the Systemwide Human Resources Committee that examined the issue of workplace bullying by staff employees and recommended it be addressed in a Board policy. The current policy has been amended to add a section prohibiting bullying, including references to cyber bullying and social media. The policy defines workplace bullying, “Employees shall not intentionally engage in persistent, severe or pervasive behavior toward another employee that a reasonable employee would find malicious, degrading, intimidating or threatening.” The policy also provides examples conduct that does not rise to the level of workplace bullying, for example, a supervisor’s legitimate comments to an employee regarding their work performance would not be considered bullying behavior. Regent Attman recognized Ms. Skolnik, who leads the USM’s HR Office, and asked if there were any questions of the group. In response to a question from Regent Wood regarding the circulation of the policy, Ms. Skolnik confirmed that the policy would be publicized and also shared with the unions that represent USM employees.

The Finance Committee recommended that the Board of Regents approve the proposed revisions to USM Policy VII-8.05 – Policy on Professional Conduct of Nonexempt and Exempt Staff Employees, as submitted.

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

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

8. Proposed FY 2022 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

Regent Attman recognized Dr. Rhodes (Vice President, Administration and Finance) and Ms. Peartree (School of Medicine), representing UMB. Regent Attman observed that UMB provides a number of extremely valuable services to the Medical System—both at UMMC and the Midtown Campus—which results in a significant payment to UMB. Regent Attman 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 text has been reviewed by the Office of the Attorney General for form and legal sufficiency.

Regent Attman then asked Dr. Rhodes, UMB’s Vice President and Chief Business Officer, to address the Committee. Dr. Rhodes shared several slides as she briefly reviewed the exchanges of funds and their purpose. She explained that the vast majority of the \$168.4 million payment to UMB related to the Physician Faculty Services component, as detailed on the slides. This figure represented an increase of \$14.2 million over the prior year. She also elaborated on the \$3.1 million MSA payment from UMMS for mission support. Dr. Rhodes clarified that it was not a new payment or initiative, but rather an existing form of support provided by UMMS that both parties agreed needed to be formalized in an annual Mission Support Agreement. The MSA is approved by both UMB and UMMS. Regent Gossett thanked Dr. Rhodes, noting that he appreciated the very informative presentation, both for the benefit of the newer members of the Board and others.

Dr. Rhodes’ presentation is available online at <https://www.usmd.edu/regents/agendas/> under the Committee on Finance section.

The Finance Committee recommended that the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2022, including the \$3.1 MSA funds, as described.

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

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

9. Approval of Fund Sources for UMCP Discovery Fund and UMB Baltimore Fund under USM Policy VIII-14.00 – Policy on Investments and Loans to Maryland-based Businesses that are Affiliated with USM Institutions

Regent Attman acknowledged and thanked Ms. Morris, Director of the Baltimore Fund at UMB, and Mr. Ulman, Chief Strategy Officer for Economic Development at UMCP, noting that their work was very impactful on their local communities. Regent Attman stated that the request is being considered by both the Committee on Economic Development and Technology Commercialization, and Finance Committee, in accordance with Board policy. He referenced Policy VIII-14.00, adopted in 2014, which provides the authority to the universities to make investments in university-related companies.

Recently adopted legislation appropriated funds in FY 2023 to the University of Maryland, College Park and the University of Maryland, Baltimore to be used to encourage the development and location of university-created or sponsored technology companies in Prince George’s County and Baltimore City, respectively. The source for the newly appropriated additional state funds will be the University of Maryland Center for Economic and Entrepreneurship Development (UMCEED) at College Park, and the Center for Maryland Advanced Ventures (CMAV) at UMB. Ms. Morris explained that the Baltimore Fund came into existence under MPower, a strategic collaboration between UMB and UMCP. Over the last three years, the \$1 million Baltimore Fund has facilitated the creation of 690 jobs, involving 23 USM-affiliated companies—of which 13 are start-ups and 10 companies received grants for expansion and/or relocation. UMB seeks to make investments, not only grants, from the Baltimore Fund, as described in the item. Ms. Morris indicated that in recognizing and building on the success to date, the General Assembly enacted legislation that allocated an additional \$1.5 million to the Baltimore Fund, and established a complementary \$2.5 million fund at UMCP. Mr. Ulman noted that while working collaboratively with UMB, the University of Maryland, College Park had not had its own investment fund to encourage the development and location of university-created or sponsored technology companies in the County. With the legislation’s effective date of FY 2023, Mr. Ulman indicated that UMCP would use up to \$500,000 from the President’s Initiative Fund for this purpose in FY 2022. Ms. Morris added that UMB would utilize funds previously appropriated, but not yet spent for their CMAV efforts.

The Finance Committee recommended that the Board of Regents approve for UMCP the use of up to \$500,000 of the UMCP President’s Initiative Funds in FY 2022, and up to \$1,000,000 annually from MPowering the State funding through the UMCEED program beginning in FY 2023; and, for UMB the use of state appropriations of no more than \$1,000,000 for FY 2022, and increasing to \$1,500,000 annually in FY 2023, for CMAV, for the purposes described.

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

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

10. University of Maryland Global Campus: Lease Renewal for Dorsey Station Location

Regent Attman recognized Mr. Sergi and Ms. Orris, as he proceeded to explain that the University currently leases approximately 19,000 square feet in Dorsey Station and is seeking approval to exercise the second option renewal for the lease of space. The top floor space is used for classroom and student services, and the location near Route 100 provides highly visible signage on the building. Regent Attman explained that UMGC had assessed the current market conditions in the area and made the determination to renew the lease after considering several factors—location, fit-out costs, renewal rate, signage visibility, and convenience. Mr. Sergi concurred that renewing the lease was the best whole package solution. He pointed out that the Dorsey Station space is adjacent to public transportation and nearby Fort Meade and the NSA, thus providing an ideal location for veterans, who make up over half of the site’s student population.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland Global Campus to renew the lease at Dorsey Station for a term of 5 years consistent with the University System of Maryland Policy on Acquisition, Disposition and Leasing of Real Property.

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

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

11. University of Maryland Global Campus: Facilities and Equipment Maintenance Contract-Option Renewal

Regent Attman welcomed Mr. Trujillo, who joined Mr. Sergi from UMGC. Regent Attman explained that this requested involved the second of a three-year renewal option for the University's contract for facilities and equipment maintenance with AAA Complete Building Services. The total amount of the renewal option is estimated at approximately \$25 million; the first renewal option was an estimated \$23.1 million spend.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland Global Campus the second, three-year renewal option for Facilities and Equipment Maintenance with AAA Complete Building Services, Inc. The University will return to the Board of Regents for approval prior to the execution of its remaining renewal option.

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

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

12. Frostburg State University: Creation of University-Affiliated Business Entity (non-profit) and Approval of FSU President and Vice President's Participation

Regent Attman welcomed President Nowaczyk; Mr. Donoway, Interim Vice President Administration and Finance; and Mr. Delia, Vice President for Regional Development and Engagement, representing the University. Regent Attman introduced the item. Frostburg State University is seeking approval to set up a new 501(c)(3) organization to manage Frostburg's research park and to grant approval for several key FSU officials to participate in the new entity. The entity has been created, under guidance from the System Office, to facilitate access to funding, and now FSU seeks formal approval for the affiliation with FSU, and the participation of its staff. Following the Board's approval, FSU would be expected to present the conflict of interest arrangements to the State Ethics Commission.

Regent Attman invited President Nowaczyk and his team to address the committee. President Nowaczyk expressed his appreciation to the Board and System leadership for their support in this entrepreneurial endeavor, noting that the Chancellor recently had the opportunity to visit with him. Chancellor Perman offered that the project was a good development, the kind of activity that broadens the institution's scope in terms of economic development and research. Mr. Delia briefly described the interest by a number of companies in becoming tenants in the Advanced Technology Center, which will be used to support workforce and economic development in the region. He indicated that an approval by the Board would permit FSU to move more people and companies into the location. In response to a question from Regent Wood regarding the policy review underway concerning affiliated foundations and its application to this request, Vice Chancellor Herbst responded that the referenced policy review pertains only to fundraising entities, and this request does not involve a fundraising entity. She reassured Regent Wood and the Committee that Frostburg understood that it would need to comply with any amendments to the non-fundraising affiliated entity policy, as it undergoes review in the near-term. Regent Gossett offered his congratulations to President Nowaczyk and the team at FSU.

The Finance Committee recommended that the Board of Regents approve the affiliation between Frostburg State University and RF2 as a Business Entity under USM Policy VIII-13.00 – Policy on Business Entities, subject to the requirement that financing commitments that impact the System's debt capacity (as described) by more than \$1M will require formal, explicit Board of Regents approval; and, make the determinations that (i) service on the RF2 board by the Requisite Director Vice Presidents and the President (and any of their successors who may serve ex officio) is necessary to the

success of the activities of RF2; and, (ii) the conflict of interest can be managed effectively in accordance with the requirements of state Public Ethics law provisions and USM Policy III-1.11 – Policy on Conflicts of Interest in Research or Development.

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

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

13. Proposed Amendments to USM Policy V-2.10—Policy on Reports of Intercollegiate Athletics

Regent Attman summarized the item. The proposed amendment to the Policy on Intercollegiate Athletics is pretty straight forward and necessary as the Board transitions the ICA responsibilities from a Workgroup to a recognized Standing Committee. He explained that the primary revisions to the policy involve removing Appendix A, which details the information requirements and timing for institutions, and instead refers to a set of Chancellor-approved information requirements. This action will enable the Chancellor and his team to update and revise information requirements in real time as issues and challenges facing college athletics evolve. A second substantive change is to incorporate the legal requirements under recently enacted legislation, the Jordan McNair Safe and Fair Play Act. The law calls for implementing greater health and safety measures, with certain standards to be met by institutions operating intercollegiate athletics programs; the amended Board policy formalizes these requirements.

The Finance Committee recommended that the Board of Regents approve the proposed revisions to USM Policy V-2.10 Policy on Intercollegiate Athletics, as submitted.

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

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

14. 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: 7 NAYs: 0 Abstentions: 0

Regent Attman thanked everyone for joining. The public meeting was adjourned at 11:59 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

June 10, 2021

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 11:59 a.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Mr. Gill, Mr. Gossett, Mr. Holzapfel, Mr. Pope, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Mr. McDonough, Assistant Attorney General Bainbridge, Mr. Beck, Mr. Eismeier, Mr. Hickey, Mr. Page, and Ms. McMann. Mr. Colella and Mr. Maginnis participated for a portion of the session.

1. The committee discussed a real property acquisition in the City of College Park (§3-305(b)(3)). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0
2. The committee discussed the awarding of contracts for Human Capital Management and Enterprise Resource Planning systems and their implementation (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Gooden; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0
3. The committee discussed the awarding of a contract for firewall hardware and software license and service agreements (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0
4. The committee discussed the proposed FY 2023 Capital Budget submission (§3-305(b)(13)). (Regent Attman moved recommendation, seconded by Regent Pope; unanimously approved)
Vote Count = YEAs: 7 NAYs: 0 Abstentions: 0

The session was adjourned at 12:26 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance