



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

September 2, 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 10:35 a.m.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gill, Mr. Gonella, Mr. Neall, Mr. Peters, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Ms. Herbst, Ms. Wilkerson, Assistant Attorneys General Langrill and Palkovitz, Mr. McDonough, Mr. Raley, Ms. Aughenbaugh, Mr. Danik, Mr. Donoway, Mr. Lockett, Mr. Lowenthal, Mr. Oler, Mr. Savia, Mr. Sergi, Dr. Wormack, Ms. Hobson, Mr. Gallo, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Ms. Mann, Ms. Norris, Mr. Page, Ms. Skolnik, Ms. West, Mr. Lurie, Ms. McMann, Mr. Rao, and other members of the USM community and the public.

Regent Attman opened the meeting with a welcome to all and an introduction of the newer members of the Committee. He first recognized former Senator Peters, who was appointed to the Board of Regents over the summer. During his time in the Maryland Senate, Peters served as the Majority Leader and Chair of the Capital Budget Subcommittee. Regent Attman also took the opportunity to recognize and again welcome Regent Gill, who was appointed to the Board last spring. Regent Attman then briefly touched on some aspects of the Committee's responsibilities, as described in the Board's bylaws. He explained that at the start of the annual meeting cycle, the Board's Committee on Governance and Compensation asks that each Board committee review and update its charter as appropriate, adding that the Finance Committee would plan to do so its November meeting.

1. Towson University: Project Authorization for Institute for Well-Being (action)

Regent Attman introduced Mr. Lowenthal, Vice President and CFO, and reviewed the request. The University is seeking to renovate the 7400 York Road facility for use by the University's Institute for Well-Being. The building would be adapted from general office to instructional, clinical, and research space. The campus operations within the building have all been relocated to other university-owned space. The cost of the renovation, which would also include work in the University's Administration Building is \$14.5 million. This relocation would allow the Institute to vacate space they currently lease in Olympic Place. Regent Attman pointed out that the current lease in Olympic Place would cost the University \$17.4 million over the next ten years, with a need to extend the lease until permanent space is located. As such, the cost of the renovation would represent a long-term savings to the University. Regent Attman praised the plan as a great example of an effective and efficient use of financial and facility resources—a building formerly utilized for one purpose will now be re-purposed for use by

another with an overall cost savings to the University. While the Board of Regents approves the total cost of a project, the contracts for the project would require the approval of the Board of Public Works. In response to a question about the sufficiency of the contingency fund, Mr. Lowenthal responded that at 17%, the contingency fund was larger than normal, typically 10%. He added that the location is a huge improvement for access by the university's students and faculty. The overall cost reflects several factors, including market conditions and prevailing wage. Noting that the project management had been delegated by the UMB Service Center to Towson University, Regent Attman asked Vice Chancellor Herbst to briefly summarize the delegation process.

Vice Chancellor Herbst explained that both the UMB and UMCP Construction Management Service Centers have a process in place regarding the delegation of project management. For UMB, that process that includes several steps. The criteria for delegation include: projects of \$1 million and under (or the then current threshold), are fully delegated to the client institution unless that client requests otherwise; the dollar threshold amount is based on the project construction cost; and, delegation by the UMB Service Center on projects between \$1-5 million will normally be granted where appropriate staffing levels and other relevant criteria are met.

The Finance Committee recommended that the Board of Regents authorize Towson University to spend \$14.5 million of institutional funds for the renovation of space in two buildings for the Towson University Institute for Well-Being, as described.

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

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

2. University System of Maryland: Legislative Debt Cap (information)

Regent Attman summarized the information item. In general, the USM is stating its intention to seek an increase in the debt ceiling for the System codified in statute. The System has held a Aa1 bond rating since 2011, with comparatively low borrowing costs. The program played an important role in steps taken to preserve cash liquidity during the pandemic and the System's ability to borrow whenever necessary is a critical piece of the operating toolkit. Vice Chancellor Herbst explained that the Board approves capital projects each June, which is a control point, and then subsequently authorizes bond financing for the approved projects. She stated that the System currently has less than \$200 million of debt cap space and is seeking an increase which will provide the USM with room to add more debt in the future. Vice Chancellor Herbst added that the USM has a long positive history of the General Assembly supporting the USM's requests to increase the debt cap, noting that she and the finance team would work first with the Treasurer and the Capital Debt Affordability Committee (CDAC). Regent Peters offered his support and assistance in moving the request along.

The Finance Committee accepted the item for information purposes.

3. Bowie State University: Three Voluntary Separation Incentive Plans for Certain Employees (action)

Regent Attman recognized Mr. Savia, Vice President; and Ms. Hobson, Senior Director of Human Resources for Bowie State University. Regent Attman explained that Bowie is seeking Board approval to offer three Voluntary Separation Incentive Plans for faculty and exempt and nonexempt staff. These plans apply only to employees who are not members of a collective bargaining unit. The three plans

were designed to provide the University a certain amount of flexibility, including the right to limit the total number of applications approved and the number of applications approved in a particular department, work unit or job category. In response to a question about VSIP interest, Mr. Savia stated that there are individuals who have expressed issues and challenges in adapting to the new environment—the matter has come up in Town Halls and employees are interested.

The Finance Committee recommended that the Board of Regents approve the three Voluntary Separation Incentive Plans for Bowie State University as presented.

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

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

4. 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: 9 NAYs: 0 Abstentions: 0

Regent Attman thanked everyone for joining. The public meeting was adjourned at 11:24 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



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September 2, 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 11:26 a.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Gooden, Ms. Fish, Mr. Gill, Mr. Gonella, Mr. Peters, Mr. Pope, Mr. Rauch, and Mr. Wood. Also participating were: Ms. Herbst, Ms. Wilkerson, Mr. Raley, Mr. McDonough, Assistant Attorney General Langrill, Ms. Denson, Ms. Mann, Ms. West, and Ms. McMann. Mr. Gallo also participated in part of the session.

1. The committee discussed the proposed FY 2023 Operating Budget submission and potential adjustments to the submission (§3-305(b)(13)).
This item was presented for information purposes; there were no votes on this item.
2. The committee discussed the investment of the Common Trust Fund (§3-305(b)(5)).
This item was presented for information purposes; there were no votes on this item.

The session was adjourned at noon.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance