



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

February 13, 2025

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Fish called to order the meeting of the Finance Committee of the University System of Maryland Board of Regents at 3:02 p.m., at UMBC, welcoming participants joining via video and teleconference.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gonella, Mr. Hasan, Mr. Mirani, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Dr. Wrynn, Ms. Lawrence, Dr. Masucci, Mr. Sandler, Ms. Wilkerson, Assistant Attorney General Bainbridge, Assistant Attorney General Palkovitz, Assistant Attorney General Stover, Dr. Fowler, Ms. Aughenbaugh, Mr. Bitner, Mr. Danik, Mr. Donoway, Mr. Lockett, Mr. Palmer, Ms. Michels, Mr. Oler, Mr. Reuning, Dr. Rhodes, Mr. Sergi, Mr. Olen, Ms. Latimer, Ms. Pomietto, Ms. Bishop, Mr. McCall, Ms. Hansen, Mr. Maginnis, Ms. Heppen, Mr. Mowbray, Mr. Gagnon, Mr. Eshleman, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Muntz, Ms. Norris, Mr. Acton, Ms. Sule, Ms. Johnson, Ms. Petronka, Ms. Munn, Ms. McMann, and other members of the USM community and the public.

1. University of Maryland, College Park: Authorize Electric Infrastructure Project for New Electric Bus Fleet (action)

Regent Fish introduced the item, which concerned a request from the University of Maryland, College Park for approval of a \$9.3 million project to install 13 charging stations and complete associated infrastructure upgrades to support 35 recently purchased electric buses. The committee was reminded that, during its September 2024 meeting, it discussed the University's \$39.9 million federal grant to procure the electric buses, install charging stations, and implement related infrastructure improvements and workforce development initiatives. The buses are expected to arrive in fall 2025, with plans to integrate them into the UM Shuttle fleet by 2026.

The current request sought approval to move forward with the infrastructure component of the project, using \$5,075,206 in federal grant funding, along with \$4,224,794 in institutional funds. The University must advance design and installation of electrical equipment to ensure that the buses become operational as planned. The project is anticipated to be completed by January 2026. University representatives were available to respond to questions from the committee.

Regent Wood inquired whether the grant funding might be at risk in light of potential federal research cuts. Mr. Reuning, interim vice president and chief administrative officer, responded that the buses are already under construction and the University is closely monitoring the situation. While there is uncertainty at the federal level, the University anticipates needing some level of infrastructure regardless and is exploring all available options. Senior Vice Chancellor Herbst stated that should the

situation change, the University would return to the Board to propose alternative funding options. At present, all known and confirmed details are included in the item as presented. In a follow-up question, Regent Hasan asked about the University's confidence in the cost estimates. Mr. Reuning confirmed that the University is confident in the figures provided.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, College Park's \$9.3 million project request to provide and install 13 charging stations and construct the necessary infrastructure renovations to support its new electric bus fleet, as described.

(Regent Fish moved recommendation, seconded by Regent Pope; approved)

Vote Count = Yeas: 7 Nays: 0 Abstentions: 0

2. FY 2024 Audited Financial Statements and USM Financial Planning (information and presentation)

Regent Fish introduced the agenda item regarding the University System of Maryland's annual audit of its financial statements for the fiscal year ending June 30, 2024. She noted that the external auditors had issued an unmodified, or clean, opinion. Before turning the presentation over to the finance team, she invited Senior Vice Chancellor Herbst to offer introductory remarks.

Senior Vice Chancellor Herbst acknowledged Regent Pope, who chaired the Audit Committee where the audit materials were initially presented. She explained that the System does not intend to issue new bonds this year, as a substantial portion of proceeds from the most recent bond issuance remains unspent. The System is currently undergoing its annual surveillance reviews with the three major rating agencies and expects reaffirmation of its AA+/Aa1 ratings. She emphasized the importance of the System's audited financial statements both externally—for investors, the financial community, and potential partners—and internally—for regents and management, in supporting effective and responsible financial oversight. She also noted that the System's statements are included in the state's audited financial statements.

Turning to fiscal year 2024 results, she reported that the System's unrestricted reserves increased by \$105 million. The result from operations was \$202 million, following an adjustment for \$97 million in cash-funded capital expenditures. She then introduced the team presenting the item: Ms. Denson, associate vice chancellor for finance and controller; Mr. Acton, director of financial reporting and comptroller; and Ms. Norris, director of financial planning and analysis.

Mr. Acton began with a walkthrough of the audited financial statements and the financial charts included in the meeting materials. He and Ms. Norris delivered a detailed presentation supported by slides, covering an overview of the System's financial statements and planning processes; financial health inputs and trends; Board of Regents financial planning metrics; rating agency evaluation methods and bond ratings; and bond issuance practices. The full presentation is available online: <https://www.usmd.edu/regents/agendas/20250213-FC-PublicSession.pdf>

The item was received for information purposes.

3. University System of Maryland: FY 2026 Operating Budget Update (information)

Regent Fish introduced the informational update on the operating budget and turned to Senior Vice Chancellor Herbst to provide an overview. Senior Vice Chancellor Herbst reported that the Governor issued the fiscal year 2026 budget last month, and it is now under consideration by the Maryland General Assembly.

She reviewed key elements of the Governor's Allowance, noting that the University System of Maryland's total budget is \$7.9 billion in current unrestricted and restricted funds. State support totals \$2.2 billion, reflecting a \$151.3 million decrease in funding compared to the prior year. After accounting for salary increase funds, the year-over-year reduction is \$129.1 million, or approximately 5.5 percent. She noted that the state budget includes funding to cover negotiated increases in state-supported personnel costs under labor agreements.

In response to a question from Regent Hasan regarding whether the budget reflects potential federal funding reductions, Senior Vice Chancellor Herbst stated that the USM budget was submitted last fall and does not incorporate that possibility. She added that the leadership team is monitoring the situation and working on modeling, though it remains too early in the process for definitive analysis. The team is assessing potential revenue shortfalls and their implications.

Senior Vice Chancellor Herbst emphasized that only the Board of Regents has the authority to set tuition. The leadership team will return later in the spring with tuition and fee proposals. In response to a question from Regent Mirani, she confirmed that any institution seeking a larger tuition increase will be asked to explain the potential impact on student enrollment. She concluded by underscoring that USM funding remains under legislative review, and System leadership continues to engage actively with elected officials throughout the session.

The item was received for information purposes.

4. University System of Maryland: FY 2026 Capital Budget Update (information)

Senior Vice Chancellor Herbst provided a brief update on the capital budget. She referred the committee to the summary chart in the meeting materials, which compares the Board's capital budget request submitted to the state last June with the Governor's recommended five-year Capital Improvement Program (CIP).

She reported a strong outcome for the System. The new state CIP totals \$1.23 billion, reflecting an increase of more than \$200 million compared to the allocations from the previous two budget cycles. This marks the second-largest five-year total in the past decade and demonstrates continued confidence in the University System of Maryland and in higher education, particularly in light of the State's current fiscal constraints.

In response to a question from Regent Mirani about the level of commitment to the capital budget compared to the operating budget, Senior Vice Chancellor Herbst explained that capital funding typically involves one-time investments, whereas the operating budget entails ongoing costs. There were no further questions or discussion.

The item was received for information purposes.

5. University System of Maryland: Review of Capital Improvement Projects (information)

Regent Fish introduced the item, noting that it was an informational update on major capital projects across the University System of Maryland. Mr. Beck, associate vice chancellor for capital planning, was joined by representatives from the design and construction service centers: Mr. Olen, executive director of planning and construction at the University of Maryland, College Park, and Ms. Latimer, executive director of design and construction at the University of Maryland, Baltimore.

The status report provides an overview of major projects underway throughout the System, covering the twelve-month period from December 1, 2023, through November 30, 2024. The report includes information on contract awards, project completions, and schedules. As of November 30, a total of 117 major projects were either pending design, in design, or under construction. These projects are managed by the service centers or have been delegated to institutions, and they encompass new capital facilities, renovations, and deferred maintenance, including both state-supported and auxiliary facilities.

The meeting materials include a snapshot of this activity, featuring schedules and project data, a list of new projects, and a list of projects that have been completed or canceled. A summary page highlights key metrics for System facilities, including sustainability achievements. Over the past decade, more than 80 USM projects have received LEED Silver, Gold, or higher certification from the U.S. Green Building Council. Major project highlights from the past calendar year include the new School of Pharmacy and Allied Health at the University of Maryland Eastern Shore, the completion of the Wing 1 replacement of the Chemistry Building at the University of Maryland, College Park, and the new College of Health Professions at Towson University.

As of November 30, the total value of projects in design or construction across the System was approximately \$2.7 billion. According to national estimating standards, this level of capital investment by the State supports more than 3,600 full-time jobs in the Maryland economy, underscoring the importance of these projects to the region.

The item was received for information purposes.

6. University of Maryland Global Campus: Planned Use of Largo Sale Proceeds (information)

Regent Fish introduced the final item, an informational update regarding the planned use of proceeds from the University of Maryland Global Campus (UMGC) property sale. She welcomed Dr. Fowler, president of UMGC, who was present along with members of his leadership team to provide an overview to the committee.

In December 2022, UMGC sold three properties for \$72 million, net of brokerage fees. Under House Bill 735, enacted during the 2023 Maryland legislative session, non-residential campuses within the University System of Maryland may now allocate proceeds from property sales toward operating expenses, subject to approval by the Board of Regents. UMGC has developed a plan for the full \$72 million and has outlined its intended use of \$62 million for operating purposes.

Regent Fish then turned the presentation over to President Fowler to describe UMGC's plans for the proceeds and respond to any questions from committee members. President Fowler noted that UMGC is not a traditional brick-and-mortar institution; instead, its digital infrastructure is central to its mission and must evolve to support a hybrid educational model. He emphasized that the proposed investments are not routine maintenance but rather represent a significant shift—comparable to moving from combustion engines to electric power.

The proposed uses of the proceeds include initiatives such as core product development, technology upgrades to student-facing systems, skills-based workforce development, renovation of the administration building, artificial intelligence investments, persistence and retention technologies and training, and broader student success efforts. These areas represent the infrastructure and tools UMGC considers critical for its long-term direction and continued advancement.

In response to a question from Regent Hasan about whether scholarship funding was included in the proposed use of proceeds, President Fowler clarified that it was not. He noted that UMGC is using other institutional resources to support financial aid. Chancellor Perman added that the University System has a separate initiative focused on financial aid, which leverages earnings from an endowment.

The item was received for information purposes.

7. Convening Closed Session

Regent Fish 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 Fish moved recommendation, seconded by Regent Pope; approved)

Vote Count = Yeas: 7 Nays: 0 Abstentions: 0

Regent Fish thanked everyone for joining. The public meeting was adjourned at 4:17 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance



**UNIVERSITY SYSTEM
of MARYLAND**

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

February 13, 2025
Meeting via Video Conference

Minutes of the Closed Session

Regent Fish called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 4:22 p.m., via video conference and at UMBC.

Regents participating in the session included: Ms. Fish, Ms. Gooden, Mr. Gonella, Mr. Hasan, Mr. Mirani, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Lawrence, Dr. Masucci, Mr. Sandler, Dr. Wrynn, Ms. Wilkerson, Assistant Attorney General Bainbridge, Assistant Attorney General Palkovitz, Assistant Attorney General Stover, Mr. Hickey, and Ms. McMann. Dr. Fowler, Mr. Sergi, Mr. Lockett, Ms. Pomietto, Ms. Bishop, Mr. Oler, Mr. Reuning, Mr. Maginnis, Ms. Heppen, Dr. Rhodes, Mr. Mowbray, Ms. Petronka, Ms. Munn, Mr. Gagnon, Mr. Eshleman, Ms. Johnson, and Mr. Eismeier also participated in part of the session.

1. The committee discussed the awarding of a new contract for instructional design support services (§3-305(b)(14)).
(Regent Pope moved recommendation, seconded by Regent Gooden; approved)
Vote Count = Yeas: 7 Nays: 0 Abstentions: 0
2. The committee discussed the acquisition of real property in Riverdale Park (§3-305(b)(3)).
(Regent Pope moved recommendation, seconded by Regent Gooden; approved)
Vote Count = Yeas: 7 Nays: 0 Abstentions: 0
3. The committee discussed the lease of property in the City of Baltimore (§3-305(b)(3)).
(Regent Pope moved recommendation, seconded by Regent Gonella; approved)
Vote Count = Yeas: 7 Nays: 0 Abstentions: 0
4. The committee discussed the lease of property in the City of Baltimore (§3-305(b)(3)).
(Regent Gooden moved recommendation, seconded by Regent Pope; approved)
Vote Count = Yeas: 7 Nays: 0 Abstentions: 0
5. The committee discussed the awarding of a new contract for IT professional consulting and technical services (§3-305(b)(14)).
(Regent Pope moved recommendation, seconded by Regent Gonella; approved)
Vote Count = Yeas: 6 Nays: 0 Abstentions: 1 – Regent Fish

6. The committee discussed the awarding of a new contract for audio-visual hardware and services (§3-305(b)(14)).

(Regent Gonella moved recommendation, seconded by Regent Pope; approved)

Vote Count = Yeas: 6 Nays: 0 Abstentions: 1 – Regent Fish

The session was adjourned at 5:09 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance