



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

November 30, 2023

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Fish 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 10:32 a.m.

Regents participating in the session included: Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Hasan, Ms. Helal, Mr. Peters, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Dr. Masucci, Assistant Attorney General Salsbury, Mr. Atkins, Mr. Mohammadi, Mr. Bitner, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Donoway, Ms. Edenhart-Pepe, Ms. Lowe, Mr. Lowenthal, Mr. Oler, Dr. Rhodes, Mr. Sergi, Ms. Graziano, Mr. Harris, Mr. Olen, Mr. Principe, Mr. Motz, Mr. Reinke, Mr. Kaplan, Ms. Watson, Ms. Borgerding, Mr. Hurte, Mr. Caron, Ms. Lynch, Ms. Woodcock, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Ms. Norris, Mr. Brown, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

Turning to the first item on the agenda, Regent Fish welcomed Dr. Rhodes, chief business and finance officer and SVP administration and finance at UMB, who was joined by Ms. Graziano, executive director of design and construction.

1. University of Maryland, Baltimore: Howard Hall Mechanical Infrastructure Upgrades (action)

Regent Fish summarized the University's request. The University is seeking approval for a \$53 million project to complete the lifecycle redesign and replacement of mechanical systems within Howard Hall. Howard Hall is a six-story, 232,000 square foot building, originally constructed in 1950. The building houses School of Medicine research labs and offices and is located along Baltimore Street, directly north of the University of Maryland Medical Center. Specifically, the project calls for the replacement and relocation of five major air handling units, exhaust fans, associated new supply risers, and the replacement of an existing pre-heat system with a new energy recovery wheel system. The project combines what was previously planned as several distinct projects and addresses roughly \$24 million in deferred maintenance. Dr. Rhodes addressed the committee, stressing that this was a critical project for the campus, and it was deemed more efficient to bring several small projects together and perform the work all at once. Dr. Rhodes confirmed that the delivery method is CM at Risk and acknowledged that UMB is comfortable with the cost estimate and contingency level, as presented.

The Finance Committee recommended that the Board of Regents approve a project budget of \$52.576 million for the Howard Hall mechanical infrastructure upgrades at the University of Maryland, Baltimore, as described in the agenda item.

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

Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

2. Bowie State University: Robinson Hall Renovation (action)

Regent Fish recognized Mr. Atkins and Mr. Harris of BSU, and Mr. Olen of the College Park Construction Management Service Center, and proceeded to summarize the item. The University is seeking approval of a \$1.8 million increase in funding authorization for the project. The purpose of the project is to renovate the existing facility that houses the police department and other administrative offices. The building was constructed in 1960 and most systems, including the plumbing, have remained as originally installed. When the original budget for this project was established, the condition of the existing building envelope, HVAC, plumbing, and electrical systems was obtained from a walk through. This additional cost is the result of a number of unforeseen existing conditions uncovered after interior demolition started. In order to avoid delays in the completion of the project, the University has requested approval of a project increase of \$1 million from the Chancellor, in accordance with Board Policy VIII-10.20. Importantly, this will allow the project to continue progress with contractors in place. Regent Fish noted that the item constituted the policy-required notification to the Board, and a request for approval of the full increase of \$1.81 million, which will be fully supported with institutional funds. Mr. Atkins addressed the committee, confirming that the requested action was necessary to avoid project delays, and thanked the committee for its support.

The Finance Committee recommended that the Board of Regents approve the increased project budget of \$7,460,000 for the renovation of Robinson Hall at Bowie State University, as described in the agenda item.

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

Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

3. University of Maryland Global Campus: Proposed Amendment to USM VIII-2.01—Policy on Tuition (action)

Regent Fish welcomed Mr. Sergi, Mr. Principe, and Mr. Motz from UMGC. Regent Fish reminded the committee that UMGC is seeking to amend existing language in the Board’s tuition policy as it pertains to the University. As proposed, an amendment to Section C.2. would permit UMGC to offer tuition rates to groups of students—who are covered by arrangements between UMGC and public and private entities—that are below the published resident tuition rates. In many cases, these arrangements often require a quick turnaround and flexibility in setting tuition rates. This lower rate would be at an amount that is annually agreed upon between UMGC and the Chancellor. Any arrangement that would include rates that are lower than the annually agreed upon rate would require pre-approval from the Chancellor. Regent Fish pointed out that in an effort to address concerns raised at the prior meeting, the draft amendment was reviewed and further refined. First, a sentence has been added to the policy that states, “the authority granted to UMGC in Section C.2. does not apply to increases in the tuition rates set annually by the Board of Regents.” This is clarifying that UMGC will continue to submit its request for undergraduate/graduate, resident/nonresident, Military, MBA, M.S., and D.M. tuition rates—applicable to all students who are not covered by third-party contracts and arrangements—to the Board for approval. Second, UMGC will be required to report on any activity subject to Section C.2. to the Finance Committee, twice a year. Regent Fish noted that the USM Office would work with the campus regarding the reporting requirements.

The Finance Committee recommended that the Board of Regents approve UMGC's proposed amendment to USM VIII-2.01—Policy on Tuition, section C.2., as described in the agenda item.

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

Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

4. University of Maryland, College Park: Xfinity Center Videoboard, Hoist and Audio System Replacement Project (action)

Regent Fish welcomed Mr. Colella, Mr. Reinke, Mr. Kaplan, and Ms. Watson from the University. Regent Fish stated that the University is seeking approval of a \$6.3 million project for the replacement of the Xfinity Center video board, hoist and associated audio system. The current video board is 9 years old and lacks the fan-oriented design and functionality of modern boards. The hoist that raises and lowers the video board, and the arena audio system are 21 years old and original to the building. Both are nearing end-of-life and need to be replaced due to outdated controls and sound degradation. If approved, the University anticipates that work would begin immediately following the conclusion of the men's and women's basketball seasons with an expected completion occurring at the end of July. The fund source for the project is institutional funds from Department of Intercollegiate Athletics revenues. Mr. Colella addressed the committee and stated that this is a fixed price turn-key project. There is a 5% contingency provided, should there be any related electrical system work required on the University's end. Regent Wood commented that he would appreciate more transparency regarding the institution's ICA deficit and how the project would impact the deficit. In response, Sr. Vice Chancellor Herbst offered to review the annual ICA financial reporting with Regent Wood. She confirmed that the campus had the funding to cover the project.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park a \$6,320,000 maintenance project for a new video board, hoist, and audio system for the Xfinity Center, as described in the agenda item.

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

Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

5. Discussion on Project Contingency Amounts (information)

Sr. Vice Chancellor Herbst, who was joined by Mr. Beck, and Ms. Borgerding and Mr. Olen of the Construction Management Service Centers, discussed the topic of contingencies that are added to estimates for USM capital projects. This information item evolved from a conversation at the previous committee meeting regarding the addition of project contingencies and how they relate to market increases and anticipated cost escalation on our projects. The key highlight of the conversation was that, unlike the practice of many commercial developers, the State of Maryland—and, consequently, the USM—apply contingencies to budget amounts solely for unforeseen costs as a project evolves. General construction market changes, anticipated escalation due to materials and labor costs are built into the base cost, based on escalation percentages agreed-to by state agencies and institutions, on which the contingency is added. Importantly, the State of Maryland is prescriptive in terms of what contingencies are permitted for projects that include state funding. The Department of Budget and Management's official guidance says that at the budget level, the contingency amount starts out as 10%. At the point when construction funding becomes a budget-year request, the contingency is reduced to 5%. Occasionally the State will provide a slightly larger increase to accommodate for potential problems. Examples cited in the meeting included the potential cost of grouting abandoned mine shafts under project sites in Frostburg or removing hazardous materials in a renovation project. For non-state or self-

funded projects, the USM can apply a larger contingency when it is deemed to be necessary. One thing that was clear from the analysis, each case is unique. This makes it difficult to identify a common thread, so there is not an average that would be recommended across all programs. In closing, Sr. Vice Chancellor stated that the USM’s project managers work with their design teams and construction management consultants to apply the most appropriate and reasonable contingency figures to the projects.

The report was received as information.

6. University System of Maryland: Report on FY 2023 Procurement Contracts (information)

Regent Fish provided a summary of the report. The USM Policy on Approval of Procurement Contracts requires that a report on procurement contracts between \$1 and \$5 million—and emergency and expedited procurements—be submitted annually to the Finance Committee. During fiscal year 2023 there were 95 contracts that met these terms totaling \$191.1 million. There were no reports of emergency or expedited contracts. Thirty-three percent of the contracts were awarded to Maryland firms and the Minority Business Enterprise participation on these contracts was 6%.

The report was received as information.

7. Towson University: New Affiliation Agreement with Towson Place Properties (action)

Regent Fish recognized Mr. Lowenthal and Mr. Hurte of Towson, and Ms. Salsbury of the Office of the Attorney General. Regent Fish explained that Towson is requesting approval of an affiliation agreement with Provident Resources Group LLC, the owner of Towson Place Properties, an off-campus student housing project adjacent to campus. The property has 220 units with 524 beds. Currently, Towson has the option to purchase the property in 2049 for \$1. Regent Fish asked Sr. Vice Chancellor Herbst to review the proposed transaction. She first shared that Towson Place is private housing, not university owned. The County and MEDCO have been involved in the project since the beginning. She explained that as Provident deals with a refinancing due to variable rates, the USM wanted to be sure it took measures to protect Towson’s purchase option of \$1. The agreement will formally strengthen the relationship between Towson Place Properties and the University and will clear the way for refinancing. Sr. Vice Chancellor Herbst explained that the agreement stipulates that Towson provide various University Services to the property, similar to those at other off-campus housing properties, such as Residence Life and shuttle service. The agreement grants Towson two seats on the five-person Operation Committee. As such, Towson will be able to see the maintenance budget for the property. All operations and maintenance of the property will remain the responsibility of Provident. Currently, the property is fully occupied by Towson students. Mr. Lowenthal added that under the agreement, Towson students would get priority; however, if Provident were to seek to offer openings to other students, it would need to come back to Towson. In response to a question about the rental rates, Mr. Hurte, vice president of student affairs, stated that the rates are currently set at the markets rates in the area, and he anticipates that they will be able to maintain affordability.

The Finance Committee recommended that the Board of Regents approve Towson University’s new Affiliation Agreement with Towson Place Properties, pending review and approval of the final agreement by the Attorney General’s Office and the Chancellor.

(Regent Fish moved recommendation, seconded by Regent Pope; approved)
Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

8. 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 Pope moved recommendation, seconded by Regent Gonella; approved)

Vote Count = Yeas: 9 Nays: 0 Abstentions: 0

Regent Fish thanked everyone for joining. The public meeting was adjourned at 11:37 a.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance



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**BOARD OF REGENTS
COMMITTEE ON FINANCE**

November 30, 2023
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 11:39 a.m. via video conference.

Regents participating in the session included: Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Hasan, Ms. Helal, Mr. Peters, Mr. Pope, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Dr. Masucci, Mr. Hickey, and Ms. McMann. Mr. Colella, Mr. Reinke, Mr. Kaplan, Ms. Watson, Mr. Caron, Ms. Lynch, and Ms. Woodcock also participated in part of the session.

1. The committee discussed the awarding of a contract for a video board, hoist, and associated audio system (§3-305(b)(14)). (Regent Fish moved recommendation, seconded by Regent Wood; approved)
Vote Count = YEAs: 9 NAYs: 0 Abstentions: 0
2. The committee discussed the awarding of a contract for actuarial services (§3-305(b)(14)). (Regent Fish moved recommendation, seconded by Regent Peterson; approved)
Vote Count = YEAs: 8 NAYs: 0 Abstentions: 0

The session was adjourned at 12:04 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance