



UNIVERSITY SYSTEM
of MARYLAND

BOARD OF REGENTS
COMMITTEE ON FINANCE

January 24, 2024

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. Pope, Mr. Rauch, Mr. Sibel, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Assistant Attorney General Bainbridge, Assistant Attorney General Palkovitz, Dr. Pines, Mr. Atkins, Mr. Mohammadi, Mr. Bitner, Mr. Colella, Mr. Danik, Ms. Dettloff, Mr. Donoway, Mr. Lockett, Ms. Lowe, Mr. Lowenthal, Mr. Oler, Mr. Keeney, Ms. Adkins, Ms. Petronka, Ms. Munn, Ms. Borgerding, Mr. Olen, Mr. Reuning, Ms. Corry, Mr. Kaiser, Mr. Morris, Mr. Crawford, Mr. Borkowicz, Mr. Bass, Mr. Conway, Ms. Murphy, Mr. Sheetz, Mr. Snyder, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Mr. Muntz, Ms. Norris, Mr. Acton, Ms. Patterson, Ms. McMann, and other members of the USM community and the public.

1. University System of Maryland: Amendment to the Forty-Fourth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds (action)

Regent Fish summarized the first agenda item. Every June the Board reviews and approves a Bond Resolution that includes the auxiliary projects from the System Funded Capital Program and the academic projects included in the Governor’s CIP, as passed by the Maryland Legislature. She explained that there was a last-minute change made to the 2022 resolution to reflect the appropriate auxiliary project authorizations included in the System Funded Construction Program. In error, the total academic authorization was changed. The amendment will rectify that action. The academic project authorization will be updated to the amount of \$25.3 million, authorized by the State. The amendment does not impact the total Bond Resolution authorization originally approved by the Board of Regents.

The Finance Committee recommended that the Board of Regents approve the Amendment to the Forty-Fourth Bond Resolution. (Regent Fish moved recommendation, seconded by Regent Pope; approved)

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

2. Bowie State University on behalf of the University System of Maryland and the Maryland Education Enterprise Consortium (MEEC): Modification to the IT Professional Consulting Services Master Contract (action)

Regent Fish stated that, in light of a conflict of interest, she would recuse herself from participating in both the discussion and voting on the agenda item. She asked Sr. Vice Chancellor Herbst to preside over the matter.

Sr. Vice Chancellor Herbst acknowledged Ms. Petronka and Ms. Munn from MEEC, Mr. Jost from BSU's procurement office, and Mr. Hickey and Mr. Eismeier from the USM Office. Sr. Vice Chancellor Herbst took the opportunity to share an overview of the Maryland Education Enterprise Consortium, an entity hosted by the USM. MEEC membership includes more than 200 K-20 public, private, federal educational institutions and libraries in Maryland serving nearly 230,000 faculty and staff. The consortium leverages its membership's size to negotiate favorable IT hardware, software, and services contracts. At the present time, MEEC has 16 agreements with approximately 100 vendors of software, hardware, and services. Members may purchase off of the contracts, which have established minimum discounts and maximum hourly rates. From there, MEEC members can further negotiate pricing. MEEC members throughout the State can access contracts with pre-established terms and conditions, which are vetted and approved by authorized legal counsel, thereby avoiding the need for recreating this process for every new procurement.

Sr. Vice Chancellor Herbst provided a comprehensive synopsis of the current request pertaining to the MEEC IT Professional Consulting Services contract. This agreement encompasses nearly 30 consulting firms, offering a wide array of technology implementation services such as system implementation, change management, program management, data analytics, and training. The request under consideration aims to amend the existing contract by increasing the not-to-exceed amount from \$90 million to \$140 million. The multi-award master contract has proven to be highly successful, serving as a vital conduit for essential IT professional consulting services to all MEEC members. During the discussion, Mr. Eismeier addressed inquiries regarding Minority Business Enterprise (MBE) participation. He highlighted efforts within the system institutions similar to the State's initiatives for engaging with MBEs and small businesses. These efforts include hosting conferences to facilitate introductions, educate stakeholders about initiatives and procurement processes, and foster participation. The overarching goal is to establish robust relationships and enhance participation in upcoming projects, particularly with several significant ERP initiatives on the horizon.

Regent Gooden underscored the critical importance of promptly addressing any instances of exceeding a contract's spending ceiling. In light of this concern, she suggested a procedural change aimed at augmenting the existing system to ensure timely and comprehensive data collection on procurement contracts, encompassing costs and MBE participation. Additionally, she requested a review of the six-month output from the system.

The Finance Committee recommended that the Board of Regents approve Bowie State University's request to increase the not-to-exceed amount of the MEEC master contract from \$90 million to \$140 million, as described in the agenda item.

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

Vote Count = Yeas: 8 Nays: 0 Abstentions: 1 (Regent Fish recused herself)

3. FY 2023 Audited Financial Statements and USM Financial Planning (information)

Regent Fish introduced the agenda item concerning the System's annual audit of its financial statements for the fiscal year ending June 30, 2023. She outlined that the financial affairs team would present an overview of the audited financial statements, highlighting key insights. Subsequently, taking the committee members through a discussion covering financial planning within the System, the current state of USM's financial strength, and insights on how the rating agencies perceive and evaluate the System's financial standing.

Sr. Vice Chancellor Herbst stated that the System is in bond rating season, preparing to sell its next round of bonds, and currently undergoing its annual reviews with each of the three major rating agencies. The System's financial statements are important to investors, the financial community, and potential partners, externally. They are also included in the state's audited financial statements. She emphasized that the audited financial statements are issued at the System level, as is the bond rating; debt is also issued at the System level. Prior to commencing the presentation, Sr. Vice Chancellor Herbst provided the fiscal year 2023 financial results. It was noted that the System's unrestricted reserves increased \$268 million.

She proceeded to acknowledge the presence of Ms. Denson, associate vice chancellor financial affairs; Mr. Acton, director of financial reporting and comptroller; and Ms. Norris, director financial planning and analysis. Mr. Acton delved into the core insights gathered from the audited financial statements, providing a detailed walkthrough of the financial charts included in the meeting materials. Both Mr. Acton and Ms. Norris then led a comprehensive presentation, utilizing a series of slides to cover various aspects including the System's financial statements, critical inputs and processes contributing to financial health, key financial planning metrics, debt management strategies, as well as insights into bond issuances and ratings. The presentation is available (<https://www.usmd.edu/regents/agendas/>).

The Finance Committee received the item for information purposes.

4. University System of Maryland: FY 2025 Operating Budget Update (information)

Regent Fish introduced the informational update on the operating budget. She turned to Sr. Vice Chancellor Herbst, who conveyed that the Governor has recently issued the budget, which is now under review by the legislature. Additionally, she emphasized that the State demonstrates strong support for higher education. Sr. Vice Chancellor Herbst reviewed highlights of the FY 2025 Governor's Allowance. The USM budget totals \$7.3 billion in current unrestricted and restricted funds. The total state support is \$2.2 billion, which represents a \$45.8 million decrease in state funding. She reported that the reductions stem from adjusting vacancy rates for positions, and their effects will differ across the institutions. Sr. Vice Chancellor Herbst further noted that the budget figure does not encompass the proposed FY 2025 salary increases of \$147.1 million, which are part of the DBM personnel budget.

Sr. Vice Chancellor Herbst outlined that tuition increases are anticipated to be no more than 2% for resident undergraduate students and 5% for nonresident undergraduate students. She highlighted the upcoming process where universities will propose tuition rates in the spring, subject to review and approval by the Board. Additionally, she emphasized that funding for the USM remains under deliberation by the Maryland Legislature, and efforts persist within the USM community to engage with elected officials throughout the legislative session.

The Finance Committee received the item for information purposes.

5. University System of Maryland: FY 2025 Capital Budget Update (information)

Sr. Vice Chancellor Herbst reported on the Governor’s FY 2025-2029 Capital Improvement Program, amounting to \$945 million, which aligned closely with expectations. The proposed budget is poised to address several critical facilities requirements across the System. Most of the ongoing projects were fully funded, with adjustments made to accommodate cash flow expectations. Notable advancements include the UMB Institute for Health Computing in North Bethesda and the Dental Ambulatory Surgery Center. Additionally, allocations were made to bolster existing projects such as UMES’ campus flood mitigation and Salisbury’s Blackwell Hall renovation.

The Finance Committee received the item for information purposes.

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

Regent Fish acknowledged the presence of two representatives from the design/construction service centers, Mr. Olen, executive director of planning & construction at the University of Maryland, College Park, and Ms. Borgerding, assistant vice president of facilities & operations at the University of Maryland, Baltimore, who joined Mr. Beck. Regent Fish then outlined that the Office of Capital Planning compiles and analyzes an informational status report detailing major projects underway across the System, encompassing contract awards, completions, and comprehensive project schedules. The report covers activity spanning the twelve-month period from December 1, 2022, to November 30, 2023. Responding to a query from Regent Wood, Mr. Beck confirmed that many projects listed are indeed facilities renewal projects that are funded through academic revenue bonds, state general obligation bonds, or PAYGO. These projects align with Board policy, and as facilities renewal projects contribute toward an institution’s 2% FR goal.

The Finance Committee received the report 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 Gonella; approved)

Vote Count = Yeas: 8 Nays: 0 Abstentions: 0

Regent Fish thanked everyone for joining. The public meeting was adjourned at 11:54 a.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

January 24, 2024
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 11:56 a.m. via video conference.

Regents attending the session included: Ms. Fish, Mr. Gonella, Ms. Gooden, Mr. Hasan, Ms. Helal, Mr. Rauch, Mr. Sibel, and Mr. Wood. Also in attendance were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Asst. Attorney General Bainbridge, Asst. Attorney General Palkovitz, Ms. Denson, Mr. Hickey, Ms. Norris, Mr. Acton, and Ms. McMann. Mr. Colella, Mr. Oler, Mr. Reuning, Ms. Corry, Mr. Kaiser, Mr. Morris, Mr. Crawford, Mr. Borkowicz, Mr. Bass, Mr. Conway, Mr. Donoway, Ms. Murphy, Mr. Sheetz, and Mr. Snyder also participated in part of the session.

1. The committee engaged in a discussion regarding the awarding of a new contract for energy services (§3-305(b)(14)). Due to time constraints and pending questions from multiple board members, no vote was taken on the matter. It was agreed to schedule a special meeting to further address the matter. Additionally, Regent Gooden recused herself from the discussion.
2. The committee discussed the awarding of a new contract for dining services (§3-305(b)(14)). (Regent Fish moved recommendation, seconded by Regent Wood; approved)
Vote Count = Yeas: 7 Nays: 0 Abstentions: 0
3. Due to time constraints, the committee postponed the discussion of the investment of public funds (§3-305(b)(5)).

The session was adjourned at 12:59 p.m.

Respectfully submitted,

Ellen R. Fish
Chair, Committee on Finance