

UNIVERSITY OF MAINE SYSTEM

Board of Trustees Meeting

at the University of Maine System

May 4, 2015

Finance/Facilities/Technology Committee

Present: Committee Members: Norman Fournier, Chair; Samuel Collins (at UMPI), Gregory Johnson (at USM), Marjorie Medd, Paul Nelson, and Karl Turner. **Chancellor:** James Page. **Faculty Representatives:** Robert Rice (at UM). **System Staff:** Tracy Bigney, Dick Campbell (at UMA), Dan Demeritt, Chip Gavin (at USM), Theo Kalikow (at USM), David Stevens, Richard Thompson, Miriam White, Tracy Elliott and Rebecca Wyke. **Presidents:** Wilson Hess, David Flanagan (at USM), Kate Foster (at UMF), Joyce Hedlund (at UMM), Susan Hunter, Glenn Cummings, and Linda Schott (at UMPI). **Other Participants:** Mark Hatt (at UMM), Chris Bell (at UMPI), Buster Neel, Ryan Low, Laurie Gardner (at UMF), Stuart Swain (at UMM), Tim Brokaw, and John Murphy.

Committee Members Absent: James Donnelly and Victoria Murphy.

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.

FINANCE ITEMS

Strategic Initiatives, UMA. UMA President Glenn Cummings and Chief Finance Officer Tim Brokaw discussed the use of \$1.6 million in UMA reserves over two years to provide incremental funding support for key strategic initiatives outlined in its proposed strategic plan that will be reviewed by the Board of Trustees at the May 2015 meeting. UMA will limit the use of reserves for strategic initiative funding to not exceed 20% of the current E&G reserve balance of \$8.5 million.

The University has identified three key strategies on which to focus: 1) Improving retention by strengthening student success, 2) Advancing academics and 3) Cultivating reputation and resources.

While current resources will be focused on these strategic priorities, the following additional incremental funding is proposed in the following areas:

Incremental Funding for Strategic Initiatives (\$000's)	2 Year		
	<u>FY16</u>	<u>FY17</u>	<u>Total</u>
Bridge Year Program	97	96	193
Embedded Class Steward	87	85	172
Student Housing	38		38
Strengthen Student Support Services	100	350	450
Refine Developmental Education	77	77	154
Increased Marketing & Advertising	300	39	339
Financial Incentives for Student Persistence	50	50	100
Increase Enrollment Resources	62	61	123
Total	811	758	1,569

Included in this incremental funding is the addition of 4 full-time positions that will be fixed length 2 year positions: 1 faculty position to support refinement of developmental education and 3 positions in the enrollment/ advising areas (1 for bridge year, 1 for increased enrollment resources and 1 for

embedded class steward). Continuation of these positions beyond an initial two year period will be contingent on the measured success of the initiatives they support.

Final approval of the use of UMA reserves will be achieved through a budget order signed by the Vice Chancellor for Finance and Administration, and Treasurer.

Establishment of the C. Ann Merrifield Professorship in Science Education, UM. UMaine President Susan Hunter presented the establishment of the C. Ann Merrifield Professorship in Science Education. This professorship is supported by a generous gift of \$250,000 in 2015 to be paid in five annual installments to the University of Maine from C. Ann Merrifield and Wayne C. Davis. This non-endowed gift is an exception to Board of Trustees Policy Section 711 on Named Chairs and Professorships which stipulates that named professorships be endowed.

This gift enables the College of Natural Sciences, Forestry, and Agriculture to support a tenure-eligible faculty member in the School of Biology and Ecology. This faculty member will have a demonstrated ability to teach as well as conduct and publish outstanding research in science education, and will be part of the School of Biology and Ecology research group at the University of Maine. The Merrifield Professorship shall support salaries, benefits, travel expenses, and other needs related to the teaching, research, and service activities of the holder of the professorship.

Nominations for the C. Ann Merrifield Professorship shall be submitted to the Provost and then forwarded to the President of the University for final approval. The appointment shall be for a term of five years starting in the 2015-2016 academic year. The fund shall be administered by the Dean of the College of Natural Sciences, Forestry, and Agriculture in consultation with the Executive Vice President for Academic Affairs and Provost.

On a motion by Trustee Nelson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the May 17-18, 2015 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approve the establishment of the C. Ann Merrifield Professorship in Science Education.

FY2016 Proposed Unified Operating Budget, Recommended Student Charges, and Proposed Transfers from the Budget Stabilization Fund and Campus Reserves. At its March 9th

Finance/Facilities/Technology Committee meeting, Vice Chancellor Rebecca Wyke presented the first reading of the proposed FY2016 Unified Operating Budget for the University of Maine System. This included the recommended student charges and the proposed transfers from the Budget Stabilization Fund to offset net unrestricted operating losses at the University of Maine at Fort Kent, the University of Maine at Machias, and the University of Maine at Presque Isle. The FY2016 Proposed Unified Operating Budget has been updated since the first reading and Dr. Wyke presented the following highlights.

Budget Overview

The FY2016 Unified Operating Budget for the University of Maine System is not balanced and requires the use of \$7.1 million from reserves to balance. The Budget includes \$4.2 million in Administrative Savings that are being held for future strategic investments. These funds, however, are not reflected in the total deficit. The budget includes a 1.7% increase (\$3.0 million) in State E&G Appropriation per the Governor's proposed biennial budget. Enrollment is based on campus enrollment plans. Any negative

shift in one or both of these factors will result in an increased deficit. If E&G depreciation were fully funded (100% target for FY2016), the deficit before administrative savings would increase to \$15.9 million. This level of deficit spending is not sustainable and is stark evidence that the current operating model is broken. It is incumbent upon the Board of Trustees and the senior leadership of the seven-university System to address this situation and ensure that Maine's public universities are available for generations to come.

Appropriation

The FY2016 budgets are based on a 1.7% (\$3 million) increase in E&G State Appropriation per the Governor's proposed biennial budget. The Governor's proposed budget also includes \$2.5 million in debt service funding to support a 10-year revenue bond that would allow the University to leverage \$21 million for infrastructure improvements. These funds are considered "restricted" and, therefore, not included in the unrestricted operating budget. Campus budgets reflect allocating 15% of the campus "historic" Appropriation and 100% of the Governor's proposed E&G Appropriation increase through the Outcomes Based Funding formula. Campus budgets also include an additional \$6.1 million of former University Services Appropriation that is being redistributed to campuses to offset the allocation of University Services Information Technology services.

Maine Economic Improvement Fund (MEIF)

The Governor's proposed biennial budget includes an 18% increase (\$2.65 million) in restricted State Appropriation for the Maine Economic Improvement Fund to advance research and economic development for the benefit of all Maine people. If approved, a total of \$17.35 million will be available. In FY2016, these funds support university-based research in 7 designated areas: biotechnology, aquaculture and marine, composite materials, environmental, forestry and agriculture, information, and precision manufacturing. Three percent of the MEIF supports the Small Campus Initiative (SCI) - a competitive award program for UMA, UMF, UMFK, UMM, UMPI, and the Maine Maritime Academy.

Student Charges

The UMS' ability to raise revenue will continue to be restrained by what Maine people can afford. Maine's three-year moving average of median household income for 2011-2013 is \$50,487. Absent the application of financial aid, the weighted average of tuition and fees as a percentage of median household income is 18%. In-state tuition and the mandatory unified fee for both undergraduate and graduate students continue to remain at the FY2012 level. This is the first time in the history of the UMS that tuition has remained flat for 4 years. Based on flat tuition and the mandatory fee for in-state, undergraduate students, the FY2016 UMS weighted average change is:

- ✓ (0.1%) tuition decrease
- ✓ 1.1% mandatory fee increase
- ✓ 2.6% room and board increase
- ✓ 1.3% comprehensive student charges increase (tuition, mandatory fees, room, and board)

Enrollment

Maine's 15 to 24 year old population will decline 19.5% between 2010 and 2020. Maintaining current enrollments will be challenging and will require our universities to work differently in order to retain and attract more students, including adults and the nearly 50% of high school graduates who currently do not enroll in college.

Residence Hall Occupancy

Capacity had been declining as buildings were taken off-line for renovations or to realize savings from declining demand. Capacity and occupancy are budgeted to increase, however, in FY2016.

Compensation and Benefits

Compensation and Benefits continues to be the single largest cost driver representing 73% of the E&G budget or 66% of the overall unrestricted operating budget. The FY2016 internal benefit rate is 52.4% as compared to 51.5% for FY2015. Medical costs are currently exceeding the Employee Health Plan Task Force goal of 3% for FY2016; therefore, the FY2016 benefit rate is based on a 7% health plan trend rate.

The Employee Benefit Reserve had \$24.9 million at the end of FY2014. An estimated \$11 million of the reserve will be used in FY2015 to fund the Special Retirement Incentive and other workforce adjustments. It is recommended that reserve levels for self-insured health benefit programs equal 3 to 6 months of benefit costs. For the UMS, this would be between \$17 - \$34 million.

Funding Depreciation

Seventy-two percent of the total depreciation expense is funded in the FY2016 budget – 11% less than the FY2015 budget. The E&G funding for depreciation (including support for classrooms and laboratories) is underfunded by 45%, or \$11.8 million. Total depreciation is underfunded by 28% or \$8.8 million

Aging Infrastructure

The UMS owns more than 550 buildings providing more than 9 million square feet of space located across the State with an estimated replacement value of \$2.3 billion. Thirty-eight percent of System space is more than 50 years old in terms of renovation age, which has increased from 27% in 2006. Critical building needs and investments can be expected in facilities with an estimated renovation age of more than 25 years and even more so in the older 50+ category. The age of facilities, limited capital renewal funding, code changes, and functional obsolescence have resulted in a critical deferred maintenance estimate of \$462 million and total asset reinvestment backlog of \$961 million.

Budget Stabilization Fund

The Budget Stabilization Fund was created to enable the UMS to smooth the financial impact of adverse markets, economic conditions, and address other financial challenges. The Budget Stabilization Fund was established in 2010 and has been built from net investment income that exceeded budget pursuant to the Board of Trustees investment policy. FY2015 projected utilization of the Fund equals \$7.3 million or \$2.7 million less than budgeted; USM's projected need is \$2.0 million less than budgeted and UMaine is no longer requesting any Budget Stabilization Funds. UMM's projected need has increased by \$240,000. In FY2016, three campuses may need to utilize Budget Stabilization Funds as their unrestricted net position is depleted. The Treasurer will authorize all or a portion of the transfer needed to offset a net unrestricted operating loss for each institution only at the close of a fiscal year.

Primary Reserve Ratio

As of June 30, 2014, the UMS had slightly more than 5 months' worth of operating expense held in reserve. This is also the benchmark for public institutions of higher education indicating resources are sufficient and flexible enough to support the mission. However, this ratio varies by institution leaving some extremely vulnerable when State Appropriation is reduced or enrollment declines occur. Additionally, the FY2016 budgeted deficit will reduce the Budget Stabilization Fund by \$5.0 million and uncommitted campus reserves by \$2.2 million. The payout of the retirement incentives and other workforce adjustments will also reduce the Benefit Pool by about \$11 million. A total impact of about \$18 million on unrestricted net position in addition to funding other campus activities such as auxiliary services, capital projects, deferred maintenance, and scholarships, as well as providing reserve balances

for the employee self-insured health plan, collateral for internal loans to campuses, and a reserve to cover deductibles for risk management.

Workforce Management

The FY2016 budget includes the net reduction of 194 positions as compared to a reduction of 157 positions in the development of the FY2015 budget.

Budget Process

Dr. Wyke stated that the FY2016 budget process was a collaborative effort from the campuses to develop the budget. The revised budget timeline worked well and she thanked everyone who worked on the budgets. Trustee Fournier thanked the campus staff for their work on the budget.

On a motion by Trustee Nelson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee voted to forward this item to the May 17-18, 2015 Board of Trustee meeting for approval of the following resolution:

That the Board of Trustees accept the recommendation of the Finance/Facilities/Technology Committee and approve the FY2016 Proposed Unified Operating Budget, Recommended Student Charges, and Proposed Transfers from the Budget Stabilization Fund and Campus Reserves.

Strategic Integration Targets 2 & 3: Unified Finance and Administrative Structure. Vice

Chancellor Wyke presented her report and recommendations regarding Strategic Integration Targets 2 & 3 consistent with the Board of Trustees resolution of November 16-17, 2014 to develop a comprehensive financial management structure reflecting unified finance and administrative services that are functionally aligned to the degree possible.

In July 2014, the Board of Trustees adopted a set of strategic outcomes to guide the work of the Chancellor and the Presidents Council in pursuing mission excellence. Together, Strategic Integration Targets 1 - 4 define the Chancellor's primary strategies for "One University for all of Maine" - a multi-campus, mission-differentiated model with significantly reduced and reformed administration, as well as educational programs that leverage and integrate academic resources System-wide. This report addresses the high-level recommendations related to:

Strategic Integration Target 2: Comprehensive Financial Management Structure

Develop and implement a comprehensive financial management structure for the entire System that enhances transparency, enables appropriate fiscal control, and advances comprehensive intra-system collaboration.

Strategic Integration Target 3: Comprehensive Administrative Plan and Reduced Administrative Costs

Develop a comprehensive administrative plan that reduces total administrative costs to peer system benchmarks or below.

Since last July, the Board of Trustees has explored the governance of financial affairs as set forth in the Charter for the University of Maine System, Maine law, and the Board's Bylaws and Policies. The Board has also explored the range of options available to achieve the outcomes set forth in *Strategic Integration Target 2: Comprehensive Financial Management Structure* and took public comment on these options through a System-wide survey of campus constituents in the fall of 2014. Additionally, the pilots chartered by the Chancellor and the Board in July 2012 which resulted in the functional

alignment of Information Technology, Procurement, and Human Resources, although not yet mature functionally aligned organizations, have achieved proof of concept for matrix reporting and functional alignment of administrative services.

As a result of this work, in November 2014 the Board of Trustees revised its policy governing the development and management of operating and capital budgets to align more closely with existing Maine law and Board Policy. Additionally, the Board instructed the Vice Chancellor for Finance and Administration and Treasurer to develop a comprehensive financial management structure reflecting unified finance and administrative services that are functionally aligned to the degree possible.

This report, in Section VIII, sets forth the Vice Chancellor's recommendations for an enterprise-level unified operating budget by FY2017 that reflects the priorities established by the Board of Trustees, Chancellor and the Presidents Council. The recommendations also call for a functionally aligned finance and administrative structure with matrix reporting. The recommendations include a reorganization of existing staff (without additional cost) to create an enterprise Chief Financial Officer and an enterprise Chief Facilities and General Services Officer under which financial services and the remaining distributed administrative services can be aligned respectively. The recommendations also call for revisiting the HR Administrative Review plan approved by the Board in November 2014, to ensure consistency with the unified finance and administrative structure.

Upon approval of the high-level recommendations by the Chancellor and the Board of Trustees, the transition to a unified finance and administrative structure will commence (May – July 2015). This will be followed by an implementation period during which the unified budget for FY2017 will be developed, and the enterprise functional leaders will work with their respective teams to: adopt policies and procedures; align operations for optimal delivery of services; and establish baseline operational costs and FTE levels (July 2015 – January 2016). Once a steady state has been achieved, Phase II of this work can begin: utilizing LEAN principles to streamline the work and focus on customer value; identify gross savings, investments and net savings; and practice continuous improvement of services (calendar years 2016 and 2017).

Under the plan for a unified operating budget and a unified finance and administrative structure our campus presidents will continue to provide critical leadership at the executive level by working closely with the Chancellor and the Board of Trustees to identify enterprise funding priorities, while also developing campus requests reflecting local budget needs. Additionally, the presidents will serve as the governance council advising the Vice Chancellor and the functional service leaders on service priorities and establishing service commitments for quality and responsiveness. Presidents will continue to have executive authority to manage campus affairs within their respective budgets as approved by the Board of Trustees. And the presidents, sitting as the Presidents Council with the Chancellor and Vice Chancellor, will work to ensure the goals of the whole enterprise are balanced with the goals of the individual campuses.

Recommendations

- I. **Functional Alignment/Matrix Reporting.** Functionally align finance and administrative services traditionally reporting to the Vice Chancellor with jurisdiction over finance and administration and campus CFOs consistent with the BOT approved plans for Information Technology and Procurement.

- II. **Vice Chancellor and Chief Operating Officer.** The functionally aligned finance and administrative services will be organized under a Vice Chancellor and Chief Operating Officer, formerly known as the Vice Chancellor for Finance and Administration.
 - a. The Vice Chancellor (COO) will continue to serve as the chief financial and operating officer of the enterprise, and as the Treasurer of the Board of Trustees.
 - b. The Vice Chancellor (COO) will oversee the functionally aligned finance and administrative services and will provide supervision to the following management staff: Clerk of the Board; General Counsel; Chief Financial Officer; Chief Facilities and General Services Officer; Chief Human Resources Officer; and Chief Information Officer.

- III. **Chief Financial Officer.** The unified financial structure will be organized under an enterprise Chief Financial Officer (CFO) reporting to the Vice Chancellor (COO).
 - a. This position will be created within the cost structure of the current finance and administration organization and will not require new funding.
 - b. The enterprise CFO will have responsibility for development of the unified operating budget and financial oversight for the entire enterprise, including all seven campuses.
 - c. The following enterprise-level functional units will also report to the CFO: budget and financial analysis; student accounts; Controller; and campus Chief Business Officers.

- IV. **Chief Business Officers.** Campus CFOs will transition to Chief Business Officers (CBO) reporting to the enterprise CFO (solid line) with a service reporting relationship to their respective campus president (dotted line).
 - a. The CBOs serve as the chief financial and business advisor to the president and leadership team of their respective campus and are the campus' primary liaison to the functionally aligned services.
 - b. The primary responsibilities of the CBO:
 - i. Serve on the President's campus leadership team;
 - ii. Function as the campus liaison to the functionally aligned, enterprise-level finance and administrative services;
 - iii. Develop the annual campus budget request with the campus leadership team and oversee the management of the budget as approved by the BOT;
 - iv. Actively participate in the development of policies and procedures at the system and campus level;
 - v. Oversee administrative functional units that are managed by a campus, including responsibility for operational financial reporting, cashier/student customer service, day-to-day, hands-on functions for maintenance and operation of plant, campus-managed auxiliary services (such as bookstore), and other duties as assigned by the president and the enterprise-level CFO;
 - vi. Advise and assist the campus president in executing the vision and strategic priorities for the campus and their overall alignment with enterprise-level strategy.
 - c. Campus CBOs will be jointly selected (if vacancy) and evaluated by the enterprise Chief Financial Officer and the respective campus president.

- V. **Chief Human Resources Officer.** Modify the Board of Trustees approved plan for the Human Resources Administrative Review (November 2014) to fully align the human resources operations under the enterprise Chief Human Resources officer.

- VI. **Chief Facilities and General Services Officer.** Certain administrative functions relating to facilities, risk management and procurement services will be organized under an enterprise-level Chief Facilities and General Services Officer reporting to the Vice Chancellor (COO).
- a. The enterprise-level Chief Facilities and General Services Officer will have responsibility for oversight of facilities, risk management and procurement for the entire enterprise, including all seven campuses.
 - b. The following enterprise-level functional units will also report to the Chief Facilities and General Services Officer: risk management and environmental health and safety; procurement services; facilities planning and capital management functions; and certain high-level, back office functions for maintenance and operation of plant.
- VII. **Governance Council.** The Vice Chancellor (COO) will establish a governance council for finance and administration with campus leadership representation. Representatives will consist of, or be appointed by, the campus presidents. The purpose of the council will be to:
- a. Advise the Vice Chancellor (COO) and the functional service leaders in the financial and administrative operations of the UMS, in particular to advise on service priorities for each functional unit;
 - b. Establish clear division of duties and responsibility between functional service leadership and campus leadership (who is accountable for what);
 - c. Establish and agree upon service commitments (deliverables) and monitor functional service provider performance (KPIs) for quality and responsiveness;
 - d. Work collaboratively to resolve issues and ensure the goals of the whole enterprise are balanced with the goals of the individual campuses; and
 - e. Advise the Vice Chancellor (COO) in the selection and evaluation of enterprise functional leaders.
 - f. The Chancellor as the chief education and administrative officer of the UMS serves as the final arbiter in any decisions for which consensus cannot be achieved.
- VIII. **Priorities and Service Commitments.** The Vice Chancellor (COO) and enterprise functional service leaders will manage to the priorities and service commitments established by the governance council in a manner that is responsive to the agreed upon division of duties and responsibilities.
- IX. **Implementation Plan.** The Vice Chancellor (COO) and functional service leaders will develop an implementation plan and timeline to conclude no later than FY2017.
- X. **Estimated Cost Savings.** Cost savings for these next steps in the unified finance and administrative structure are estimated by Huron Education to be between \$920,000 and \$1,790,000, with a potential reduction in headcount between 14 and 29 FTE (1.6% - 3.3%). However, considerable investment is also needed in key areas that are currently underserved to ensure a robust finance and administrative structure to support campus leadership. In particular, underserved areas include budget and financial analysis, as well as institutional research capacity to support campus decision-making. Therefore, it is anticipated that savings will be towards the low end of the estimate and may take several years to emerge. Gross savings, investments and net savings will be part of the Phase II implementation plan.
- XI. **Unified Budget.** Establish and develop an enterprise-level unified operating budget reflecting the enterprise-wide priorities of the Board of Trustees, Chancellor, and the Presidents Council.

Transition Plan

I. Immediate – May through July 2015

- **Enterprise Leadership.** Develop job descriptions and identify enterprise leaders (Chief Financial Officer, Chief Facilities and General Services Officer);
- **Campus Chief Business Officers.** Develop job descriptions for the campus CBOs and transition campus CFOs into their new roles;
- **Reporting Lines.** Align new reporting relationships; and
- **Establish Governance.** Establish the governance council and begin to vet division of duties (role clarity and accountability), service commitments, and service priorities.

II. Intermediate – May 2015 through Jan 2016

- **Practice Governance.** Establish regular meetings of the governance council to advise on service priorities, mediate division of duties and responsibilities, and review service commitments;
- **Develop Functional Plans.** Enterprise functional leaders work with their respective teams to develop policies and procedures, and to align operations for optimal delivery of services and establish baseline operational costs and FTE levels;
- **Triage Emerging Issues.** New governance council and functional service leaders work to actively address and resolve issues that emerge related to the new structure of finance and administration.
- **Unified Budget Development.**
 - a) **FY2017 Transition Unified Operating Budget.** The enterprise CFO develops and oversees a plan and process for development of a unified budget for FY2017 that substantially moves the System towards a single unified budget at the enterprise level;
 - b) **Enterprise-wide Priorities.** The Board of Trustees, Chancellor, and Presidents Council agree on the enterprise-wide priorities and provide guidance for the development of FY2017 campus budget requests;
 - c) **Campus Budgets.** Presidents work with their respective leadership teams to develop campus budget requests that conform to enterprise-wide priorities, and the plan and process developed by the CFO.

III. Long-term (Phase II) – calendar years 2016 and 2017

- **Steady-state Governance.** Regular meeting of the governance council to:
 - Review and establish service priorities;
 - Negotiate division of duties and responsibilities;
 - Monitor service commitments for quality and responsiveness; and
 - Resolve issues that arise.
- **Modify Underlying Systems.** Identify, prioritize, and modify underlying systems, policies, and procedures in finance and administration that do not support the future state.
- **Utilize LEAN.** Utilize LEAN principles to streamline the work and focus on customer value.
- **PDCA.** Practice continuous improvement through PDCA (plan-do-check-adjust).
- **Cost Savings.** Develop Phase II of the plan, including identification of gross savings, investments, and net savings.

- **Unified Budget Development.** FY2018 Mature Unified Operating Budget. The enterprise CFO develops and oversees the development of a unified budget for FY2018 that achieves a single unified budget at the enterprise level.

The Committee discussed implementation of the Strategic Integration Targets 2 & 3, including the impact on the role of presidents, responsiveness of functional leaders to campus needs, and the importance of clear roles and responsibilities. Chancellor emphasized the importance of a unified budget to achieve the changes that are needed. He also noted that he sees the plan as being consistent with de-centralized execution. He thanked Vice Chancellor Wyke for leading this charge.

Trustee Fournier explained that based on the Committee's support for this initiative, the UMS will move forward as outlined in the implementation plan and the Unified Finance and Administrative Structure will be an action agenda item at the May 2015 Board meeting.

FACILITIES ISSUES

Update to Policy 1002 Sustainable Food Procurement, UMS. Mr. Chip Gavin, System Director of Facilities Management and General Services, reviewed the update to Board Policy 1002 Environmental and Safety Policy. The proposed change will update the policy in order to document the University's preference for the purchase of food products with sustainable, transportation or other environmental or associated attributes or advantages.

The University of Maine System purchases nearly \$18 million annually in food services and products across the state. Six of the seven Universities participate in a consolidated contract. The University of Maine also participates in that process while it operates its food service program directly.

The current consolidated contract for food services ends on June 30, 2016. The University is in the process of preparing a public, competitive solicitation to secure a subsequent agreement in the marketplace.

Several "Local Food" initiative groups both nationally and regionally including Environment Maine, Farm to Institution New England, and Real Food Challenge have expressed interest in the University's planned solicitation. Cage free eggs is another issue which recently surfaced. There are numerous others. More likely will emerge in the future.

Food products grown or harvested from Maine land and waters enjoy a national and international reputation for being healthy, fresh, high quality offerings and the institutions that comprise UMS have played a significant role in helping to develop that reputation by supporting the providers of Maine grown and/or harvested food products through their teaching, research, and public service.

The University seeks to adhere to the direction of the Trustees regarding this arena of interest in its solicitation and practices.

The University is asking Trustees to indicate in policy the University of Maine System's commitment to: reaching out to sustainable food, agriculture, and fisheries stakeholders; promoting relationships with farmers, processors, and harvesters proximate to the University's food consumers; and, ultimately, to purchasing local food or foods produced with these and other such attributes or advantages with the intention of benefiting food consumers in the University community, the University and the communities and state economy in which the University operates.

Such a policy complements the existing State of Maine's Environmentally Preferable Procurement (EPP) Policy which states: *The State of Maine has established a broad range of product procurement practices oriented toward the preservation of natural resources, the promotion of environmental sustainability, and the protection of the health and safety of employees, citizens, and visitors of the State. The State remains dedicated to continuing environmentally preferable procurement: to purchase products and contract for services that have a reduced negative impact on human health and the natural environment in comparison to other products and services that serve similar purposes. To that end, the State shall carry on its efforts to seek ways to increase the acquisition of such products and services, to the extent feasible, balancing price, performance, availability, and safety.*

If approved, the University would incorporate the updated Board of Trustee policy in its various other procedural documents and practices.

On a motion by Trustee Nelson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee voted to forward this item to the Consent Agenda at the May 17-18, 2015 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees amends policy 1002 by the addition of this language: Allow reasonable preference when feasible for food goods produced sustainably, in a manner that minimizes transportation to the consuming location, or with other such environmental attributes or advantages as may be available in the marketplace, while balancing those benefits against price and other considerations; and

Capital Project Status Report. Mr. Gavin explained that the Capital Projects Status Report reflects a total of 23 projects, an increase of one project since the last report. Two projects have been added since the last report. They are: Improvements to existing space for the relocation of personnel from perimeter and lower density facilities, USM; and Improvements to existing space for relocation of personnel from 16 Central Street. One project has been completed and removed and that project is the Mantor Green Geothermal Well Field at UMF.

Draft FY2016 UMS Facilities Capital Projects Work Plan. Mr. Gavin discussed the draft Facilities Capital Projects Work Plan with the Committee. This is a draft for FY2016 and is for information only.

This is an initial step in this area following the approval in March 2015 by the Board of Trustees of the Facilities Management Administrative Review recommendations. The collection of this information was incorporated in the budget process, which also will be the intention in the future. The current estimates are not yet reconciled to the budget and additional steps will be necessary during implementation to fully realize the recommendation from the administrative review.

Changes in this first-attempt at a draft annual capital plan are expected during the year.

Adjournment.

Ellen Doughty for
Tracy B. Bigney, Clerk of the Board