

UNIVERSITY OF MAINE SYSTEM

Board of Trustees Meeting

at the University of Maine System

253 Estabrooke Hall, Orono

January 12, 2018

Finance/Facilities/Technology Committee

Present: Committee Members: Karl Turner, Chair; Samuel Collins (at UMPI), James Donnelly (by phone), James Erwin (at USM), Norman Fournier and Mark Gardner (at USM). **Chancellor:** James Page. **Faculty Representatives:** Clyde Mitchell (at UMF), and Patti Miles. **President:** Susan Hunter, John Short (at UMFK) and Glenn Cummings (at USM). **Student Representatives:** Sam Borer. **System Staff:** Ellen Doughty, David Demers, Tracy Elliott, Chip Gavin (at USM), Ryan Low, Carol Kim, Darla Reynolds, James Thelen, and Miriam White. **Other Participants:** Pam Ashby (at UMFK), Tim Brokaw (at UMA), George Campbell (at USM), Buster Neal (at USM), Carolyn McDonough, John Rebar, Ben Shaw (at UMPI), Sherri Stevens (at UMA), Claire Strickland and Glenn Taylor.

Committee Members Absent: Jason Coombs and Gregory Johnson.

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

Review of Projects with a Value of \$250,000 or Greater. Dr. David Demers, Chief Information Officer, provided an update on the following projects with a value of \$250,000 or greater:

Classrooms for the Future

The Classrooms for the Future project budget is \$3.836 million with \$2,505,148 expended as of December 2018. This project is 65% complete. The percent of planned classrooms complete by campus is as follows: UMA 97%, UMF 97%, UMFK 94%, UMM 100%, UM 96%, USM 89% and UMPI 87%. To date 149 rooms have been upgraded.

MaineStreet Improvements

The MaineStreet Improvements project budget is \$2 million with \$51,734 expended as of December 2018. This project is 15% complete.

UMS Wireless Infrastructure

The Wireless Infrastructure project budget is \$11.2 million with \$5,763,853 expended as of January 2018. This project is 49% complete. The percent of budgeted planned by campus is as follows: UMA 95%, UMF 98%, UMFK 100%, UMM 92%, UM 96%, USM 73% and UMPI 100%. Additional funding will be required to upgrade 100% of wireless infrastructure across all campuses.

HR 9.2 Upgrade

The HR 9.2 Upgrade project budget is \$850 thousand with \$345,305 expended as of December 2018. The project is 35% complete. The HR version 9.2 demo environment has been established and the fit/gap analysis has been completed.

NetworkMaine Network Outage. Dr. Demers spoke about the NetworkMaine Network outage from October 30 to November 6, 2017. A major weather event involving heavy winds caused

the loss of commercial power across much of the State of Maine impacting many University properties for time periods ranging from hours to days. Maine REN, the optical network that serves as the wide area network for UMS and its research and education partners, became bifurcated for approximately two hours on the 30th from 11:10 am to 1:30 pm when all three paths, Western, Eastern, and Central, between Orono and Portland failed. Along with the loss of off-campus network connectivity, phone services at USM and UMA were negatively impacted during this time.

Despite having three geographically diverse paths between Orono and Portland, connectivity between these two network core facilities was lost. Only one of the paths, the Central path along the I-95 corridor, has generator backup of commercial power at all optical Points of Presence along the path. The failure of the OTT's generator in Waterville highlighted our dependence on the Central path.

In order to reduce that dependence, especially during major weather events, reducing the number of optical Points of Presence without generator backup will be necessary. This effort has already begun as part of the optical network upgrade project. Five optical Points of Presence that have acted as amplifier sites are being decommissioned. However, investments will need to be made to deploy generators at a number of UMS locations and in concert with third party facility's owners. A total of eight priority sites for installation of backup generators have been identified as follows: UMS locations include: Belfast Hutchinson Center, UMF, UMFK, UMPI, East Millinocket Center and the Houlton Center. Two non-UMS locations include: the mill at Dover-Foxcroft and the Washington County Community College in Calais.

US:IT is currently collaborating with Facilities Management to project anticipated cost for installation of backup generators at these locations.

Allocation Model Update. Mr. Ryan Low, Vice Chancellor for Finance and Administration and Treasurer, provided an update of the Allocation Model. The current allocation model has been in place with very minimal change for nearly 50 years. This limited the team's ability to shift existing resources without causing significant disruption across the campuses. Prior to 2013 the historical allocation by campus has been as follows: UM 50%, USM 25%, UMA 9%, UMF 6%, UMFK 3%, UMM 3% and UMPI 4%. Since 2014 any new allocation has been distributed using the Outcomes Based Funding formula. In 2018 it is recommended that the historic allocation model equal 75% of the total allocation and 25% be based on the Outcomes Based Funding formula. Then in 2019 changing to 70% of the allocation based on the historic allocation model and 30% of the Outcomes Based Funding formula and by 2020 all allocation would be based on the new funding model.

The new funding model would look at peer institutions along with IPEDS data from 2013, 2014 and 2015 focusing on the following peer cost centers: instruction, research, public service, academic support, library, student services, institutional and academic support and facilities.

Vice Chancellor Low explained the calculation of the peer instructional cost and the peer total unrestricted costs taking into account undergraduate versus graduate and resident versus non-resident data to determine the parity calculation. Vice Chancellor Low stated in order to receive as much feedback as possible, the new allocation model will be discussed during the spring campus visits, with several leadership groups and a briefing at the January Board meeting.

FY2017 Annual Report on Gifts, Fundraising and Endowments. Ms. Darla Reynolds, UMS Director of Accounting, provided a brief overview of the FY2017 Annual Report of Gifts, Fundraising and Endowments. The total amount received for FY2017 was \$17 million with \$15.3 million in restricted gifts, \$13 million in endowed gifts, and \$0.4 million in unrestricted gifts.

All gifts received fulfill the policy requirements of the Board of Trustees and the UMS and follows the intent of the donors. The UMS expressed its deep gratitude to all donors for their gift, donations and bequests.

Research License Renewal Authorization, UM. Ms. Claire Strickland, UM Chief Business Officer, explained the request to renew an existing Research License for a five year term with URSA Major LLC for a parcel of land located in T28 MD, Hancock County. The purpose of the lease is for establishing, constructing, reconstructing, maintaining and operating an environmental research forest. This five-year license renewal, with a cost of \$1,500 will allow the University to continue to access the past research and to do additional research at this site. This site has tremendous value going into the future for long-term studies of forest ecosystems in Maine. The landowners continue to be generous in allowing this research while not using these lands for harvesting. No change in operating costs, occupied square footage or other such metrics are anticipated.

On a motion by Trustee Fournier, which was seconded by Trustee Erwin, the Finance, Facilities, Technology Committee, acting on behalf of the Board of Trustees, authorized the University of Maine to enter into a five year research license renewal for a parcel of land located in T28 MD, Hancock County, subject to review and approval of all final terms and conditions by the University of Maine System Treasurer and General Counsel.

Wells Commons Generator Installation, UM. Ms. Strickland explained the request for approval to expend up to \$525,000 for the installation of a backup generator and associated infrastructure at Wells Commons at the University of Maine. The funding will come from Auxiliary Services Reserves. The emergency generator will maintain services during power outages and other periods of other than normal operations. The only dining facility on the Orono campus with backup power for emergency purposes is presently Hilltop Commons. Hilltop Commons does not have the capacity to serve the entire campus resident population with regard to kitchen and dining capacity. The target is to have Wells Commons capable of sustained operations by winter 2018-2019. The cost of this would be covered through Auxiliary Services operations. There is no impact to campus gross square footage, building net asset value or renovation age due to the addition of the generator.

On a motion by Trustee Fournier, which was seconded by Trustee Collins, the Finance, Facilities, Technology Committee, acting on behalf of the Board of Trustees, authorized the University of Maine to expend up to \$525,000 for the installation of an emergency generator and associated infrastructure capable of sustaining operations at Wells Commons.

Lease Authorization Update, UMA. Mr. Tim Brokaw, UMA Chief Business Officer, explained the request to authorize the University of Maine at Augusta to enter into a new lease for space it currently occupies at 175 Main Street in South Portland for the New Ventures Maine Program. The space is approximately 1,760 gross square feet and the Lessor is Donald Peters.

This request is an update to the request that was made at the November 2017 Committee meeting.

New Ventures Maine provided USM with a description of their space requirements, which was reviewed and considered by the USM Facilities Space Committee. Regrettably, USM determined that it does not have any space available at its Portland campus nor the Gorham campus that would meet UMA's needs. UMA would like to proceed with the proposed lease for space in South Portland, with the understanding that UMA will continue to explore with USM the option to locate their New Ventures Maine offices on the Portland campus, should appropriate space become available.

On a motion by Trustee Fournier, which was seconded by Trustee Donnelly, the Finance, Facilities, Technology Committee, acting on behalf of the Board of Trustees, authorized the University of Maine at Augusta to enter into a lease with Donald Peters for approximately 1,760 gross square feet located at 175 Main Street, South Portland, for a period of two years, with the option of renewing the lease for two additional year terms with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel.

Naming Cooperative Extension Diagnostic and Research Laboratory, UM. UM/UMM President Susan Hunter and Mr. John Rebar, Executive Director of Cooperative Extension, requested authorization for the University of Maine to name a new facility pursuant to Board of Trustee Policy 803. The proposed name is the University of Maine Cooperative Extension Diagnostic and Research Laboratory. This facility is comprised of the Veterinary Diagnostic Laboratory, Pest Management Office and Aquatic Animal Health Lab of Cooperative Extension. The new facility is being constructed through two projects already approved by the Board and is expected to open in the spring of 2018.

On a motion by Trustee Donnelly, which was seconded by Trustee Fournier, the Finance, Facilities, Technology Committee agreed to forward this item to the Consent Agenda at the January 29, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the University of Maine to authorize the naming of the University of Maine Cooperative Extension Diagnostic and Research Laboratory.

Preliminary Space Reduction Initiative Approval, UMS. Vice Chancellor Low explained the UMS Preliminary Space Reduction Initiative. The goal of the initiative is to increase the utilization and condition of the University's facility portfolio as measured by density and net asset value by encouraging the further removal of existing facilities. The target would be a further net reduction of 200,000 to 400,000 gross square feet. The cost for this initiative would be between \$15-20 million.

Campuses will be encouraged to review their poorer condition and lower utilization facilities. Which facilities are to be removed will be determined by campus leadership subject to approval of the Treasurer. If a particular project's cost is more than \$500,000, the project also will be subject to direct consideration by the Trustees. The Trustee's policy to constrain growth is already making a difference.

The initiative could be funded by a 10-year revenue bond repaid by the administrative savings. A 10-year, \$10 million revenue bond would have an estimated annual debt service of \$1.5 million. A 15-year, \$10 million revenue bond would have an estimated annual debt service of \$845,000 thousand. Projects would be funded by a combination of the System-wide Pool and matching funds by the campuses. Priority for funding would be based in part on net reduction in square footage of project and cost-effectiveness of the demolition. Demolition projects which off-set new space construction or space increases, and which therefore constrain space but don't necessarily reduce it, could also be considered.

It is anticipated that it would improve the overall quality of the facility portfolio, eliminate a backlog of deferred maintenance and save annual operating costs. The space reduction must be net reductions and must be above and beyond any space reduction as off-sets to desired new construction or increases in square footage. This can be a substantial challenge to achieve.

On a motion by Trustee Gardner, which was seconded by Trustee Donnelly, the Finance, Facilities, Technology Committee agreed to forward this item to the Consent Agenda at the January 29, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the University of Maine System to pursue the removal by demolition of as much as 300,000 gross square feet of vacant, under-utilized or poorer condition space and to eliminate the backlog of capital investments and operating costs associated with that space at campuses statewide, with final approval of the funding mechanism to occur at a later meeting.

Schematic Design Center for the Arts, USM. USM President Glenn Cummings and George Campbell, President and CEO of the USM Foundation, explained the request to authorize the University of Southern Maine to expend up to a preliminary \$1 million to perform Schematic Design and related services for a new building to be known as the Center for the Arts at the University of Southern Maine. The funds to cover these costs are to be provided by the USM Foundation. The concept plan includes a 1,000 seat acoustically superior concert hall, a recital hall with 250 seats, a Black Box Theater, an Art Gallery, a rehearsal room, practice/studio rooms, lobby, care and other support spaces for such a venue. The exact size, design, programming, timeline, operating costs and other details of the new facility remain to be determined. Also, the specific location of the new building on the Portland campus has not been finalized and will be among the details to be determined as part of the Schematic Design. As currently envisioned, this project would represent an increase in gross square footage at USM but would generate the revenue to be self-sustaining.

On a motion by Trustee Fournier, which was seconded by Trustee Gardner, the Finance, Facilities, Technology Committee agreed to forward this item to the Consent Agenda at the January 29, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the expenditure of up to \$1 million to begin the Schematic Design of the Center for the Arts at the University of Southern Maine with funding to be provided by the USM Foundation subject to the approval of the University Treasurer.

After further discussion by the Committee, Trustee Erwin, seconded by Trustee Gardner, agreed to amend the resolution to be forwarded to the Consent Agenda at the January 29, 2018 Board of Trustees meeting for approval. The amended resolution is as follows:

That the Board of Trustees approves the expenditure of up to \$1 million to **obtain** the Schematic Design of the Center for the Arts at the University of Southern Maine with funding to be provided by the USM Foundation subject to the approval of the University Treasurer.

Capital Project Status Report. Mr. Chip Gavin, Chief General Services Officer, reviewed the Capital Project Status Report. The report reflects a total of 19 projects, with three projects being removed since the previous report, and with no addition of new projects since the previous report.

The Aquatic Animal Health Facility project at the University of Maine was approved by the Board at the July 2017 meeting, with an initial approved budget of \$2.3 million, and has since received an approved increased budget of \$500,000 (roughly 22%), with a revised budget of \$2.8 million. The Lewiston Hall Renovation project at UMA is complete and will be removed from the following report. Five projects on the report which were completed in 2017 continue to be listed and have not yet been marked for removal because, while the construction is complete, the documentation and financial work associated with each has not yet been concluded.

Adjournment.

Ellen N. Doughty
Interim Clerk