

UNIVERSITY OF MAINE SYSTEM

Board of Trustees Meeting

at the University of Maine System Executive Offices  
253 Etabrooke Hall, 15 Etabrooke Drive, Orono

November 2, 2016

**Finance/Facilities/Technology Committee**

**Present: Committee Members:** Norman Fournier, Chair; Jason Coombs (at UMA), Gregory Johnson (at USM), and Karl Turner. **Chancellor:** James Page. **Faculty Representatives:** Patti Miles. **Presidents:** James Conneely (at UMA), Kate Foster (at UMF), Sue Huseman (at UMM), Ray Rice (at UMPI), and Glenn Cummings (at USM). **System Staff:** Tracy Bigney, Tracy Elliott, Darla Reynolds, Chip Gavin (at USM), Ryan Low (at UMA), Richard Thompson, Dan Demeritt (at UMA), James Thelen, Miriam White (at UMA) and Rebecca Wyke. **Other Participants:** Ben Shaw (at UMPI), Danielle Conway (at USM), Nancy Griffin (at USM), Bob Stein (at USM), Buster Neel (at USM), Laurie Gardner (at UMF), Vendean Vafiades (at USM), Nicole Vinyl (at USM), Domna Giatas (at USM), Carolyn McDonough, Claire Strickland, Tim Brokaw (at UMS) and George Campbell (at USM).

**Committee Members Absent:** Sam Collins, James Donnelly and Michelle Hood.

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

**Establishment of the Dennis McConnell Professorship in Business, UM.** Ms. Claire Strickland, Chief Business Office at UMaine, presented the Dennis McConnell Professorship in Business at the University of Maine. This professorship was created in the University of Maine Foundation in 2007, and in 2016 surpassed the minimum endowment value of \$250,000 needed to establish a professorship within the University of Maine. The McConnell Professorship is presented now, supported with a UM Foundation endowment of \$306,588.

The purpose of this professorship is to build upon the quality academic programs of the Maine Business School by providing its Dean with the resources to competitively attract and retain outstanding faculty. The income from the endowment shall be used to provide an annual stipend to the individual holding the McConnell Professorship. A portion of the income may also be allocated by the holder to provide equipment, technical and clerical assistance, support for a graduate assistantship, travel and other auxiliary support.

The Dean may have flexibility to rotate the McConnell Professorship among the major disciplines associated with the Maine Business School. The holder of the McConnell Professorship shall have, or have the potential for, an outstanding teaching and scholarly record.

A selection committee will be formed and charged according to the University of Maine's standard policies and procedures for such committees. Nominations for the Professorship shall be submitted to the Provost and then forwarded to the President of the University for final approval. Appointments shall be for a term of five years. The fund shall be administered by the Dean of the Maine Business School in consultation with the Provost.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the November 13-14, 2016 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the establishment of the Dennis McConnell Professorship in Business.

**Budget Stabilization Fund Carry Over Request, UMM.** Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration, explained that as part of the FY2016 Unified Operating Budget, the Board of Trustees approved an allocation from the Budget Stabilization Fund to the University of Maine at Machias of up to \$1,185,894. At the close of FY2016 \$675,000 of those funds remained unused. The University of Maine at Machias requests this amount be carried over to FY2017 to address three critical facilities infrastructure improvements:

- Kilburn Commons Roof Replacement, estimated at \$225,000
- ADA Walkway Repairs, estimated at \$225,000
- Library Entrance Restoration and ADA Improvements, estimated at \$225,000

A contingency of approximately \$75,000 has been built into these estimates. The scope of these projects do not require Committee or Board of Trustees consideration.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda for the November 13 & 14, 2016, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the carry-over of up to \$675,000 in Budget Stabilization Funds originally awarded for FY2016 to be used for critical facilities infrastructure improvements at the University of Maine at Machias.

**Budget Stabilization Fund Funding Request, Maine Law School.** Vice Chancellor Rebecca Wyke and Ms. Danielle Conway, Dean of the Maine Law School, explained that the Maine Law School is facing an estimated deficit of \$1,958,009 in FY2017 due to declining enrollment. The Law School has committed to use its remaining reserves of \$662,934 to help cover the gap and the University of Southern Maine is contributing an additional \$400,000 for this purpose from its own reserves. The Law School requests an allocation from the Budget Stabilization Fund to cover the remaining \$895,075 projected deficit.

The Law School has developed a 5-year plan to grow enrollment sufficient to address this structural gap in its budget; however, the Law School is currently projecting the following deficits in future fiscal years: FY2018 \$1,896,564; FY2019 \$1,247,724; FY2020 \$756,724; and FY2021 \$199,724.

The Chancellor is requesting the Dean explore additional options, including budget reductions, to address the structural deficit.

On a motion by Trustee Johnson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda for the November 13 & 14, 2016, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorizes the Chancellor to approve a one-time allocation of up to \$895,075 in Budget Stabilization Funds for the Maine Law School.

**Potential Legislation to Authorize the University to Issue Taxable Debt.** Chief Financial Officer Ryan Low discussed potential legislation to authorize the University to issue revenue bonds as taxable debt. Mr. Low explained the difference between tax exempt and taxable debt relating to bond funding and the greater flexibility UMS would have for facilities with some “private interest” (non-state related) activity. A taxable bond will have a slightly higher interest rate (currently about 75 basis points).

**Transfer of Unrestricted Net Position, UM.** Ms. Strickland explained the University of Maine request to carry forward certain funds as it has done previously, but with updated practices to adhere to ongoing Trustee guidance, the Unified Budget recommendations and other such updated practices within the University as detailed below. This is the same notice as was provided to Trustees in the fall of 2015.

Policy 701, Section V.B Unrestricted Net Position, states: *“Absent specific Board of Trustees approval, the use of unrestricted net position must be approved by the Treasurer to provide a certain level of flexibility in managing the allocation of unrestricted net position efficiently and effectively while allowing the Board of Trustees to fulfill its oversight duties.”*

*“During a fiscal year, a president of a campus may approve a total budget transfer of up to 5% or \$500,000, whichever is less, of the campus’ unrestricted net position. Notice of the budget transfer must be provided to the Treasurer.”*

#### **Current Practice and Beyond**

In Fiscal Year 2016, the practice of using departmental carry-forward funds from prior fiscal years was adjusted to comply with new BOT policies. The plan from the beginning of the new process was that it would take two fiscal years to transition to a policy more consistent with the intent of the current policy and the practice at other campuses.

The University of Maine intends, with the Treasurer’s approval, to follow the same process as was followed last year with requests for the use of Fiscal Year 2016 carry-forward balances to be documented separately in campus projects, fund 13.

As the Unified Budget is implemented in FY2018, recommendations made as they pertain to Unrestricted Net Position will be followed. Part A of Recommendation #1 of UNP states,

*“Grandfathering each campus’ total UNP balance is necessary because the total includes both monies set aside by the campus as protection against unexpected events and monies earmarked to fulfill commitments to an activity that is already underway or soon to begin.”*

Beginning in FY2018, any unrestricted E&G reserve funds will be held at the campus level under the control of the President and the CBO, and subject to Administrative Practice Letters, consistent with the Unified Budget recommendation.

**Initial Funding for Institutional Research and Reporting Positions and Project Funding for Data Warehouse Improvements.** Vice Chancellor Wyke explained the system has an urgent need to expand resources for institutional research and reporting in order to support academic programming, the strategic resource allocation planning and implementation process, and the need for regular, ongoing reporting on key performance metrics to the Board of Trustees and others. The resources would be used to provide initial funding to immediately add two institutional researchers and three reporting staff to support these System efforts, as well as to support campuses with limited or no access to this expertise. Ongoing resources to fund these positions are planned as part of the

strategic resource allocation plan. This proposal also includes one-time project funding for improvements to the data warehouse.

### **Institutional Research & Reporting/Data Warehouse**

	<b>FY2017</b>	<b>FY2018</b>
IR - 2 FTE @\$65k + benefits for 6 mos.	99,710	
Reporting - 3 FTE @\$47k + benefits for 6 mos.	108,147	
One-time expenses for data warehouse	135,000	300,000
	<u>342,857</u>	<u>300,000</u>
 Total		 642,857

On a motion by Trustee Johnson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the November 13 & 14, 2016 Board of Trustees meeting for the following resolution:

That the Board of Trustees authorizes the expenditure of \$642,857 from the System's strategic investment fund reserves for the purpose of providing initial funding for positions to support institutional research and reporting and project funding for improvements to the data warehouse.

**Costello Field House Floor Replacement, USM.** Mr. Chip Gavin, Chief General Services Officer, explained that the University of Southern Maine is requesting approval for the expenditure of up to \$900,000 in gift funds to replace the 60,000 square foot athletic surface on the first floor of the Costello Field House competition area. This is an existing facility and will not increase square footage.

Pursuant to Board of Trustee Policy 701 and associated, formally-adopted Trustee practices, the scope of this project places it within the purview of the Finance/Facilities/Technology Committee to approve on behalf of the Board without further consideration by the full Board.

The current surface was installed when the facility was constructed in 1998. The field house is used by several NCAA Div. III sports at USM including track and field events, tennis and recreational basketball. It is also used for high school track and field events, assemblies sponsored by many USM departments and events for the local Gorham community.

The existing floor material has exceeded its life expectancy and has evident signs of wear in the highly used areas of the playing surface. The consistency and durability of the rubber surface has degraded and hardened over time which increases the risk of injuries to athletes using the facility.

The project to update the floor consists of an overlay of the existing rubber flooring material with an adhered sheet rubber material used by collegiate and professional track and field venues across the world. Consideration will be taken to the proper material types and thickness consistent with the needs of the particular sport and use. The existing storage rooms and bleachers will be removed, serviced and reinstalled. Consideration to other space finishes will be evaluated as budget permits.

The funds for the renovation will come from the \$1.65 million gift received by the University of Southern Maine from the Costello Family in 2015 for renovations to the Costello Complex.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance/Facilities/Technology Committee agreed to authorize the University of Southern Maine to expend up to \$900,000 in gifted funds for the replacement of the playing surface of the Costello Field House.

**Short-Term Housing Plan, USM.** USM President Glenn Cummings explained that the University of Southern Maine is requesting approval to enter a near-term lease for student housing proximate to its campus in Portland, Maine. This is consistent with the information briefing Trustees received in September, 2016.

This proposed lease, at its maximum, would have a duration of 5 years and a cost of more than \$9 million. While the projected cost is offset by projected revenue, the scope of the lease requires Trustee consideration pursuant to Board policy. This lease is an initial and interim step in a multi-phase project at Maine's metropolitan university ultimately to construct student housing on the Portland campus and to demolish off-setting, vacant and functionally obsolete student housing on the campus in Gorham. This is intended to be consistent with the priority outcomes set forth by Chancellor Page and Board of Trustees to increase enrollment and improve student success and completion.

#### Background

The University of Southern Maine is seeking to undertake a multi-phase project for the construction of student housing on its Portland campus. At this time, the intention is for this housing to be primarily for upper-class students and graduate students, including Maine Law. Student interest in housing on the Portland campus is high, as demonstrated by a Student Government poll in fall 2016. The proposal will include the demolition of the Dickey-Wood housing facility on the Gorham campus, which has been closed since 2014, is nearly 90,000 gross square feet, has 384 beds and a net asset value of just 36 percent. To meet the demand for student housing in the near-term, a short-term lease of space would be pursued for fall 2017.

#### Why Housing? Why Now?

The fall semester of 2016 is the second consecutive semester of new student enrollment growth for USM. Currently USM has a 9% increase in new students selecting to live on campus and a 23% increase in students from out-of-state. Data shows that students who reside on campus have a 10% increase in retention over commuter students. This is consistent with the priority outcomes set forth by Chancellor Page and Board of Trustees to increase enrollment and improve student success and completion. With new financial aid packaging yielding new students, more students are selecting to live on campus. This in turn should lead to an increase in retention of these students. USM is at over occupancy in the residence halls this fall. An increase in enrollment will also further the priority outcome to enhance the fiscal positioning of University of Maine System, generally, and USM, specifically.

#### Short-term Lease of Student Housing in Portland

A short-term lease for student housing in Portland of approximately 200 beds is needed to ease a demand for housing and enhance opportunities for recruitment of undergraduate, graduate and law students. Enrollment figures and demand for campus housing in fall 2016 required USM to open the academic year with triple occupancy on the Gorham campus, the majority of which continue to exist. Additionally, the International Academy (formerly known as the Early International College) will

utilize Anderson Hall (105 beds) on the Gorham campus as early as fall 2017. Therefore, it is anticipated there will be a need for interim housing space in fall 2017.

#### Request for Information – Short Term Lease

The University issued a publicly-advertised Request for Information on a Short Term Lease of Furnished Student Housing Units for its Portland Campus on August 2, 2016. The RFI was published in the Portland Press Herald on August 3, 2016. It sought parties with proven experience, understanding and knowledge in housing to enter into a short term master lease for furnished student housing. Interested parties had until August 12, 2016 to respond. Upon the review of its proposal, Blue Vista Capital Management, LLC was selected as the entity to provide the housing, pending Board of Trustee approval.

The University intends to pursue a two-year lease with 3 one year options to renew. The total cost of the lease, if all options are exercised, would be \$9,556,444. All lease costs will be covered by the per bed fees. The University would have two floors of 200 contiguous rooms in a facility within 1-mile of campus and intends to ensure proper oversight of University students and to facilitate University programming at the location, including by budgeting for sufficient vacancy rates to accommodate Resident Assistants living in the leased space as they would in University-owned residence facilities. The facility, known as Bayside Apartments, has undergone a change in management which has been followed by a more secure and positive atmosphere in the building. This change, along with the plan to include University personnel on site, has provided greater assurance in a successful relationship with Blue Vista and greater assurance of a positive and constructive student experience.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the November 13 & 14, 2016 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorizes the University of Maine System acting through the University of Southern Maine to enter a lease for student housing in Portland, Maine with Blue Vista or its successor organization for a duration including discretionary extensions of up to 5 years and a cost of up to \$9.6 million subject to review and approval of the final terms and conditions by the University's General Counsel and Treasurer.

**Capital Projects Status Report.** Mr. Gavin provided an overview of the Capital Project Status Report which is effective as of September 30, 2016 and reflects a total of 19 projects, one fewer than the last report as one project has been removed due to completion. That project is Powers Hall Exterior and Masonry project at UMM. No new projects have been added to this report.

It is noteworthy that 11 projects are slated to be completed in 2016. It is not expected but it is possible that schedules could stretch into 2017. Any such updates will be addressed in future reports should it be necessary to do so.

This report also reflects one project as being more than 100 percent expended. As a result of project monitoring and because of the status of the project itself, spending in that project has ceased. The University will work to determine if the project has truly experienced cost increase or if administrative errors or other factors account for the apparent variance. In any event, the matter will be resolved in keeping with Board policy and the resolution will be updated on future reports.

The 16 Central Street relocation project continues to advance. Approximately 85 percent of personnel previously located at 16 Central Street are working from new locations. The remaining employees are expected to be relocated by the end of the 2016 calendar year.

**Review of Projects with a Value of \$250,000 or Greater.** Mr. Richard Thompson, Chief Information Officer, provided information on the following projects with a value of \$250,000 or greater:

#### Classrooms for the Future

The project team has been engaging with campus faculty and administration to seek feedback and discuss various options relating to Classrooms for the Future funding. Campus visits have taken place at UMF, UMPI, UMFK, UMA, USM, and UMaine. Members of the project team are scheduled to visit UMM on Wednesday, October 19th, and additional engagements will take place at USM, UMA and UMaine. Some campuses are in the preliminary stages of developing classroom project plans. Final Classroom Plans need to be in place by December/January in order to engage external vendors to perform work during the summer of 2017. Currently, the team has access to two vendors who have signed Master Agreements with UMS. The team is preparing a new RFP to secure additional vendors. The Classrooms for the Future team is working on the development of a survey to seek faculty and student input. In addition, Active Learning Space demonstrations will take place in the near future so faculty will have an opportunity to view the spaces and ask questions relating to faculty use. The project team is reaching out to universities similar to UMS to learn what they are using for technology for blended courses.

#### MaineStreet Improvements

Considerations are underway about how to most effectively collect and utilize input from faculty and students about how to improve the functionality of MaineStreet to best support their needs. Due to the potential scale and complexity of requirements, it was decided to leverage the experience of an external consultant for business analysis services. The project team is currently drafting a proposal for professional services that will be submitted to a list of pre-qualified vendors under an existing master agreement for IT professional services. The proposal will request the services of an experienced Business Analyst with a strong background in PeopleSoft Campus Solutions, in user experience, and in mobile and portal solutions. The consultant will partner with the MaineStreet Improvements project team to gather input about use cases, technical and functional requirements, and to develop a future state and map the steps to realize that state. This consultant will be asked to help develop and facilitate customer surveys, in-person meetings or focus groups, and other appropriate methods to engage the customers in shaping the solution.

#### UMS Wireless Infrastructure

**UM:** Academic buildings have been identified where cabling has been recently upgraded. Wireless access points are being installed in these buildings to complete their wireless networks.

**UMF:** The residence halls have been identified by the campus as the highest priority for network upgrades. Network design and planning is underway for these buildings.

**UMM:** Network installation is underway at Torrey Hall/Merrill Library. Priorities beyond this building have not yet been established and initial network designs are being developed to allow for rough estimates of the work needed.

**UMFK:** The wireless upgrade in Powell Hall has been completed in response to an immediate need. The campus has indicated that residence halls are a priority and initial network designs are being developed to allow for rough estimates of the work needed.

**UMA:** A new wireless controller and core switch has been installed. Planning is underway for Katz Hall and for fiber infrastructure upgrades.

**UMPI:** We are in initial planning phases at UMPI and are identifying priorities.

**USM:** Planning is underway to install fiber to three art buildings on the Gorham campus that currently have no internet connection. A plan has been developed to upgrade the wireless network for the Law building and is being reviewed by Facilities Management. Initial cost estimates are being developed for other academic buildings to aid in prioritization.

#### Data Center Capacity and Security

This project is completed. Existing staff worked this project when time permitted. Components are installed and functional.

#### Residence Hall Wireless – USM

All data and wireless networks are complete and operational. It was decided that HVAC systems for the data closets would not be installed while students are in residence. Bids have been received and a contract will be awarded in October with work to be completed over winter break in December and January. This work will complete the project.

#### VoIP (Telecommunications) for UMaine

Phone deployment completed. Phone deployment in progress for the following buildings: Bennett Hall (main building), Chadbourne Hall, UPark, Rogers Hall and Roger Clapp Green House. Building rewiring in progress for the following locations: Fogler Library, Bennett Classroom wing, Service Building A (Shop Area), Service Building B (Garage), HVAC Building. A RFP for an electronic fax solution is being developed. The goal is to provide a more modern faxing solution that works in conjunction with the Canon Multi-function devices while reducing overall costs by greatly reducing the number of analog phone lines needed to support UMaine. Work continues to decommissioning the legacy NorTel SL-100 phone system.

#### Executive Session

On a motion by Trustee Turner, which was seconded by Trustee Coombs, the Finance/Facilities/Technology Committee went into executive session under the provisions of 1 MRSA Section 405 6-C to discuss the acquisition or use of real property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the UMS

On a motion by Trustee Turner, which was seconded by Trustee Coombs, the Finance/Facilities/Technology Committee concluded the executive session.

#### Existing Athletic Field Acquisition, UMF.

The University of Maine at Farmington requested authorization to purchase the University's existing 33.54-acre athletic area known as Prescott Field, which is along the banks of the Sandy River within walking distance of the campus in downtown Farmington. UMF has long leased the site from its private owners, who no longer wish to continue leasing and instead intend to sell the property.

This request is pursuant to Board of Trustee Policy 801 which requires any real property acquisition of more than \$50,000 to be considered by the Finance, Facilities and Technology Committee or by the full Board depending on the scope of the acquisition. This request is for an expenditure of up to \$500,000 for the purchase.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the November 13-14, 2016, Board of Trustees meeting for approval of the following resolution the following resolution:

That the Board of Trustees authorizes the University of Maine System acting through the University of Maine at Farmington and using up to \$500,000 in funds identified by UMF and approved by the University Treasurer to purchase the approximately 33.54 acres known as Prescott Field, subject to review and approval of all final terms and conditions by the University Treasurer and General Counsel.

Adjournment.

Ellen Doughty for  
Tracy B. Bigney, Clerk