

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine System
Rudman Conference Room, 253 Estabrooke Hall, Orono

May 2, 2018

Finance/Facilities/Technology Committee

Present: Committee Members: Karl Turner, Chair, James Donnelly (by phone), Norm Fournier, Mark Gardner (by phone), Sam Collins (at UMPI), Gregory Johnson (at USM), and James Erwin (at USM). **Other Trustees:** Trevor Hustus (at USM). **Faculty Representatives:** Patti Miles, Clyde Mitchell (at UMA), and Teresa Plummer (at USM). **Presidents:** Rebecca Wyke, Susan Hunter, Ray Rice (at UMPI), and Glenn Cummings (at USM). **System Staff:** Rudy Gabrielson (at USM), Ryan Low, Miriam White, David Demers, Dan Demeritt (at USM), Ellen Doughty and James Thelen (at UMA). **Other Participants:** Tim Brokaw, Claire Strickland, Dana Humphrey, Kenda Scheele, Stewart Harvey, Sheri Stevens, Ben Shaw (at UMPI), Carolyn McDonough, John Rebar, Pam Ashby (at UMF), John Souther (at USM), Adam Thibodeau (at USM) and Laurie Gardner (at UMF).

Committee Members Absent: None

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

Projects with a Value of \$250,000 or Greater. Dr. David Demers, Chief Information Officer, provided information on the following projects with a value of \$250,000 or greater. Classrooms for the Future project completion has increased from 62% in February to 66% percent complete in April. All projects are on track and equipment has been purchased to be prepared for the Summer projects that have been scheduled. A total of 87 classrooms are scheduled to be completed this Summer. The MaineStreet Update project completion is at 15%, which is partially due to external coding issues. In January, Oracle provided an executive summary of their key findings and recommendations from their November 2017 series of interactive sessions to senior UMS Information Technology staff. Two of Oracle's recommendations pertain to ensuring the UMS is fully leveraging the existing capabilities within the PeopleSoft Campus Solutions environment and to explore upgrading Campus Solutions from version 9.0 to 9.2.

The Wireless Infrastructure project completion has increased from 51% in February to 56% complete in April. Work is nearly complete in the C-wing of the Science building at USM and planning is underway for Glickman Library with a plan to begin cabling in May. Planning is ongoing for summer work at UMF, UMM, UMF, and UMPI. Campus fiber infrastructure upgrades are also being planned for UMPI, UMF, and parts of UM. The Human Resources (HR) Upgrade project completion increased from 50% in February to 67% complete in April. This project will upgrade the UMS PeopleSoft (MaineStreet) Human Capital Management (HCM) system from version 9.1 to version 9.2, the HCM PeopleTools from version 8.53 to version 8.55. The project is on track for completion by the end of Spring 2018. The HR Upgrade project team decided in late March that it was necessary to move the initial go-live date from May 22, 2018 to June 11, 2018.

FY2019 Proposed Operating & Capital Budget & Student Charges – 2nd Reading. Vice Chancellor for Finance and Administration, Ryan Low, presented the 2nd reading of the FY2019

Proposed Operating & Capital Budget and Student Charges for the University of Maine System. For the UMS FY2019 proposed budget the total revenues for E&G equal \$459,316,236 and the total operating expenses and transfers equal \$473,409,140. The Net Change in Cash and Reserves Transfers equal (\$560,590) which reflects a decrease of (\$800,693) from FY2018. The total revenues for Auxiliary Services equal \$80,966,148 and the total operating expenses and transfers equal \$78,196,533. The Net Change in Cash and Reserves Transfers equal \$67,233 which reflects a decrease of (\$168,363) from FY2018. The total revenues for E&G and Auxiliary Services equal \$540,282,384 and the total operating expenses and transfers equal \$551,605,673. The Net Change in Cash and Reserves Transfers equal (\$493,367) which reflects a decrease of (\$969,056) from FY2018.

The FY2019 in-state undergraduate tuition and unified fee increases are based on the Consumer Price Index (CPI) at 2.3% at most campuses. Additional tuition increases at USM are due to partial implementation of the new unified budget pricing structure. The unified fee is increasing at 5 campuses, there will be no increase at UMFK or UMPI. Room rates will be increasing at 4 campuses and the board rate will be increasing at 5 campuses. The average annual increase for student charges (tuition, mandatory fees, room and board) is less than \$500 for in-state undergraduate students residing on campus. The budget projects that the FY2019 credit hours are increasing 2.8% from FY2018 and the out-of-state budgeted credit hours represents 23% of the total credit hours. The FY2019 enrollment budget is 0.8% above FY2018. UMS FY2019 occupancy rate is at 94% and ranges from 104% for USM to 70% for UMM. Residence hall occupancy has increased slightly at 5 of the 6 campuses with residential operations.

Depreciation expense increased by \$1 million from FY2018 to FY2019. E&G and Auxiliary budgeted capital investment is at \$17.8 million which is an increase of \$1.7 million. Funding through Debt Service has decreased by \$1.3 million. 73% of the total depreciation expense is funded in the FY2019 budget which is down 1% from the FY2018 budget. The Maine Economic Improvement Fund (MEIF) for FY2019 is \$17.35 million System-wide with UM at 77%, USM at 19%, and UMM at 1%. The Small Campus Initiative which includes UMA, UMF, UMFK, UMM, UMPI, and Maine Maritime Academy makes up the last 3%.

Compensation and benefits continues to be the single largest cost driver representing 72% of the E&G budget or 66% of the overall unrestricted operating budget. The FY2019 internal benefit rate is increasing to 53.4% which is up from 53% in FY2018. The Employee Benefit Reserve had \$9.9 million at the end of FY2017. It is recommended that reserve levels for self-insured health benefit programs equal 3 to 6 months of benefit costs. For UMS, this would be between \$17 - \$34 million. The FY2019 budget reflects a combined increase of 24.2 positions (faculty, salaried, and hourly employees) for the entire System.

On an amended and modified motion by Trustee Fournier, which was seconded by Trustee Gardner, the Finance, Facilities and Technology Committee agreed to forward this item to the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendations of the Finance, Facilities and Technology Committee and approves the FY2019 Proposed Operating & Capital Budget, Recommended Student Charges, and proposed Transfers from the Budget Stabilization Fund and Institutional Reserves.

Lease Request (Sigma Phi Epsilon), UM. University of Maine Chief Business Officer, Claire Strickland, provided information on the following lease request. The University of Maine System acting through the University of Maine (UM) requests authorization to amend a ground lease with the Maine Alpha Alumni Corporation of Sigma Phi Epsilon (Fraternity). The original lease began September 19, 1968. The amendment will extend the lease for an additional fifty (50) years. This request is pursuant to Board Policy 802, Disposition of Real Property, which requires Board approval for leases exceeding ten years or \$500,000. In this case, the requirement is in regards to the duration and approval by the full Board is required. The ground lease consists of 2.02 acres in the Town of Orono, Maine.

On a motion by Trustee Fournier, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, Technology Committee to authorize the University of Maine System acting through the University of Maine to amend the lease with the Maine Alpha Alumni Corporation of Sigma Phi Epsilon for land located in the town of Orono, Maine, subject to review and approval of all final terms and conditions by the University of Maine System Treasurer and General Counsel.

Lease Request (USDA), UM. Ms. Claire Strickland provided information on the following lease request. The University of Maine System acting through the University of Maine (UM) requests authorization to amend a land lease with the USDA (Government). This request is pursuant to Board Policy 802, Disposition of Real Property, which requires Board approval for leases exceeding ten years or \$500,000. In this case the requirement is in regards to the duration and approval by the full Board is required. The land lease consists of a total of 1.71 acres in the Town of Orono, Maine and 0.872 acres in the Town of Presque Isle, Maine. The proposed terms of the lease include two additional ten year renewal options beginning at the termination of the current lease on June 30, 2018 and with no further consideration required.

On a motion by Trustee Gardner, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, Technology Committee to authorize the University of Maine System acting through the University of Maine to amend the lease with the Government for land located in the towns of Orono and Presque Isle, Maine, subject to review and approval of all final terms and conditions by the University of Maine System Treasurer and General Counsel.

Full Design Engineering Education and Design Center, UM. Dr. Dana Humphrey, Dean of the College of Engineering at UM, provided information on The University of Maine System acting through the University of Maine requesting authorization to expend up to an additional \$8 million to perform full design, initial relocation and related services for the Engineering Education and Design Center (EEDC) on the Orono campus of the University of Maine. This request is pursuant to Board Policy 701. The Board of Trustees approved a preliminary \$1 million for early design of the project in September of 2017. Estimates continue to indicate the project may cost up to \$80 million. Through fundraising, over \$10 million has been raised toward this project. This current request is for

approval to expend the amount necessary to complete formal design, bid preparation and related work.

On a motion by Trustee Gardner, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, Technology Committee to authorize the expenditure of up to an additional \$8 million, bringing the current approved budget to \$9 million to complete full design of the Engineering Education and Design Center at the University of Maine with funding to be identified by the University Treasurer.

Naming Lafayette and Rawcliffe 4-H Science Engineering Center, UM. Executive Director of the Cooperative Extension, John Rebar, provided information on the University of Maine System acting through the University of Maine requesting authorization for the naming of a facility pursuant to Board of Trustee Policy 803. In this case, the proposed name as recommended by the President Hunter, is the Lafayette and Rawcliffe 4-H Science and Engineering Learning Center. This facility is located at 491 College Avenue. The 491 College Avenue facility will become a 4-H center for youth engagement in areas of STEM education. The center can serve as a launch point for engagement with academic programs that have a K-12 outreach component such as the RISE Center, the College of Engineering and others.

On a motion by Trustee Erwin, which was seconded by Trustee Johnson, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, Technology Committee to authorize the University of Maine System acting through the University of Maine to authorize the name of the Lafayette and Rawcliffe 4-H Science and Engineering Learning Center.

Fundraising and Capital Projects – Conflict of Interest Clarification, UM. University of Maine and University of Maine Machias President Hunter, reported that as a result of recent fund raising activities related to the Capital Project of the UM Engineering Education & Design Center, the University is clarifying the roles of personnel involved in both fund raising and decisions or approvals related to capital projects. The record of understanding was agreed to regarding the current project at UM, and procedures and practices related to these activities are being updated to reflect language regarding these items. The formal policy and practice updates are expected to be in place by year end, with temporary measures in place until then.

Corthell Hall HVAC Upgrades, USM. USM Executive Director of Facilities Management, Mr. John Souther and USM Assistant Director of Capital Planning and Project Management, Mr. Adam Thibodeau, provided information on The University of Maine System acting through the University of Southern Maine (USM) requesting authorization to expend up to \$550,000 in E&G resources for upgrades to the HVAC and temperature control systems that serve Corthell Hall on the Gorham campus. This request is pursuant to Board Policy 701 Operating and Capital Budgets, requiring advance approval of projects with a total cost of \$500,000 or more. This request is within the purview of the Finance, Facilities and Technology committee without further review by the full

Board. The project is scheduled to be executed during the summer of 2018 with completion prior to the beginning of the fall semester.

On a motion by Trustee Erwin, which was seconded by Trustee Fournier, the Board of Trustees, acting through the Finance, Facilities and Technology Committee authorizes the University of Southern Maine to expend up to \$550,000 of E&G resources for the improvements of the HVAC system and controls that service Corthell Hall at the University of Southern Maine.

Master Plan Acceptance, UMA. University of Maine at Augusta President Rebecca Wyke provided information on the University of Maine at Augusta (UMA) Campus Master Plan. UMA initiated a master planning process in the spring of 2016 and completed this process with a final presentation to the Augusta and Bangor campus communities in the summer of 2017. The Master Plan provides a detailed evaluation of current campus spaces with recommendations for optimizing teaching, administrative, and support spaces throughout each campus using existing facilities to the extent possible, consistent with the UMA Strategic Plan and Board of Trustee directives. In addition to addressing future development of academic and administrative facilities, the Augusta campus Master Plan provides guidance on potential future development of residence halls on the Augusta campus, should the institution transition from being non-residential to a residential campus. While the plan includes projects that would increase the campus gross square footage, these projects will only be undertaken commensurate with changes in enrollment and academic program offerings or other revenue generation. The projected cost to implement all recommendations in the Plan ranges between approximately \$72-\$92 million dollars.

On a motion by Trustee Fournier, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the May 20-21, 2018 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees acknowledges the campus master plan from UMA and without granting Trustee approval for any specific expenditure or capital project that would otherwise require Trustee consideration, accepts the plan and encourages the University to continue its efforts to maintain and act in accordance with the plan as well as other applicable directives of the Trustees.

Turbine Update, UMPI. UMPI Chief Business Officer Ben Shaw provided an update on the UMPI turbine. The 600-kilowatt wind turbine, which began operating at the University of Maine at Presque Isle in 2009, suffered a fire and disruption of operations on Sunday, April 1, 2018. In addition to the actions taken by the campus to ensure the safety of its community, the turbine blades were further physically secured by 3rd party experts on April 4, 2018. Risk Management and others have been closely involved in following up and assisting the University to determine its options and course of action. The turbine remains out of service at this time. At the time of the disruption, the turbine in its history had generated an estimated 4.7 million kilowatt hours of electricity with an approximate value of \$566,615.24 for the campus.

Capital Project Status Report. UMS Director of Capital Planning and Project Management, Ms. Carolyn McDonough, provided a capital projects status report. The report reflects a total of 20 projects, with one project being removed since the previous report, and one new project has been added to this report. Six additional projects are scheduled to be removed from the report.

Additional information about the meeting can be found on the Board of Trustees website:
<http://www.maine.edu/wp-content/uploads/2018/05/meeting-materials-revised-0502181.pdf?ca0c38>

Adjournment.

Heather A. Massey for
Ellen N. Doughty, Clerk