

UNIVERSITY OF MAINE SYSTEM

Board of Trustees Meeting

at the University of Maine System

253 Estabrooke Hall, Orono

September 1, 2017

Finance/Facilities/Technology Committee

Present: Committee Members: Norman Fournier, Chair; Samuel Collins (by phone), Jason Coombs (at UMA), James Erwin (at USM), Gregory Johnson (at USM), and Karl Turner (at USM). **Faculty Representative:** Ray Albert (by phone). **Student Representative:** Sam Borer. **Presidents:** Kate Foster (at UMF), and Susan Hunter. **System Staff:** Ellen Doughty, Dan Demeritt (at UMA), David Demers, Tracy Elliott, Chip Gavin (at USM), Adam Green (at UMA), Ryan Low, Robert Placido, and James Thelen (at USM). **Other Participants:** Pam Ashby (at UMFK), Chris Bell (at UMPI), Laurie Gardner (at UMF), Dana Humphrey, Leslie Kelly (at UMFK), Carolyn McDonough, Ben Shaw (at UMPI), and Claire Strickland.

Committee Members Absent: James Donnelly and Mark Gardner.

Trustee Fournier, 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

Classroom technology upgrades have been scheduled and work is underway with three outside vendors and internal resources. Facilities related work is wrapping up in many of the classrooms, and new classroom furniture has started to arrive. Once the project is completed feedback will be solicited from project stakeholders in order to improve on current processes. A project plan and timeline has been started for Summer 2018 upgrades, and campus engagements will begin in September 2017 for feedback on future upgrades. This project is 62% complete.

Maine Street Improvements

Faculty and student focus groups will be conducted at each campus during the week of September 18th. The purpose of the focus group sessions is to collect direct input from faculty and students about their MaineStreet experience and about how a mobile application can improve MaineStreet functions essential to them. The sessions will also help the project team gain an understanding of each campus's readiness to embrace a mobile application. BerryDunn will facilitate the sessions, and project team representatives will partner with BerryDunn to answer questions. BerryDunn conducted consultations with peer institutions that implemented similar PeopleSoft improvement projects. The purpose of the research was to gather implementation advice and lessons learned from the institutions, and learn about the functional and technical requirements that guided their projects. The project team will soon meet with Information Technology staff from the University of Massachusetts (UMass) who recently partnered with GreyHeller to implement a PeopleSoft mobile solution for students at the Boston, Dartmouth and Lowell campuses. Along with learning about UMass's implementation approach and lessons learned, the intent is to gain advice about utilizing a third party's resources and tools during the implementation. The Request for Proposal (RFP) process to select a vendor that provides tools to enhance and streamline the PeopleSoft user experience along with enabling mobile access will kick-off late September. The requirements gathered via the surveys, faculty and student focus groups, and peer institution consultations will significantly inform the RFP process. This project is 15% complete.

UMS Wireless Infrastructure

New networks are nearly completed in the residence halls at UMFK, UMPI, and UMF (except Scott Halls to be completed next summer). In addition, academic buildings have been upgraded at UMM, UMA and USM and are underway at UM. Over the next few months, the project team will shift focus to the UM and USM campuses as much of the work that has been completed to date has been on the other campuses. This project is 40% complete.

Trustee Johnson asked what the timeline was for completing the work for the UMS Wireless Infrastructure project for UM and USM, particularly since these campuses hold the bulk of student population. Dr. Demers explained that he had a meeting with network engineers later in the day and he committed to providing an email update with a more robust and detailed timeline afterward.

Residence Hall Wireless – USM

This project is complete and closed. The project was completed under budget.

HR Upgrade

The project kick-off was conducted during the week of July 10. The project charter is completed and a baseline project plan is about to be finalized. ERP Analysts (ERPA) are leading a fit-gap analysis effort to compare existing HR processes in version 9.1 with delivered processes in version 9.2. The fit-gap analysis also involves determining which previously implemented customizations can be retired and replaced by new functionality in version 9.2. This project is 5% complete.

Unified Budget – Implementation plan update. Mr. Ryan Low, Vice Chancellor for Finance and Administration & Treasure; provided a brief update of the Unified Budget Implementation Plan. Mr. Low indicated that a more detailed updated would be presented at the 9/5/17 Academic and Student Affairs Committee meeting and also at the September Board of Trustees Meeting.

Peer Selection Update:

The major focus has been on establishment of peers at the campus level. The Implementation Team is also starting to work with Hanover on developing System peers. Campus visits have been completed at 6 out of 7 campus with the last visit set for Wednesday at University of Maine at Machias. Mr. Low expressed his thanks to the Presidents for the high level of engagement during the campus visits. The team is expecting that the campus dashboards will be available by early next week. A draft set of peers will be developed by September 14th and then there will be a campus comment period for 4 weeks. Once the list of draft peers has been gathered, the Allocation Team can start pulling, revenue, expense and other data to start populating the Allocation Model that has been developed. The Allocation timeline will be reviewed in detail at the September Board of Trustees meeting.

FY2019 Budget Development:

Currently the FY2019 budget development is on schedule based on the timeline that was developed two years ago as part of the Unified Budget Process. The Budget Team is meeting again next week and intends to have recommendations to present at the Presidents' Council meeting in September. Starting in October the focus will move to campus budget development.

FY2018 Finance, Facilities & Technology Committee Work Plan Review & Discussion. Trustee Fournier reviewed the FY2018 Finance, Facilities & Technology Work Plan. Trustee Fournier explained that per the suggestion of Board Chair James Erwin, the Work Plan will be revised to include key performance indicators relating to the Strategic Resource Allocation Plan as well as the

Board defined priority outcomes. Trustee Fournier, working along with Mr. Low will revise and circulate the updated plan to the Committee members for review prior to the September Board of Trustees meeting.

Master Lease Financing Services. Mrs. Tracy Elliott, Director of Finance and Controller, reviewed the status of the Master Lease Financing Services. UMS is nearing completion of a sourcing initiative for Master Lease Financing Services, awarded to Banc of America Public Capital Corp, and the negotiation of related contract terms. As required in the contract, this resolution is being presented for Board of Trustee approval. Additionally, management will seek Board of Trustee approval, when required, for any individual lease scheduled for capital equipment expenditures of \$500,000 or more consistent with Board of Trustee Policy 701 Budgets – Operating & Capital.

The goal of the Request for Proposal process was to obtain a financing program to support the University's capital equipment (e.g., vehicles, furniture, tractors, maintenance equipment, copiers) needs, providing campuses with pre-determined terms and conditions and negotiated interest rates. Currently, UMS purchases approximately 40 or more vehicles and other capital equipment annually. As campuses may not have the available budget to cover all purchases in a single fiscal year, they often request financing. When individual financing agreements are completed for each purchase, the administrative burden is great and the transaction carries higher interest rates than would be possible through volume purchasing.

Features of this contract include:

- A three year Master Lease Financing contract with options for two additional one year renewals
- Tax-exempt and taxable interest rates based off of the Intercontinental Exchange (ICE) Swaps Index plus a spread varying with the lease term
- Financing for individual schedules for various years paid quarterly, semi-annually, or annually
- One dollar end of lease period purchase
- Title ownership
- Zero lease fees
- Quarterly reports

On a motion from Trustee Turner, which was seconded by Trustee Johnson, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the Consent Agenda for Board of Trustee approval at the September 17-18, 2017 Board Meeting.

That the Board of Trustees authorizes the University of Maine System to execute and deliver a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, as lessor, and separate schedules thereto for the acquisition, purchase, financing and leasing of certain equipment pursuant to the negotiated contract terms resulting from Request for Proposal #069-2017; authorizing the execution and delivery of other documents required in connection therewith; and authorizing all other actions necessary to the consummation of the transactions contemplated by this resolution.

Schematic Design Engineering Education and Design Center, UM. University of Maine President Susan Hunter and College of Engineering Dean Dana Humphrey, reviewed the request to begin the schematic design for the Engineering Education and Design Center. The University of

Maine System acting through the University of Maine requests authorization to expend up to a preliminary \$1 million to perform Schematic Design and related services for a new building expected to be known as the Engineering Education and Design Center (EEDC) on the Orono campus of the University of Maine.

This request is pursuant to Board policy 701, which requires projects with a total cost of more than \$500,000 to be considered by the Board of Trustees or its Finance, Facilities and Technology Committee. The request is also pursuant to Trustee policy prohibiting net increases in space without Trustee authorization.

Early estimates indicate the project may cost approximately \$80 million. The cost is expected to be funded largely by University revenue bonds, supported with \$5 million in annual debt-service funding recently approved by the Legislature (P.L. 2017, c. 284). Other funding sources will include privately raised funds and other potential resources as may be identified by the University of Maine Chief Business Officer and University System Treasurer. This current request is for approval to expend only the amount necessary to begin formal design and bid preparation work.

The engineering program at the University of Maine has been growing for the last fifteen years, increasing 71 percent from 2001 to 2015. Employment of engineers in the State has also been growing and the need for engineers is greater than the available supply. In the last two years, the UMaine College of Engineering has needed to restrict enrollment in select programs due to the lack of sufficient facilities and faculty. The new facility will give UMaine the capacity to increase enrollment in engineering to 3,000 students. The current capacity is 2,000 students.

The College of Engineering was identified as one of UMaine's Signature Areas of Excellence in 2014 and since then the new EEDC has increasingly been a focal point for planning in the College of Engineering and UMaine. This project was identified in the campus long-term capital plan. Funding had not been secured prior to FY2018 for this project so it was not included in the FY2018 capital plan.

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 Orono campus has not been finalized. However, the building will be the center of undergraduate engineering education, so it is essential that it be located in the heart of the engineering district. The particular location of the building will be among the details to be determined as part of the Schematic Design process.

The EEDC will be the heart of undergraduate engineering education at the University of Maine. The focal point is expected to be hands-on, team-based laboratories for senior capstone design projects bringing students from multiple engineering disciplines together to collaborate. Moreover, the intent is to have reconfigurable labs to allow use by several engineering departments and flexible classrooms to enable group learning. There will be informal collaboration spaces for students to work together on projects and assignments as well as specialized classrooms for engineering demonstrations and distance learning. The latter will allow select engineering courses originating at UMaine to be used across the System.

The University may use a traditional design/bid/build construction method for this project but so-called alternative delivery methods are permitted under University practices and will be considered.

The funding for this phase of the work will come from resources to be identified by the University Treasurer and University of Maine Chief Business Officer.

Chair Fournier asked what the projected timeline for completion of this building would be. Dean Humphrey explained that the projected timeline would have the building opening in the summer of 2021.

On a motion from Trustee Collins, which was seconded by Trustee Coombs, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the September 17-18, 2017, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorizes the expenditure of up to \$1 million to begin the Schematic Design of the Engineering Education and Design Center at the University of Maine with funding to be identified by the University Treasurer.

Property Removal, Northern Road Duplexes, UMPI. Chief Business Officer for the University of Maine at Presque Isle Ben Shaw and President Ray Rice reviewed the request to authorize the University of Maine System acting through the University of Maine at Presque Isle to dispose of the property consisting of approximately 1 acre of land and three duplex housing units located at 17, 19, 21, 23, 25 and 27 Northern Road in Presque Isle.

The property was acquired by the University in 1999 from the U.S. Department of Education through a Public Benefit Allowance and was part of the former Loring Air Force Base housing. The University is requesting to dispose of the property by executing the abrogation clause of the deed followed by transfer of the property to the Aroostook Band of Micmacs who currently own and occupy many of the remaining and nearby housing units in this location.

The units are each approximately 2,237 gross square feet (GSF), totaling 6,712 GSF, and sit on approximately 1 acre of land. Two of the units have been used by faculty, staff, and students in the past; the third was utilized by the Maine School Administrative District (MSAD) 1 for educational programming until recently. MSAD 1 is no longer interested in using this building and recently returned the property to the University.

Since the units were not being used in the recent past, they were not part of the Sightlines review and there is no Sightlines data available. The campus currently has sufficient space on the campus to meet its current housing needs. Moreover, UMPI would need to dedicate significant financial resources in order to upgrade these three buildings to meet current standards.

The deed restrictions limit the use of this property to educational purposes and also restrict the selling or leasing for the property for 30 years, which in this case is until 2029. In order for the University to dispose of the property, it must either return the property to the government or abrogate the remaining Public Benefit Allowance.

The preference is to abrogate in coordination with the U.S. Department of Education (DOE) and have the Aroostook Band of Micmacs pay the abrogation fee and closing cost, including the appraisal, which will relieve the University of this obligation and will help meet other needs in the community. The Micmacs have indicated to UMPI that they have secured the required financing to pay the abrogation fee.

The duplexes were appraised for \$240,000. The official abrogation fee from the DOE is \$96,000. The University will bear nominal if any costs in connection with this transfer.

The removal of these buildings from the university's inventory will reduce the campus gross square footage, and reduce the need for the campus to invest maintenance and operational dollars in the underutilized space.

The resolve language in this case is slightly different than in many other real estate matters before the Board because certain language was required by the federal government. In practical effect, while a single person is being empowered to carry forward the Board's approval, if it is granted, that person will nonetheless still consult with General Counsel and the University Treasurer before executing any agreements.

On a motion from Trustee Turner, which was seconded by Trustee Coombs, the Finance, Facilities and Technology Committee agrees to forward this item to the Consent Agenda at the September 17-18, 2017, 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 Maine at Presque Isle to dispose of three housing units located at 17, 19, 21, 23, 25 and 27 Northern Road, Presque Isle, Maine, subject to review and approval by General Counsel and the University Treasurer of the final terms and conditions.

Furthermore, per the USDOE's request, that the Board of Trustees authorizes Chip Gavin, Chief Facilities and General Services Officer, to be the sole individual empowered to carry out the intent of this resolution, including the authority to make payments as necessary to secure the abrogation.

Capital Projects Status Report. Mr. Chip Gavin, Chief Facilities and General Services Officer, provided an overview of the Capital Project Status Report. The report reflects a total of 24 projects, with one additional project since the previous report. The data in this report is effective as of July 31, 2017.

The Darling Marine Center Waterfront Infrastructure project at the University of Maine was approved by the Board at the July 2017 meeting, with an approved budget of \$3 million.

Four projects will be removed from the next report due to completion. They are: the University of Maine at Farmington's Central Heating Plant (2100066), the University of Maine at Machias' Demolition of Kimball Hall (4100031), the University of Maine at Presque Isle's Folsom/Pullen Science Classroom & Laboratory Upgrades (7100009), and the System's Improvements to Existing Space for Relocation of Personnel from 16 Central St (8100022, 8100023, 8100025, 8200055; 5200368, 5100407, 5100408, 5200373, 5200374).

Lease and Real Estate Report. Mr. Gavin reviewed the Lease and Real Estate report. This summary comprise the report for FY2017.

Real Estate Transactions:

There were a total of five acquisitions this year previously approved by Board action. The resulting acquisition resulted in additional 34.51 acres of land owned by UMS. The structures on three of these parcels will be razed for redevelopment. Additionally, a previous land swap occurred at USM.

As of the end of FY2017, there were no dispositions of real property noted other than the land swap. This report does not reflect Board actions not yet implemented, and does not contain work in process. Key changes and details are below:

The University of Maine System, acting through the University of Maine Farmington, acquired the so-called Prescott Fields consisting of 33.54 acres of developed land that UMF has leased for many years and housed the UMF Athletics programs. Additionally, UMF acquired land and dwelling, with the idea of demolition for eventual development of the land for campus' use, at 129 Perkins Street in Farmington. The Board had previously approved these transactions.

At USM the Granite Street swap occurred where UMS swapped land for the development of USM with a third party. The Board previously approved this action. The resulting action decreased the UMS footprint by less than 0.002 acres and allows for continued development necessary for the campus.

The University of Maine at Fort Kent acquired real estate located at 70 and 41 Pleasant Street in Fort Kent Maine, with the intention of demolition for eventual development of the land for the campus' use. Both transactions were previously approved by the Board in January 2017.

Lease transactions:

The University of Maine System decreased their total spend in leased properties and land, while increasing revenue. As a lessee, UMS reduced land leases by 10% and by \$15,000 per year, while it increased net revenue from leasing properties by approximately \$68,000, or 13 percent increase year-over-year. This report does not reflect Board actions not yet implemented, and does not contain work in process.

As a Lessor, the University is engaged in agreements covering uses including research, early education and childcare centers, banking and financial services, office spaces, and cell tower locations. Compared with the prior year, the University's total revenue has increased by 13 percent at \$68,385. The increase is related to a new telecommunications agreement at USM, as well as several incremental rent increases per the lease agreements as the agreements continue to age. Additionally, several properties at USM were leased through competitive bid to non-profit property management firm Avesta. This transaction leases over 20,000 square feet of available space at USM, and lessens maintenance burden on facilities at the campus.

As a Lessee, agreements include uses such as office space, forestland, academic and research locations, University College centers, recreational fields, parking facilities, and utility purposes. Overall, the University System reduced its costs by over \$15,000 year over year, largely due to the purchase of long standing leased lands for athletics at the University of Maine at Farmington and the reduction of redundant telecommunications space on a condominium complex in Portland for WMPG at USM. A large increase in square footage at UMaine is related to the lease by FBRI of 40,000 square feet at the former Old Town mill for research use.

Adjournment.

Elissa Ivey for
Ellen N. Doughty, Interim Clerk