Finance/Facilities Committee


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

Financial Update.  Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer provided a financial update.  The Operating Funds did well for the months of April and May of 2009 which reduced the overall projected loss.  The UMS will apply $3.8 million from the temporary Investment Income Stabilization Fund and apply $2.8 million from the October 31st distribution of loss to SWS and the campuses resulting in a current loss as of May 31, 2009 of $1.7 million.

The Endowment Fund as of July 1, 2008 had a market value of $150 million and as of June 30, 2009 the Fund had a market value of $117.8 million.  During the FY2009, the UMS invested the Post Employment Trust with the Endowment Fund for $9.1 million and the UMS invested on behalf of Maine Maritime Academy their Endowment Fund for $12.8 million.  In June 2009 the Endowment Fund grew by .6% but from fiscal-year-to-date the Fund has declined 15.8%.

The market value of the Pension Fund as of June 30, 2008 was $59 million and as of June 30, 2009 was $42 million.  In March 2009 the Fund grew .1% and the fiscal-year-to-date the Fund has declined 16.9%.

Datacenter Upgrades - UMS.  Mr. Eduard Dailide, System Director of Facilities Management and Planning, explained the datacenter upgrades.  UMS Information Technology Services (ITS) operates datacenters located at UM and USM.  Each datacenter is critical for UMS academic and business operations.  Additionally, a failure of either datacenter would adversely affect services offered to the K-12 community, state government and others which are supported by UMS ITS.

Over the past two years, ITS has engaged a datacenter consultant (Forsythe) to assess capacity, security and availability of the datacenters; to recommend how best to address deficiencies and to bring our datacenter environment and practices into line with similar higher education institutions; and to prioritize, sequence and budget the necessary work.

This project is the first of several phases and addresses the most critical deficiencies that could contribute to a datacenter failure.  The overall goal is to increase electrical and cooling carrying
capacity, replace aged and unserviceable equipment, eliminate single points of failure in the
datacenter, improve security of both datacenters, and improve energy and operating efficiencies.

The project will increase electrical reliability, cooling capacity, and increase energy efficiency in
both datacenters by improving electrical distribution within the datacenter, replacing undersized
and overaged uninterruptible power supplies, and replacing antiquated computer room air
conditioners with models that can effectively utilize Maine’s cool climate with higher efficiency
and lower costs. Both datacenters will also have some architectural work done to improve
security, assist in the efficient operation of the datacenters, and allow for future growth.

The Total Project Cost is estimated at $1,100,000 (approximately $400,000 for the datacenter at
USM and $700,000 for the datacenter at UM) with funding to be provided by the System. Of the
total UMS unrestricted reserves, $1.0 million has been internally earmarked as partial funding
for the datacenter upgrades.

On a motion by Trustee McCrum, which was seconded by Trustee Murphy, the
Finance/Facilities Committee agreed to forward the recommendation to the consent agenda.

Use of American Recovery and Reinvestment Act Fund. Ms. Wyke provided a description of
UMS use of funds allocated for FY09 and FY10 under the Education Stabilization Fund of the
American Recovery and Reinvestment Act (ARRA). In accordance with Federal and State
regulatory guidance, the Education Stabilization Funds will be used to facilitate the incremental
changes needed to secure long-term sustainability for the University of Maine System and meet
its commitment to providing students with an affordable, high-quality educational experience.

Following are the currently planned uses of the Educational Stabilization Funds. These plans are
contingent upon enrollment levels and the general state of the economy in the future. The total
budget for FY09 and FY10 is $14,364,012.

a) Educational and general expenditures related to academic support areas ($600,000) – will
mitigate fee increases that would normally be incurred by students to cover increasing costs
in these areas.

b) Financial Aid ($350,000) – in the form of scholarships and grants to support access and
continuing education for in-state students who have financial need. The focus will be on
returning students.

c) On-campus student work program ($422,318) – to provide financial assistance through on-
campus employment opportunities for students. This program will be administered in
addition to and separately from the federal work study program.

d) Educational and general expenditures related to library acquisitions and classroom,
laboratory, and instructional technology support ($1,139,992).

e) Other educational and general expenditures ($10,801,702) – including a portion of the cost of
compensation and benefits for classroom instruction. If applicable, Education Stabilization
funds may also be utilized for the modernization, renovation, or repair of institutions of
higher education facilities as allowed by regulation.

f) Strategic investments ($1,050,000) – to promote long-term financial sustainability including
investments in technology that will result in greater efficiencies and future cost savings for
all the institutions comprising the University of Maine System.
Stewart Commons: Studio Art/New Media Complex - UM. Mr. Dailide reported the project proposes to renovate Stewart Commons for the Studio Art program and to build an addition for the New Media Innovation, Research, and Development Center at UMaine. The total project cost is $5.58 million with only $300K (5.2%) coming from University funds. Stewart Commons, built in 1963 as a dining facility, was vacated in 2006 when dining services were consolidated. A 2008 engineering study concluded that the building is structurally sound but needs some improvement to address code, energy, accessibility, and building system deficiencies.

In 2007-2008, Leers Weinzapfel Architects worked with the Art Department to develop a report detailing space needs, configurations, and adjacencies for the following studios: painting and drawing, printmaking, photography, digital art, and 3-D design. Stewart Commons was determined to be suitable for adaptive reuse to support these media programs. The renovation of Stewart Commons at a cost of $1,911,250 would enable the Art Department to vacate Carnegie Hall which is substandard.

Concurrently, the Maine Technology Institute awarded a $3.67 million grant for the establishment of a New Media Innovation, Research, and Development Center at the University of Maine. The New Media Center’s goal is to support Maine’s 21st Century economy by developing a new culture of innovation and creativity for Maine by establishing needed technical facilities for education, research, development and commercialization; and pursuing collaborative research and development initiatives with significant potential to provide economic and social impacts. The New Media major has been one of the fastest growing programs at the University of Maine since its establishment in 2001.

It is proposed that an addition to Stewart Commons be constructed for the New Media Innovation, Research, and Development Center. This will enable the sharing of some common spaces (restrooms, conference rooms, break rooms and the like) with the Studio Art programs. The New Media addition, estimated at 8500 square feet, will provide outfitted labs and facilities for programmatic New Media initiatives in innovation, research, development, workforce training, business incubation, and commercialization.

The estimated Total Project Cost of the combined project is $5,581,250 to be funded as follows: Stewart Commons: $1,911,250, consisting of $761,250 Bank of America gift; $850,000 2007 General Obligation Bond; $300,000 campus funds and the New Media addition/expansion $3.67 million, MTI grant (funding source: 2007 R & D general obligation bond)

On a motion by Trustee Mitchell, which was seconded by Trustee McCrum, the Finance/Facilities Committee forwarded the recommendation to the consent agenda for action.

Bike Path Rehabilitation - UM. Mr. Dailide reviewed the Bike Path Rehabilitation project at UMaine. In July 2008, the University applied to the Maine Department of Transportation’s “Transportation Enhancement Program” for funds to rehabilitate 2.6 miles of bike paths located in Orono and Old Town with a total project cost of $500,000. The paths were built in 1976 as a Federal Highway Administration Demonstration project. They are used extensively for recreation, but also serve as important transportation routes by University of Maine students, faculty and staff as well as members of the community. They connect the University with the Orono-Old Town YMCA, the Old Town elementary school, a shopping mall, and densely populated neighborhoods. The paths are akin to roadways with constant bicycle and pedestrian traffic throughout the day in all four seasons.
MDOT recognized the importance of the bike paths as alternative transportation routes, keeping hundreds of vehicles off the road in the course of a day. The paths also have been estimated to eliminate the need for 1,000 parking spaces. MDOT awarded the University $400,000 to rehabilitate the paths. The University of Maine will contribute a total of $100,000 of matching services and/or funding. The project will remove frost-cracked broken pavement, remove underlying frost-heaved rocks and roots, build up the sub-grade, properly loam and seed the side slopes, replace clay tile culverts with new and properly sized culverts, repave and improve signage. These actions will increase the capacity and safety of these important transportation resources. The project will start in July 2009 and be complete by September 2009.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Finance/Facilities Committee forwarded the recommendation to the consent agenda for action.

**Forest Bioproducts Research Initiative (FBRI) Technology Center – Lease of and Renovations to 40,000 square feet in Old Town - UM.** Mr. Dailide explained the Forest Bioproducts Research Initiative (FBRI). The Maine Technology Institute (“MTI”) has awarded $4.8 million to the University of Maine for a Forest and Agricultural Bioproducts Research, Development and Commercialization facility. The project, known as the Forest Bioproducts Research Initiative (“FBRI”) will have its primary “Technology Center” in Old Town for the purpose of performing industrial applied research, as well as technology development, validation and commercialization activities consistent with the University of Maine’s mission.

The FBRI Technology Center will be housed in 40,000 square feet of industrial space in Old Town, the space being a portion of the former Georgia Pacific mill. Red Shield Acquisition (RSA), via a Memorandum of Understanding, has agreed to lease the space rent-free to the University for fifteen years with two renewals of five years each. The University will be responsible for the cost of metered electricity and steam based upon the actual cost of biomass used for RSA’s on-site generation. The specific terms and conditions of the lease will be finalized upon Board approval.

In addition to the approval of the lease action, approval is being sought for improvements to the leased space needed to support the FBRI operation. Renovations will include a high-bay laboratory space with utilities distribution suitable for a flexible environment for pilot-scale industrial research with biomass feedstocks. Other renovations will include fabrication and maintenance shops, walk-in cooler and freezer rooms, and control and server rooms. Modest office space for on-site administrative support and work space for on-site professional staff and client personnel will be included. The total cost of improvements is $2,100,000 and will be funded with the MTI award.

On a motion by Trustee McCrum, which was seconded by Trustee Murphy, the Finance/Facilities Committee forwarded the recommendation to the consent agenda for action.

**Forest Bioproducts Research Initiative (FBRI) Campus Office – Addition to Jenness Hall UM.** Mr. Dailide explained the project for a Campus Office for the Forest Bioproducts Research Initiatives (FBRI). The Maine Technology Institute (“MTI”) has awarded $4.8 million to the University of Maine for a Forest and Agricultural Bioproducts Research, Development and Commercialization facility. The FBRI project will have its primary “Technology Center” in Old Town. The MTI award also includes the creation of space on the University of Maine campus.
for FBRI’s campus base of operations. The space will be used for administrative support, offices for scientists and visiting collaborators, and meeting and conference rooms, all with remote access to the Old Town “Technology Center” process operations.

After considering renovations to adjacent buildings, the most suitable location for the FBRI campus center was determined to be adjacent to Jenness Hall. The project proposes an addition of approximately 4,000 square feet to the north side of Jenness Hall. This co-locates the FBRI with the Chemical and Biological Engineering Department office and the other researchers with whom the departments collaborate. The total project cost is $1,200,000 with an estimated occupancy date of September, 2010. The project will be funded by the MTI award.

On a motion by Trustee McCrum, which was seconded by Trustee Murphy, the Finance/Facilities Committee forwarded the recommendation to the consent agenda for action.

**Caribou Bog Penjajawoc Acquisition - UM.** Mr. Dailide explained in 2007, the Board of Trustees authorized the University of Maine to place conservation easements on three parcels of land as part of the Caribou Bog Penjajawoc Project. The Project’s intent is to conserve wetland and wildlife habitat over a corridor stretching from the Bangor Mall to the Hirundo Wildlife Refuge. The value of the conservation easements served as match for a grant to the Orono Land Trust from the North American Wetlands Conservation Act (“NAWCA”) program.

The grant application was successful, resulting in an award of over $1 million in grants, the majority of which are to be used to acquire a key parcel within the project corridor from Sewall Holdings Company, a Maine corporation. When this matter came before the Board in 2007, title to the Sewall parcel was planned to pass to the University of Maine Foundation as a “trade” for another parcel that the Foundation agreed to transfer to the Project. The Foundation has reconsidered its role and has asked the University to acquire title to the Sewall parcel directly.

This resolution will authorize the University to acquire title to the Sewall parcel in collaboration with the Orono Land Trust. It comprises 850 acres, more or less, with frontage on Perch Pond, Kirkland Road and Poplar Street in Old Town. It is a valuable forest and timber resource that will be managed by the University of Maine’s Forestry Program. A conservation easement will be placed on the property to prohibit future development, protect its wetland and wildlife attributes, and provide for low-impact public recreational access in accordance with the grants from NAWCA and LMFP. This easement would have been placed on the property even if the Foundation had acquired title. The acquisition of the property is to be funded by the Orono Land Trust with the grant. The title transfer will have minor, if any, costs to the University.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Finance/Facilities Committee forwarded the recommendation to the consent agenda for action.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk