Finance/Facilities/Technology Committee


Present by Polycom: Committee Members: Trustees: Norman Fournier, Chair (at UMFK); Samuel Collins (at UMPI), Gregory Johnson (at USM), Marjorie Medd (at USM), and Karl Turner (at USM). Faculty Representative: Ray Albert (at UMFK), and Robert Rice (at UM). Presidents: Cynthia Huggins (at UMM) and Allyson Handley (at UMA). System Staff: Ryan Low (at UMA) and Chip Gavin (at USM). Other Participants: Janet Waldron (at UM) and Sheri Stevens (at UMA).

Present by Phone: Other Attendees: Laurie Gardner (UMF).

Committee Members Absent: Paul Mitchell and Victoria Murphy.

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

FINANCE/FACILITIES ISSUES


FY2013 Annual Report on Real Estate and Lease Activity. Mr. Gavin provided an overview of the FY2013 Annual Report on Real Estate and Lease Activity.

A summary of the UMS real estate transactions for fiscal year 2013 is as follows:

- There was one land swap at the University of Maine, one property purchase at the University of Maine at Fort Kent and one land gift at the University of Maine at Machias during FY2013.
- The UM land swap, approved by the Board of Trustees in November 4-5, 2012, was executed April 25, 2013. The University of Maine System received approximately 100 +/- acres of land from SSR, LLC, with an estimated market value at $80,000. In exchange, UMS transferred to SSR, LLC approximately 307 +/- acres with an estimated market value at $50,000.
- The University of Maine at Fort Kent, with consent of the Board of Trustees on November 13, 2010, acquired the Fort Kent Armory from the State of Maine acting through the Department of Defense on November 19, 2012 at a cost of $150,000. The replacement value for this property is estimated to be $3,500,000. The State of Maine provided one-time funding to support the University's purchase.
- The University of Maine at Machias, with consent of the Board of Trustees on January 28, 2013, received a gift of land from the estate of Elizabeth DeShon Tibbetts by Transfer of Deed on March 25, 2013. An appraisal of this property, reported December 9, 2012, set a value at $167,000.

A summary of the lease transactions for fiscal year 2013 is as follows:
As a Lessor, the University is engaged in agreements covering uses such as early education and childcare centers, research labs, innovation offices, and cell tower locations. As a Lessee, agreements include uses such as athletic fields, radio tower space, university college centers, office space, parking facilities, research locations and utility purposes.

Reported revenue from leases increased by approximately $8,506 or 2 percent, while the reported cost of leases statewide increased by approximately $49,617 or 3 percent.

Most of the reported increase in revenue is associated with contractual increases in existing leases.

In addition to the normal ebb and flow of lease costs, this year's 3 percent increase is explained primarily by the formalizing of University's lease and operation of long standing 4-H learning centers approved by the Trustees in May, 2012.

**Facilities Management Administrative Review Update.** Mr. Gavin and Mr. Ryan Low, Executive Director of Governmental & External Affairs, provided a brief update on the status of the Facilities Management Administrative Review project. The Project is on schedule and an interim report has been submitted to the Chancellor. The interim report with recommendations will be available at the February 14, 2014 Finance/Facilities/Technology Committee meeting.

**Bond Project Approvals, UMM.** Mr. Gavin and President Cynthia Huggins explained that UMM requested approval to proceed with two facility projects at the University of Maine at Machias with funds from the general obligation bonds approved by voters in November 2013.

The first project is seeking approval to expend up to $680,000 for the repair of the masonry and exterior of Powers Hall, a primary campus building at Machias. The current structure was built in 1936 and is approximately 33,500 gross square feet. It has an estimated Sightlines renovation age of nearly 50 years and an estimated net asset value of 20 percent. The building houses the academic space for the art and music programs, the art galleries, and the performing arts center as well as most of the administration and student services offices. This envelope project will help stem damage to the interior from water penetration and reduce a significant portion of the building’s deferred maintenance. Areas of the exterior currently are cordoned off with safety fencing due to deteriorating masonry. Approximately 88 percent of the cost of the project is bond funding. The remainder is University funds.

The second project seeking approval for the expenditure of up to $600,000 for the renovation and improvement of five laboratories in the Science Building at Machias. The planned upgrade includes the zoology lab, two chemistry labs, the marine biology lab, and the physics lab. The genetics lab was recently upgraded using grant funding and the botany lab was upgraded using a previous State bond. This project will bring all laboratories up to the same standards. The Science Building has approximately 21,000 gross square feet with an estimated Sightlines renovation age of 38 years and an estimated net asset value of 38 percent.

On a motion by Trustee Turner, that was seconded by Trustee Medd, the Finance/Facilities/Technology Committee on behalf of the Board of Trustees approved the expenditure of up to $680,000 for the repair of the masonry and exterior of Powers Hall at the University of Maine at Machias, including up to $600,000 in bond funds, and also approved a project for the expenditure of up to $600,000 in bond funds for the renovation and improvement of laboratories in the Science Building at Machias.
Morse Field Scoreboard Upgrade, UM. Ms. Janet Waldron, Senior Vice President for Finance and Administration at UMaine, explained the University of Maine requested approval of the Finance, Facilities and Technology Committee to expend up to $800,000 to upgrade the scoreboard at Morse Field and add high definition replay for officials at Alfond Arena. The project will be funded by a generous gift of $750,000 from Mr. and Mrs. Phil Morse with the remainder to be funded either by additional gifts or institutional funds.

The project will include: replacement of the current scoreboard at Morse Field with a replay scoreboard and video marquee; installation of a new static scoreboard at the north end of the Field; control system installation in the adjacent Alfond Arena; and tie in to the control system with equipment necessary to provide high definition replay for officials in Alfond Arena. The intent is to complete the purchase and installation by fall 2014.

Morse Field is the location of the university's football field and outdoor track. In addition to college track meets and football games, the university also uses these facilities to host the Special Olympics, high school track meets, high school football games including state championship games, and many other community events. The upgraded scoreboards will improve the fan and athlete experience for all of these events as well as increase the ability to attract other venues and potential students.

By installing the new scoreboard control system in Alfond Arena, the university is also able to enhance the replay system in the Arena. This enhancement enables the university to meet a recent change in Hockey East requirements to provide high definition replay for the officials.

On a motion by Trustee Turner, which was seconded by Trustee Medd, the Finance/Facilities/Technology Committee on behalf of the Board of Trustees approved the expenditure of up to $800,000 to upgrade the scoreboard at Morse Field and the replay system at Alfond Arena at the University of Maine, with the cost being funded by gifts and no more than $50,000 in institutional funds.

Relocation of University College of Brunswick, UMA. President Allyson Handley and Ms. Sheri Stevens, Executive Director of Administrative Services, explained that the University of Maine at Augusta is seeking Board approval to enter a new lease that will relocate the University College of Bath/Brunswick to the Orion Building at the former Brunswick Naval Air Station. The proposed new location is approximately half the size and cost of the current location with respect to rent and operating costs. One-time fit-up and occupancy costs at the new site will make the total cost of the new site approximately the same as the current site over the first five years of occupancy in the new location.

The Bath/Brunswick Center has been co-located with Southern Maine Community College for the past ten years at 9 Park Street in Bath. When the Naval Air Station was closed, the Community College was awarded the right to use several buildings for educational purposes. The Community College has been offering classes both in Bath and on the former base for the past few years.

The Community College is vacating its space in Bath in June 2014. The University lease in Bath expires in June 2014. The University's intention would be to relocate to Brunswick at that time and thereby remain co-located with the Community College. This University College center currently serves approximately 350 students and SMCC is serving approximately 500 students in the Bath/Brunswick region. The University and College have been providing educational programming to the Bath/Brunswick region for more than ten years and have worked collaboratively to share resources, offer complementary programming, and student services.
This relocation will result in a reduction in operating costs as the total square footage of the proposed location is 6,160 feet less than the current location. The University is currently paying more than $130,000 annually for the space in Bath. The estimated rent for the new location will be $68,400, a reduction of approximately 48 percent with the actual rent to be determined on final square footage. The Orion Building wing will need renovations to address the University's classroom and office space requirements. The renovations and relocation costs will be paid for by the University at an estimated cost not to exceed $300,000, which will be paid for from savings in the operating budget and University College reserves. The total cost including one-time costs will be approximately $642,000 over the initial five years or approximately $68,000 per year on an operating cost basis excluding the one-time costs. Averaging the one-time costs across the first five years of occupancy results in a total cost that is approximately the same as the cost of remaining in Bath, though with a substantial estimated reduction in annual operating costs, the benefits of new space, a landmark location, and the advantage of remaining co-located.

On a motion by Trustee Medd, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee forwarded to the next Consent Agenda of the Board of Trustees for approval the authorization for the University of Maine System acting through the University of Maine at Augusta to lease approximately 6,800 square feet at the Brunswick Naval Air Station for a period of five (5) years, with the option to renew for one additional five (5) year term and to terminate its lease in Bath. The final terms, including rate, associated costs and other terms, shall be negotiated by the University of Maine at Augusta in the best economic interest of the University, subject to review and approval by the University of Maine System Vice Chancellor of Finance and Administration and General Counsel.

**Natural Gas Conversion, UMF.** Mr. Gavin and Ms. Laurie Gardner, Executive Director for Finance and Administration explained that UMF requested approval to contract for the delivery of natural gas to the University of Maine at Farmington and to enter other such agreements as may be necessary to make the infrastructure improvements on campus to consume that energy in lieu of heating oil. This project is estimated by outside energy specialists to save the University $4 million over ten years, to have a simple payback of less than five years, and to generate a positive operating cash flow potentially as soon as its first year of operation, with the final fiscal impact to be determined by the final plans and agreements for this project. The option being pursued by the University also was determined by third-party energy advisors to have the highest estimated net present value.

This request is a follow-up to the prior approval granted by Trustees to proceed with a non-traditional public solicitation for the conversion of UMF and other campuses which currently use heating oil to instead use more cost-effective energy sources. As previously described, this agreement is not expected to be a traditional design, bid, build construction agreement but rather is expected potentially to involve an energy services agreement or other alternative contracting methods. In part, this is because the natural gas pipeline is yet to be built and the agreement will involve the University benefiting in facility improvements on campus while paying for those improvements from its energy savings rather than as an up-front capital investment of University funds.

The total facility investments to be made by a third-party on campus are expected to be in the $2 million to $4 million range. While the University does not currently expect to expend those funds directly or up-front, Trustee approval is being sought as described because of the overall scale of the initiative. This request follows a publicly-advertised solicitation in which the University selected Summit Natural and Trane U.S. Inc. to carry out this project at UMF. Summit’s role will be focused on providing natural gas service to the campus. Trane’s role will be focused on the work needed to convert University facilities to use natural gas instead of heating oil.
On a motion by Trustee Medd, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee forwarded to the next Consent Agenda of the Board of Trustees for approval the authorization for the University of Maine System acting through the University of Maine at Farmington to enter such agreements as may be necessary but not to exceed a term of 15-years to secure the delivery of natural gas to the campus and the facility improvements on campus necessary to consume that energy. The final terms, including rate, associated costs and other terms, shall be negotiated by the University of Maine at Farmington in the best economic interest of the University, subject to review and approval by the University of Maine System Vice Chancellor of Finance and Administration and University Counsel.

TECHNOLOGY ISSUES

Review of Projects with a Value of $250,000 or Greater. Mr. Richard Thompson, Chief Information Officer, reviewed the Information Technology projects with a value of $250,000 or greater. Projects that are currently on-time include the following:

- USDA Rural Utilities Services Grant: Distance Learning Technology Project
  - This project is on schedule and will conclude in March 2014.
  - New equipment has been ordered and will be phased in over the spring semester.
- Facilities Software Project – Integrated Workplace Management System
  - This project is on schedule and the implementation of the property and space module for all campuses is scheduled for January 2014.
- MaineStreet Solutions Data Warehouse Project
  - This project is at completion and is in production.

Chief Information Officer Report on Implementation Activities of the Information Technology Administrative Review Recommendations and Savings. Mr. Thompson provided an update on the implementation activities of the Information Technology Administrative Review recommendations and savings as follows:

- The governance improvements and other changes with resulting savings have been accrued in FY2014.
- Unification of Information Technology Services is planned for spring and summer of 2014.
- Several Information Technology policies are being reviewed and updated.
- Learning Systems Committee has been established to focus on academic technologies and will be chaired by a faculty member.

Information Security Update. Mr. John Forker, Chief Information Security Officer, provided an update on Information Security. The Information Security Department quarterly distributes phishing tests. The most recent test was distributed to 6,000 individuals on December 15. Trustee Johnson suggested that the UMS use this test as a learning tool for the staff at UMS.

Adjournment.

Ellen Doughty for
Tracy B. Bigney, Clerk of the Board