

UNIVERSITY OF MAINE SYSTEM

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

October 30, 2019

Finance/Facilities/Technology Committee

Present: Committee Members: Samuel Collins, Chair Pro tem; Timothy Doak, James Donnelly, Trevor Hustus, James Erwin, Patricia Riley, Gregory Johnson (by phone), David MacMahon, and Kelly Martin. **Chancellor:** Dannel Malloy. **Presidents:** Becky Wyke (by phone), Joan Ferrini-Mundy, Edward Serna, Raymond Rice, and Tex Boggs. **Faculty Representative:** Clyde Mitchell. **System Staff:** Ellen Doughty, Chip Gavin, Ryan Low, Miriam White, James Thelen, David Demers, Dan Demeritt, and Tracy Elliott. **Other Participants:** Claire Strickland, Ben Shaw, Carolyn McDonough, Pam Ashby, Buster Neel, Nancy Davis Griffin, Kimberly Whitehead, Alec Porteous, Kenda Scheele, and Laurie Gardner.

Committee Members Absent: Mark Gardner.

Trustee Collins, Chair Pro tem, called the meeting to order and welcomed everyone.

Projects with a Value of \$250,000 or Greater. Chief Information Officer Dr. David Demers provided information on projects with a value of \$250,000 or greater.

Classrooms for the Future project completion has increased from 94% in August 2019 to 95% complete in October 2019. The revised budget of \$4.945 million for the project reflects the additional \$582,730 allocation provided from project contingency funds, which has allowed for additional sites and rooms to be included in the project. Work has been completed for most campuses and the remaining work is scheduled to be completed during Winter break. Final room scoring/assessment is scheduled to be completed by the end of November. Additionally, there is high anticipation for additional funding to complete the full series of projects.

The Wireless Infrastructure project completion has increased from 90% complete in August 2019 to 92% complete in October 2019. The revised budget of \$13.2 million reflects the additional \$415 thousand in contingency funds that will be infused back into the project. A revised schedule has been developed with USM facilities management to complete cabling by June 2020. UMF underground fiber replacement, along with projects at UMFK, UMPI, and USM have recently been completed. Current work includes the lighting fiber infrastructure project at UMF, along with additional projects at UM and USM. Because of budgeting constraints, UMS IT is not able to remove all of the aged architecture on campuses. This means that UMS will have to maintain parallel wireless networks for a period of time due to phased funding. There is high anticipation for additional funding to complete this effort.

The MaineStreet Improvements project report shows that the Campus Solutions (CS) upgrade to move from version 9.0 to version 9.2 is 100% complete and the Peoplesoft User Experience (UX) enhancement project remains at 15% complete as of October 2019. Both of these projects work in tandem to enhance the overall core Peoplesoft environment that the UMS students, faculty, and staff use on a daily basis. The upgrades will make the program much more mobile friendly and add additional automations. All components of the 9.2 upgrade were successfully completed and the project is officially closed. UMS IT is evaluating a project surplus of (\$436,064). The PeopleSoft

TEST environment has been updated to support the HighPoint CX application testing. UMS IT is engaged in weekly meetings with the vendor to finalize the implementation timeline and strategy. Managing change in navigation and interface for the MaineStreet environment is still a concern.

The VoIP Implementation for UMF, USM, and UMPI are underway. The project is 37% completed at UMF and 10% completed at UMPI. At UMF the priority is focused on moving lines off the legacy Avaya system. A timeline is in place to convert phones in all but 3 buildings by end of December and scheduled infrastructure upgrades will facilitate completion of the remaining buildings. At UMPI cabling is scheduled for the end of October and additional cabling is being planned for Preble Hall, Normal Hall, and South Hall. At USM they are currently migrating users to a new voicemail (VM) system to support handset conversion to VoIP. The Glickman Library VM conversion has been completed and internet phone (IP) handset rollout is being scheduled. Two areas of concern are the on-going probability of future failures of legacy phone systems at UMF/USM and the poor network infrastructure on both campuses posing challenges to the project timeline.

MBA – Reduction Non-Resident Tuition Rate. UMS Vice Chancellor for Finance, Administration & Treasurer Mr. Ryan Low provided information on the UMS request to reduce 2020 non-resident tuition rates to \$775 per credit hour. The current out-of-state tuition rate is at \$1466 per credit hour and with a 2.5% increase for Fall 2020, it would put it over \$1500 per credit hour. After a tuition/cost analysis, Vice Chancellor Low recommends a non-resident tuition rate reduction to \$775 per credit hour which would yield positive net revenue and positively influence increased credit hour production from non-resident students.

On a motion by Trustee Doak, which was seconded by Trustee Riley, the Finance, Facilities and Technology Committee agreed to forward this item to the October 30, 2019 Special 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 MBA – reduction in non-resident tuition rate to \$775 per credit hour effective Spring 2020.

FY2020 Proposed Operating Budget Revisions. Vice Chancellor Low presented information on the FY2020 Proposed Operating Budget Revisions. Based on current enrollment projections, each university was given the opportunity to review their FY2020 budget (approved by the Board of Trustees in May 2019) and submit a revised budget for approval, if warranted. The University of Maine's amended budget was approved at the September Board meeting. The Universities of Maine at Farmington, Fort Kent, and Presque Isle are requesting FY2020 budget amendments as follows:

UMF had a reduction of 3,274 budgeted undergraduate credit hours (2,011 or 4.3% in-state and 1,263 or 12.9% in out-of-state). This revised budget reflects a 0.9% increase when compared to FY2019 actual credit hours and a 6.9% reduction when compared to FY2019 budgeted credit hours. The revised financial budget reflects a \$1.8 million reduction in E&G revenue (tuition and financial aid) and \$0.3 million in expenses. UMF's approved E&G budget was balanced by the utilization of \$500,000 in budget stabilization funds. The revised budget results in a \$1.5 million deficit after the utilization of the budget stabilization funds.

UMFK had reduction of 3,599 budgeted credit hours (2,191 or 11.8% in-state, 198 or 3.7% out-of-state, 502 or 46.9% Academic Partnerships, and 708 or 15% Early College). This revised budget reflects a 9.3% reduction when compared to FY2019 actual credit hours and a 16.6% reduction when compared to FY2019 budgeted credit hours. The revised financial budget reflects a \$0.9 million

reduction in both E&G revenue (tuition and financial aid) and expenses; therefore, UMFK is continuing to budget positive E&G operating results of \$0.4 million.

UMPI had a reduction of 1,541 budgeted credit hours (557 or 13% in Early College and 1,434 or 41.3% in Academic Partnerships). This revised budget reflects a 4.2% reduction when compared to FY2019 actual credit hours and a 13.7% reduction when compared to FY2019 budgeted credit hours. The revised financial budget reflects a \$0.7 million reduction in both E&G revenue and expenses; therefore, UMPI is continuing to budget an E&G operating deficit of \$0.2 million which is offset by the Auxiliary budget.

The revised credit hours (including UMaine's previously-approved adjustment) for the University of Maine System total 672,267 or 14,937 less than originally budgeted. The revised total credit hours are 1.3% above FY2019 actual credit hours and 0.5% below FY2019 budgeted credit hours.

On a motion by Trustee Martin, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the October 30, 2019 Special 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 revised FY2020 Operating Budget for Universities of Maine at Farmington, Fort Kent, and Presque Isle.

UMS Energy Financing Addendum & Funding USM ESCO Project. UMS Vice President for Finance and Controller, Ms. Tracy Elliot provided information about the University of Maine System request to add an Energy Equipment Addendum to its Master Equipment Lease/Purchase (MELP) Agreement with Banc of America (BOA) Public Capital Corp. The Addendum will allow the financing of energy equipment which BOA broadly defines to include items affixed to property like lighting, insulation, wiring, windows, roofing, and heating, ventilation and air conditioning (HVAC). The Board of Trustees (BOT) approved the initial MELP with BOA at its September meeting. The MELP contract term is three years with options for two additional one year-renewals. The Addendum is being requested at this time to enable financing of up to \$1,900,000 for Energy Services Company (ESCO) projects on the University of Southern Maine's (USM) Gorham campus. The USM ESCO project was approved by the Board at its November 2018 meeting.

The ESCO Scope of Work consists of an Investment Grade Audit (IGA) of Bailey and Anderson Halls, which will generate a final Project Proposal that presents a package of Energy Conservation Measures (ECMs) and infrastructure improvements. The ESCO will then proceed to construct/implement the proposed improvements. Trane was selected as the ESCO by the University to carry out the work and engage in an ESPC (Energy Savings Performance Contract). One notable change since the Board approved this project is that Trane's investment grade audit (IGA) came in at \$17,000 which was less than the \$25,000 estimated. However, to achieve further energy savings, USM increased the scope of the IGA contract to include three permanent meters - an electrical and thermal at Bailey and a thermal at Anderson, increasing the cost to a total of \$53,000. Additional changes are that with the IGA approximately 30% complete, the savings may be slightly lower than the 25-35% previously estimated based on preliminary RFP numbers and the timeline of the project has been pushed back approximately six months.

On a motion by Trustee Donnelly, which was seconded by Trustee Riley, the Finance, Facilities and

Technology Committee agreed to forward this item to the Consent Agenda at the November 17-18, 2019 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorizes the University of Maine System to add an Energy Addendum to its Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp for the financing of energy improvements including those related to Energy Services Company (ESCO) projects. Further, that the Board of Trustees authorizes the University of Southern Maine to fund an ESCO project on its Gorham campus, for Bailey and Anderson Hall energy improvements, using this financing arrangement, for up to \$1,900,000.

Real Property Disposition, UM. UM Chief Business Officer, Ms. Claire Strickland provided information on UM's request to dispose of the University's interests in certain real property at 1 Baxter Lane and 3 Baxter Lane in Orleans, Massachusetts with the proceeds to be deposited in the Ralph L. Demont '39 Oceanographic Studies Fund at the University of Maine, per the wishes of the deceased donor. On February 22, 2019, the University of Maine System, through the University of Maine, was delivered deeds for a 50 percent interest in two properties to be shared with the Friends of Orleans Council on Aging, by the will of Ralph L. Demont of 3 Baxter Lane, Orleans, MA. The Friends of Orleans Council on Aging has expressed a desire to dispose of its interest in the property at the earliest opportunity that it and the University of Maine System might utilize the proceeds of sale to support their individual missions. As of October 16, 2019, the house at 1 Baxter Lane is occupied by a prospective buyer, under a short-term use agreement and a purchase and sale contract is in place with the prospective buyer subject to the approval of the resolution. The purchase and sale agreement provides for a sale price of \$180,000 in cash. The property at 3 Baxter Lane remains listed for sale.

On a motion by Trustee Erwin, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the October 30, 2019 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 to approve receipt of deeds for, and authorizes the sale of, two properties located in Orleans, Massachusetts, with proceeds of sale to be shared 50 percent with the Friends of Orleans Council on Aging and the University's portion of the proceeds to be deposited in the Ralph L. Demont '39 Oceanographic Studies Fund in accordance with the last will and testament of the donor, subject to review and approval of the final terms and conditions by the University's General Counsel and Treasurer.

Lease Authorization Request, UM. UM Associate Vice President and Senior Associate Dean of Students, Ms. Kenda Scheele provided information on UM's request to enter into a ground lease for as long as 50 years with the Chi Omega House Corporation for property located at 109 College Avenue, Orono, Maine. The primary purpose of the lease is the prospective construction of a building and provision of housing accommodations for active chapter members of the sorority. The structure to be built on the land and will be owned by the house corporation and subject to the terms of the ground lease with the University. The lease potentially would be effective as soon as December 1, 2019, at an annual rent of \$1 for a fifty-year term, with the option to renew. The renewal terms would be negotiated at the time of the renewal. The site is currently vacant with no permanent structures. It is the former site of the Kappa Sigma fraternity house which burned down

decades ago. The Chi Omega House Corporation's goal is to have their building built within 5 years if not sooner pending their securing of financing and appropriate approvals.

On a motion by Trustee Donnelly, which was seconded by Trustee Erwin, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the November 17-18, 2019 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 to enter a ground lease for the land at 109 College Avenue, Orono for the term of as long as fifty years with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel.

Real Property Disposition & Relocation, USM. USM Chief Operations Officer Nancy Griffin provided an overview of the USM plan to relocate its Lewiston/Auburn College (LAC) to downtown Lewiston. The details of the plan include selling real property at 51 and 61 Westminster Street, Lewiston, Maine, which together comprises the current LAC campus, with the intention of using the proceeds consistent with University policy and Maine law to relocate to a smaller and more advantageously located area for students in downtown Lewiston, Maine.

The Lewiston-Auburn campus, with a headcount of 374 students, encompasses approximately 20 acres in an industrial park and is located at the west edge of the Town of Lewiston, Maine. There is one building comprising 63,531 assignable square feet. During the USM Master Planning process, data was collected by third-party advisors related to space utilization and space needs for all three USM campuses. The consultants provided space utilization data that showed that only 38 to 40 percent of the LAC building is being used Monday – Friday during normal business hours. The main factor for the underutilization of space at LAC is the transition to online courses. The academic programs housed at LAC now offer a majority of their courses online.

USM has a new academic vision for LAC and it aligns with Maine state workforce needs and the hospitals and health care facilities in Lewiston and Central Maine. Relocating LAC to a downtown location would allow for stronger academic partnerships with local healthcare agencies and for a reduction of square footage. The new academic vision for the USM Lewiston-Auburn campus would allow for an increase in online academic programs and an increase in health care academic programs (physical therapy, more nursing program options, etc.). This new focus would assist USM in growing student enrollment online and face-to-face. In short, USM would like to reduce the square footage of space it is maintaining at LAC and would like to select a site that is more pedestrian and student friendly. This proposed move would allow an opportunity for USM and UMA to reach more than 500 employees of local business companies now working in the revitalized Lewiston mills and downtown area and to better serve the citizens in the Greater Lewiston, Auburn, and Central Maine communities.

Trustee Collins explained that this agenda item was original scheduled to be an action item for the Committee but was changed to an information only item during the Committee meeting. The Committee requested that USM provide additional information on the disposition and relocation of LAC before presenting this item for approval at a future Finance, Facilities, & Technology Committee meeting.

UMA Erskine Hall Lease Extension, UMA. UMA Interim Chief Business Officer, Mr. Buster Neel provided information on UMA's request to amend the current lease with Mastway Development, LLC (also known as SC – One, LLC and SC – Erskine, LLC) to extend the existing five year term to seven years for the Erskine Building located at 2 Coos Lane, Hallowell, Maine. The current five-year cost is \$1,925,150 (slightly less than originally projected). The proposed seven-year lease would

have a total cost of \$2,709,110. At its July 15, 2019 meeting, the Board of Trustees approved a five year lease with Mastway Development, LLC to add as many as 48 additional beds for student housing to be ready for occupancy in August 2020. Subsequently, after additional discussions with Mastway Development, LLC, it was determined that it would be advantageous to both parties to extend the lease from five years to seven years. This extension will coordinate the lease terms with those affiliated with Stevens Hall, the first student housing project occupied in August 2019 and which is now fully occupied. This extension also allows UMA to lock in favorable lease rates over the seven-year period. The proposed effective date of the full lease is August 1, 2020.

On a motion by Trustee Doak, which was seconded by Trustee Donnelly, the Finance, Facilities and Technology Committee agreed to forward this item to the Consent Agenda at the November 17-18, 2019 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorize the University of Maine System acting through the University of Maine at Augusta to enter into a lease amendment with Mastway Development, LLC or its successor organization to extend the existing lease from five years to seven years duration at a total cost over the seven year period of \$2,709,110 subject to review of the final terms and conditions by the University General Counsel and Treasurer.

Capital Project Status Report and Bond Projects Update, UMS. UMS Chief General Services Officer Mr. Chip Gavin provided and UMS Director of Capital Planning and Project Management Ms. Carolyn McDonough provided an overview of the Capital Projects and Bond Projects reports. The Capital Projects report reflects a total of 20 projects; two projects have been removed since the previous report, and one new project has been added to the report. The additional project is UMA's Handley Hall HVAC System Upgrade project, for which the Board approved a budget of \$575,000 in September 2019.

The special portion of this report calling out only bond projects now reflects twenty-five projects in progress. These projects are currently estimated to account for just over \$30.7 million of the \$49 million in voter approved general obligation bond funding and just over \$3 million of that has been expended. Supplemental funding is being leveraged for some of these projects and the total estimated project value across all funds currently stands at more than \$34 million, including the bond funding. Twenty of these bond projects do not have budgets that meet the threshold for Board of Trustees consideration. Two of the projects, UMA's Augusta Welcome Center and USM's Nursing Simulation Lab currently have approved budgets below the Board of Trustees threshold, as noted, but, as planning progresses, those full budgets will exceed Trustee threshold and they will be brought forward for timely Trustee consideration.

As a result of a public request for a qualifications process earlier this year five firms were deemed most qualified to deliver the proposed USM Portland campus Public Private Partnerships (P3) housing project and were shortlisted to advance in the solicitation process. A request for proposals was issued to the shortlisted group of firms in early August. Proposals were due on September 20th and four firms submitted a proposal. In addition to the P3 project underway at USM, alternative delivery/P3 projects are being explored at many of the other campuses as well. UM is exploring the opportunity to utilize a P3 structure to renovate some of their existing unoccupied historic buildings. UMF and UMPI are exploring opportunities to improve their residential facilities through P3.

Additional information about the meeting can be found on the Board of Trustees website:
<http://staticweb.maine.edu/wp-content/uploads/2019/10/MtgMat-FFT-103019-rev-103019.pdf?0fa197>

Adjournment.

Heather A. Massey for
Ellen N. Doughty, Clerk