

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

Zoom Meeting
March 3, 2021

Finance/Facilities/Technology Committee

Present: Committee Members: James Donnelly, Chair; Timothy Doak, Sam Collins, Mark Gardner, David MacMahon, Trish Riley, Emily Cain, James Erwin, and Kelly Martin. **Chancellor:** Dannel Malloy. **Presidents:** Joan Ferrini-Mundy, Edward Serna, Ray Rice, and Glenn Cummings. **Faculty Representative:** Clyde Mitchell and Harlan Onsrud. **System Staff:** Ryan Low, Ellen Doughty, Robert Placido, James Thelen, Chip Gavin, Tracy Elliott, Jeff St. John, and David Demers. **Other Participants:** Joanne Yestramski, Leigh Saufley, Laurel Hyle, Carolyn McDonough, Stewart Harvey, Jake Ward, Betsey Sawhill, Laurie Gardner, Christine Wilson, Emily Morris, Debbie Roark, Debra Poodry, Liam Riordan, and Ainsley Wallace.

Committee Members Absent: None.

Trustee Donnelly, Chair, called the meeting to order and welcomed everyone. The Clerk performed a roll call of the Committee members present.

EXECUTIVE SESSION

On a motion by Trustee Gardner, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Finance, Facilities and Technology Committee agreed to go into Executive Session under the provision of:

- 1 MRSA Section 405 6-C to discuss the condition, acquisition or disposition of real property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the UMS.

On a motion by Trustee Riley, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Committee concluded Executive Session.

Following the Executive Session, Chair Donnelly reconvened the public meeting. The following items were discussed:

Proposed Changes to Board of Trustee Policy 803 Naming of Physical Facilities

Trustee Mark Gardner provided a brief update on the status of the proposed changes to Board of Trustees Policy 803 – *Naming of Physical Facilities*. After discussion of the C.C. Little Hall name change at the September 2020 Board meeting, Chair Erwin appointed an Ad Hoc Working Group for the Naming of Physical Facilities and charged them with drafting a change to Board of Trustee Policy 803 or developing a new policy to provide guidance and consistency for new naming opportunities or removal of names. Members of the Ad Hoc Group are Trustee Mark Gardner, as Chair; Trustee Emily Cain; Ainsley Wallace, USM Foundation President & CEO; Liam Riordan, UM Professor; and Ellen Doughty, Clerk of the Board. The Ad Hoc Group met several times to review the current policy, discuss the Little Hall Task Force Report, and examine naming policies from other university systems. The Ad Hoc Group developed a revised draft Policy 803 and distributed it to key stakeholders for feedback, including Presidents, General Counsel's Office, and UM and USM Foundation and Development staff members. The feedback received has been incorporated into the proposed Policy. The proposed changes were presented at the January 6th Finance, Facilities, & Technology meeting and the January 25th Board of Trustees meeting as an information item. Following this meeting, the proposed changes to Board Policy 803 will be forwarded to the March 22nd Board of Trustees meeting for final approval.

On a motion by Trustee Erwin, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the March 22, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee, and approves the proposed changes to Board of Trustees Policy 803 Naming of Physical Facilities, as presented.

Neville Hall Renovations, UM

Stewart Harvey provided information on the UM request to spend up to \$1,500,000 to renovate classrooms and associated systems in Neville Hall located at the University of Maine. Funding for this project will come from the 2018 State Bond approved by Maine voters. Neville Hall presently consists of lecture halls, classrooms and offices with one Active Learning Classroom. The spaces serve the English and Math Departments as well as campus scheduled classes. The building renovations are expected to be done in phases over the next few years. Phase 1 proposed renovations would change three first floor classrooms into one Active Learning Classroom, making it the second Active Learning Classroom in the building. The renovations will also include multiple classrooms on the upper floors improving the learning environment. Collaborative spaces will also be developed as part of the renovation. The renovations will also include the addition of a sprinkler system in the building and upgrades to the toilet facilities, which have not had a major renovation since 1974. Other activities involved in the renovations include classroom furnishings, HVAC, plumbing, electrical, fire alarm, Audio Visual and IT upgrades. The design is ongoing with Phase 1 construction anticipated to commence in the Spring of 2021 with anticipated completion by Fall 2021. All renovations are expected to be complete by Fall of 2022. The recorded Sightlines Net Asset Value (NAV) for this building is 50%. No added operational expenses are expected as a result of this renovation.

On a motion by Trustee Riley, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the March 22, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee, and authorizes the University of Maine System acting through the University of Maine to expend up to \$1,500,000 of State Bond funds on the Neville Hall Renovations.

Approval of FY2020 Maine Economic Improvement Fund Annual Report

UM Vice President for Innovation and Economic Development Jake Ward provided an overview of the FY2020 Maine Economic Improvement Fund (MEIF) Annual Report. Maine statute requires the University of Maine System to provide an annual report to the Governor and Legislature each year. In addition to listing the annual financial data, we also include an assessment of the achievement of the annual goals and objectives, and a summary of the research and development projects that have been funded. In FY2020, the State's \$17.35 million MEIF investment was leveraged at a rate of 5.3 to 1 by UMS campuses for an additional \$92.4 million in federal and private-sector grants and contracts in the seven sectors. MEIF funds and leveraged external grants and contracts funded the work of 575 researchers and technicians, and 1,221 graduate and undergraduate students. These grants and contracts provide funds to purchase major equipment to upgrade and outfit university laboratories. Maine's public universities secured 11 new US patents and 65 associated foreign patents, worked on development projects with large and small businesses and start-ups, and provided R&D support to 324 companies and individuals. Mr. Ward explained that as 2021 begins, the availability of effective COVID-19 vaccines developed with previously unheard of speed and coordination between government, private enterprise, and the academy is a powerful reminder of the importance of sustained investment in science and research capacity. But even with vaccines rolling out, the pandemic's financial toll continues to reverberate through our economy. Here in Maine, public universities will play a central role in accelerating economic recovery and long-term resiliency by expanding the human capital and

innovation that will catalyze recovery, growth, and greater prosperity for the people of this state. Increasing investment in research through public sources like MEIF and federal grants and contracts also creates opportunity to leverage up to \$150 million in private grants awarded to UMS in October 2020 by the Harold Alfond Foundation. Unlocking these additional transformational investments will be critical to realizing the System's full potential for Maine, including the incredible impact of the UMS research enterprise.

On a motion by Trustee Cain, which was seconded by Trustee Gardner, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the March 22, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee, and approves the 2020 Maine Economic Improvement Fund Annual Report as presented.

Interim Financing Resolution

Vice President for Finance & Controller Tracy Elliott provided a brief overview of the UMS interim debt financing resolution information. UMS engaged its financial advisor, Public Financial Management (PFM), to assist with a Request for Proposals (RFP) from qualified financial institutions to provide interim debt financing to fund capital needs prior to revenue bonding that will later be issued by the UMS or prior to the receipt of revenues such as gifts or State capital appropriations. PFM and System staff evaluated the seven responses received and agreed that TDBank's solution best met UMS' financing needs providing flexibility at competitive rates. PFM summarized their observations and recommendations and that information was provided to the Trustees prior to the meeting. Highlights of the recommendation include:

- Pursue the fixed rate loan alternative in lieu of the line of credit based on the extremely low fixed rates available relative to the economics of the line of credit.
- Consider a taxable financing option for ease of execution, lower tax diligence upfront, and less post issuance compliance risk given the relatively tight spread between the taxable and tax-exempt rate offers.
- Consider a 1-2 year term for the appropriate capital need currently estimated at \$43 million.
- Revisit the analysis in the fall to determine the best strategy for the second wave of financing needs - continue with additional interim financing for capital projects, issue revenue bonds, or a combination of both.
- Continue negotiations with TDBank with the intention of finalizing the agreement this spring.

On a motion by Trustee Cain, which was seconded by Trustee Martin, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the March 22, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee, and authorizes the University of Maine System to finalize negotiations with and to execute a loan agreement with TDBank for short term capital financing needs.

Financing Project Resolution, UM Ferland Engineering, Education and Design Center (EEDC)

Ms. Elliott provided an overview of UM's request to finance costs for the new Ferland Engineering Education and Design Center (EEDC) Project on the Orono campuses. The Board has approved a total budget for this Project of \$72 million to date. This total is expected to cover facility construction costs with an additional approval anticipated in the future to finalize the expenses related to final fit out such as furniture, equipment and IT fixtures in the building. The total final project budget is currently projected to be approximately \$78-\$80 million. Building construction began in the Spring of 2020 for this approximate 108,000 gross square foot facility. Project costs will be funded largely by University revenue bonds supported by State debt service

funding, privately raised funds and other resources as identified by the University. A Financing and Project Resolution including Reimbursement of Project Expenditures was provided to the Committee members prior to the meeting. This detailed Resolution complies with Treasury Regulations for this intended tax exempt bonding and allows for the use of interim financing prior to issuance of such debt. As stated in the resolution, the revenue bond issuance shall not exceed \$45 million. Such maximum amount allows for any applicable capitalized interest, reserves, cost of issuance, and any changes in interest rates or use of taxable bonds. The UMS legal debt amount currently outstanding is approximately \$120 million as of March 1, 2021 and, with this issuance, will remain below the statutory ceiling for UMS debt of \$350 million.

On a motion by Trustee Gardner, which was seconded by Trustee Erwin, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the March 22, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee, and approves the Financing and Project Authorization resolution for the University of Maine Ferland Engineering, Education and Design Center project on the Orono campus with a maximum principal amount of debt of \$45,000,000.

Rolling Capital Master Plan, UM

Vice Chancellor for Research & Innovation/UM President Joan Ferrini-Mundy, Vice President for Finance and Administration Joanne Yestramski, Executive Director of Facilities and Capital Management Services Stewart Harvey, and Planning Consultant Facilitator Debra Poodry provided an update on the UM Rolling Capital Master Plan. The plan provides information concerning the UM growth strategy for the next decade and the impact of the Harold Alfond Foundation (HAF) transformational grant to realize this growth strategy. There is a generational opportunity to align UM's capital plant and processes with its forward, post pandemic, changed climate, academic, research and economic environment. UM had a record breaking year and four year growth trends in research and development. With the projected continued enrollment growth, UM will need to update its facilities to accommodate the growth and to provide modern learning facilities. The presenters provided information on how the UM Capital Rolling Master Plan will help UM to realize the goal of becoming a modern research university that can reach R1 status. UM's goal is to capture opportunities over time to create an intentional renewed physical setting for the current and next generations of UM facilities. This will be achieved by maximizing effective use of state/federal grant funds, available debt capacity, and fundraising capacity in support of capital goals. Additionally, UM will utilize Public Private Partnerships as appropriate and fully funded depreciation and space management, including space reduction. The presenters also provided a brief overview of the roughly \$700 to \$900 million UM 10-year spending plan to achieve these goals. In addition, this presentation served as a brief to the Board on proposed HAF capital projects which all exceed \$5 million and require a three step approval process, with the first step being to present information items in anticipation of future action or approval. The two HAF capital projects for facility expansion and improvements are the Maine College of Engineering, Computing, and Information Science project, with a \$50 million HAF/\$50 million UMS match and Black Bear Athletics project, with a \$90 million HAF/\$20 million UMS match. An overview and status update for both of these projects was provided to the Committee.

Capital Project Status Report and Bond Projects Update, UMS

UMS Director of Capital Planning and Project Management Ms. Carolyn McDonough provided an overview of the UMS Capital Project Status and Bond Project Status reports. The Report reflects a total of 18 projects; three projects have been removed and no new projects has been added since the last report. While many projects continue to move forward at this time under the various provisions of state and federal pandemic

guidance, some impacts continue. Three of four projects previously placed on hold remain so. The viability of and alternative options for these projects will continue to be reviewed for potential future resumption.

The Bond Project Status Report reflects 35 projects. One project was removed from the list as the funding sources changed and no longer included bond funds. The projects are currently estimated to account for more than \$39 million of the \$49 million in voter approved general obligation bond funding. About \$12 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 approximately \$60 million, including the bond funding and other project resources. UMS continues to invest in additional projects as well. Twelve of the bond projects are complete and another one is substantially complete.

Harold Alfond Foundation (HAF) Grant funded projects

Earlier this year it was announced that UMS was awarded \$240 million of HAF grant funds to be disbursed over the next twelve years. Within the overall grant are funds intended to pay or secure bonded debt for various construction or renovation projects as well as align and improve specific academic areas and functions. There is also a significant match requirement for these funds. The System has set up a core team including Financial and Capital Planning personnel to manage the roll out of these funds and related projects. These projects will be included in updates to the regular capital planning process including the one year and long-term capital plans. More information is expected to be presented to the Board in the coming months.

UM Historic Building P3 initiative update

UM continues to pursue a Public Private Partnership opportunity for reuse of the historic Coburn and Holmes Halls. An update regarding this will be presented as part of the UM Rolling Master plan informational agenda item.

USM Structured Parking update

USM and CPPM continue to work with the selected design team on the final location and form of a structured parking facility for the Portland campus to align with the requirements of the new residential facility. A thorough review of possible sites for the structure was completed over the winter months. The design team will begin the permitting process and continue the design over the next few months with the intent to bring forward an updated agenda item at the next Board meeting in May. The project remains on schedule to be completed prior to the residence hall completion in 2023.

Update to UM Ferland Engineering Education & Design Center (EEDC) Project:

Construction is ongoing and the final structural beam was placed along with a beam topping ceremony on February 12th. Metal deck installation will continue through February, and as temperatures rise, exterior framing and interior concrete and rough in work will begin.

Gordian (Sightlines) FY2020 Annual Facilities Report, UMS

Sightlines Account Manager, Ms. Emily Morris provided an overview of the 2020 Sightlines Annual Facilities Report. UMS Gross Square Footage (GSF) and density are commensurate with FY2019 data. Space continues to age. Over the next 10 years the UMS will face dual waves of life cycles coming due. Capital investment into existing space to keep up with these lifecycles, despite increasing in FY2020 is not able to slow the aging process of System assets. Energy consumption decreased across the UMS as campuses shuttered due to COVID-19. Service process improves with the UMS Work Order Management System AIM; however, opportunities to increase communication to customers and campus use of reporting exists. Student enrollment has decreased 11% since 2006. UMS density has decreased to 329 users per 100 thousand GSF in FY2020, which remains below the higher education public school average. UMA is only institution above Sightlines' public-school average. UMS' facilities age profile is older than other public institutions. Over half of all UMS space this year has reached a renovation age of 50 years old or older, and UMS is on pace to see that grow to 60 percent by 2025. UMS needs to plan now for major life cycle

replacements in these buildings. Residential space has the largest amount of space over 50 years old. UMPI, UM, UMM, and UMF have the highest risk based on age profile over 25 years old. The measures of condition or quality of UMS facilities such as renovation age and net asset value are not expected to measurably improve overall until and unless substantially more financial investment is consistently made in existing facilities each year. Total capital investments saw an increase of \$8.4 million in FY2020 and was at its highest level since FY2016. UMS' gap in investment against peer systems decreased to \$1.27/GSF in FY2020. UMS fell \$20.8 million short of annual investment target for FY2020. UMS is aging and will face a series of life cycles coming due. These life cycles will require investments for replacement/updates in the next 10 years and will be competing for the same resources. UMS will need \$50-\$60 million each year to slow the aging process and mitigate deferred maintenance. UMS has an opportunity to improve customer satisfaction and reporting consistency through the work order process. Campuses facilities should work to understand what data helps tie capital needs to operational costs in a manner that is easily communicated to those outside of facilities.

Housing Public Private Partnership (P3), UMF and UMPI

UMPI President Ray Rice, UMPI Executive Director of University Advancement and External Affairs Debbie Roark, UMF President Edward Serna, UMF Vice President for Student Affairs Christine Wilson and UMF Chief Business Officer Laurie Gardner provided information on the proposed UMF and UMPI Housing Public Private Partnership (P3) project. UMF and UMPI have been working with P3 consultant Brailsford & Dunlavey to explore scenarios to strategically address challenges and needs within their respective housing systems. Both universities' housing reinvestment plans must improve the physical condition and operational efficiency of their housing systems to generate positive cash flow that will support renovation and maintenance projects. UMF and UMPI propose that the most efficient way to achieve this outcome is to replace existing residence halls that have high deferred maintenance needs with highly efficient new student housing developments. The new student housing developments capture new market and generate new revenue that results in the positive cash flow needed to reinvest in other existing residence halls. Both universities plan to commence their reinvestment plans with a new student housing development that will open in Fall 2023. Both universities are currently pursuing a P3 model to finance and deliver the new student housing projects. They decided to pursue a joint solicitation for a potential private development partner as their housing needs were similar and bundling the projects would provide a scale of projects which would be more marketable to developer communities and result in efficiencies that would benefit the campuses. The project schedule includes initiating a request for qualifications (RFQ) in March to gauge interest in the project from potential developers followed by a request for proposal (RFP) with the intent of selecting a partner and negotiating a contract over the summer of 2021. Board of Trustee approval will be sought prior to final commitments and agreements being executed for any selected firm(s). Design would be completed by Spring 2022 with construction taking place between Spring 2022 and Summer 2023.

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

The Classrooms for the Future project completion is 99% as of February 2021. 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. UMA will combine remaining contingency funds and RUS grant funds to update several rooms during winter break and into Summer 2021. Room selection is underway for the remaining contingency funds available for UM and UMPI. There is still high anticipation for Phase II funding needed to complete the remaining rooms.

The Classrooms for the Future (CFTF) Web-Conferencing Project is 93% complete as of February 2021. The budget for this project is \$2.564 million. This project was added to address the need for expanded availability of web-conferencing and video recording capabilities across UMS. Winter break work has been completed with the exception of some rooms that are on hold. Documentation has been added to completed

rooms and reassessments will take place in the near future. Additional equipment and classroom upgrades are being considered with remaining funds. The concern for this project is the availability of equipment and resources needed to complete the work.

The Wireless Infrastructure project is 99% complete as of February 2021. The revised budget of \$13.2 million, reflects an additional \$415,000 in contingency funds. The project work is complete at UMA, UMF, UMFK, UMM and UMPI. A few punch list items that remain for Facilities Management are being finalized at UM and no additional work is planned. Cabling work in Sullivan Gymnasium at USM is complete and NetworkMaine is working to finish the building. Work continues at the USM Lewiston-Auburn Campus in coordination with phone upgrades. Evaluation of fiber infrastructure is underway at USM as additional upgrades are considered. USM will continue to have to maintain parallel wireless networks for a period of time due to phased funding and there is still 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 is at 85% complete as of February 2021. This project has a total budget of \$1.1 million. Recently completed work includes an update of HCX in production environment, demonstrations/information sessions with staff and faculty in preparation for UMM pilot, and the completion of student and staff support documentation and video. Additionally on January 4th the “New MaineStreet Experience” pilot launched for UMM (Student Self-Service). In progress work includes outreach to students regarding their user experience feedback and preparations for point release updates of HCX in production. There is some concern around managing change in navigation and the interface for the MaineStreet environment.

The VoIP Implementation Project for UMF, USM, and UMPI continues to progress. The overall budget for this project is \$1.599 million. The project is currently 99% completed at UMF, 73% completed at UMPI and 46% completed at USM. At UMF, final removal and cleanup of old system is pending contingent of availability of resources. The cost-benefit analysis is underway to determine the use of remaining funds and the project end date has been extended. At UMPI, South Hall and Campus Center cabling is complete and phones have been deployed. The current focus is on completing phone deployments and clean up and decommissioning of the old system during the Spring semester. At USM, the process has slowed due to lack of available resources; however, the aim is to accelerate the project over the next several months. 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.

The Brightspace Learning Management System (LMS) Implementation project with a budget of \$1.61 million is 100% complete as of February 2021. Brightspace from Desire2Learn replaced Blackboard Learn, with a modern, mobile friendly, cloud-based platform. With the project complete, the final project report is being finalized and it will be presented at the May Finance, Facilities, and Technology meeting.

The ERP Assessment project with a budget of \$275 thousand has a completion of 96% as of February 2021. This is the third step in a four step process to evaluate the UMS MaineStreet (Peoplesoft) ERP to identify functional gaps and opportunities to support unified accreditation by development of a road map or “Repaving MaineStreet”. Questionnaires, workshops, and current state assessments have been completed for key UMS departments. Dr. Demers is reviewing Huron’s draft roadmap recommendations and the unified accreditation vision as it pertains to that roadmap. Next, Dr. Demers will review the draft roadmap recommendation with the Vice Chancellor for Finance & Administration and the finance team. Going forward, Huron will present the draft roadmap recommendations to the UMS President’s Council and finalize the roadmap recommendations to deliver in the final report. Additional funding will be needed to support the final step of this project.

The Northern Ring Optical Equipment Refresh Project with a total budget of \$275 thousand has a completion of 24% as of February 2021. This project was approved by Trustees at the September 2020 Board meeting and its purpose is to replace the optical network equipment supporting MaineREN's Northern Ring in order to meet the advanced network requirements of the research and education institutions of downeast and northern Maine. Site surveys are complete with 6 sites ready for upgrades, 5 waiting for electrical upgrades/UPS installations and 2 waiting for final testing and sign off. All equipment has been ordered and shipments began in early February. The contractor will begin scheduling installation in early March and migration of services will begin when installations are complete. Current concerns are Northern Maine winter weather impacting the schedule and the availability of equipment and human resources.

Additional information about the meeting can be found on the Board of Trustees website:
<https://www.maine.edu/board-of-trustees/meeting-agendas-materials/finance-facilities-technology/>

Adjournment.

Heather A. Massey for
Ellen N. Doughty, Clerk