

UNIVERSITY OF MAINE SYSTEM  
Board of Trustees Meeting

Zoom Meeting  
October 27, 2021

**Finance/Facilities/Technology Committee**

**Present: Committee Members:** Trish Riley, Chair; Peggy Rotundo, David MacMahon, James Donnelly, Roger Katz, Emily Cain, James Erwin, Timothy Doak, Mark Gardner, and Kelly Martin. **Chancellor:** Dannel Malloy. **Presidents & Dean of the Law School:** Leigh Saufley, Joan Ferrini-Mundy, Joe Szakas, and Glenn Cummings. **Faculty Representative:** Clyde Mitchell. **System Staff:** Ryan Low, Ellen Doughty, Robert Placido, James Thelen, Darla Reynolds, Miriam White, Tracy Elliott, Jeff St. John, and David Demers. **Other Participants:** Joanne Yestramski, Carolyn McDonough, Betsey Sawhill, Brad Noyes, Jim Goodrich, Stewart Harvey, Jake Ward, Alec Porteous, and Ainsley Wallace.

**Committee Members Absent:** None.

Trustee Riley, 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 Doak, 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 Donnelly, 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 Riley reconvened the public meeting. The following items were discussed:

**Parking Garage Increase Authorization, USM**

USM President Glenn Cummings and USM Chief Business Officer (CBO) Alec Porteous provided an overview of the USM request to spend up to \$23,000,000 for the construction of a new parking garage on the University's Portland campus. The Board approved an initial spend of up to \$1,200,000 in March of 2020, so the current request reflects an increase in authorization of \$21,800,000. The planned June 2023 opening of a new 580-bed residence hall on the campus, as well as the loss of more than 200 spaces due to campus redevelopment and the City of Portland roundabout project, requires additional parking options for students, faculty and staff members. The proposed 510 space garage would account for projected new parking demand related to the new Portland Commons Residence Hall and for surface parking spaces eliminated during construction of the facility. USM proposes utilizing a combination of cell tower rental, pouring rights, solar energy savings, parking fee, increased transportation fee, and conference premium revenue streams to fund the debt service for this project. USM is following the City of Portland Planning Board process. USM attended a City of Portland neighborhood meeting and

workshop in September. At least one additional workshop is expected prior to a final hearing. A traffic movement permit is also needed and USM is pursuing that concurrently with overall permitting. The bid selection is expected to start in December with groundbreaking expected in Spring 2022. The construction schedule calls for a project completion in advance of the opening of the new Student Success Center and residence hall. USM selected Desman Design Management through a competitive procurement process as the design consultant and advisor for the parking garage. Extension of the existing parking garage by Wishcamper Hall was selected as the most desirable location among the four sites that were evaluated on campus.

On a motion by Trustee Donnelly, 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 November 15, 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 Southern Maine acting through the University of Maine System to increase the authorization by \$21,800,000 to a total of \$23,000,000 to construct a new, 510-space parking garage adjacent to the existing parking garage on the University of Southern Maine's Portland campus. Additionally, that the Board authorizes the increase in square footage of up to 168,508. Funding for this project will be from University issued Revenue bonds, and other University resources to be identified.

**Increase Authorization, USM Center for the Arts**

This item was withdrawn prior to today's Committee meeting.

**Adaptive reuse of Coburn and Holmes Halls – Public Private Partnership Authorization, UM**

UM Vice President for Innovation and Economic Development Jake Ward and UM CBO Joanne Yestramski provided an overview of the UM request to complete negotiations and enter into a Definitive Agreement for a public private partnership (P3) with Radnor Property Group LLC (Radnor or Developer). The P3 agreement will include a ground lease of the properties surrounding Holmes and Coburn Halls and the buildings proper for 99-years with ownership returned to UM at the end of the 99 years and with purchase options after 25, 50, and 75 years. The result of the P3 will be the adaptive reuse of Coburn Hall and Holmes Hall, unused facilities on the Orono Campus, into a combined 93-bed on-campus boutique hotel. To complete the reuse Project, the development team proposes to renovate both buildings as well as build an addition of approximately 24,800 square feet to Holmes Hall. The Developer is estimating this endeavor to cost approximately \$22 million. Annual rent paid to the University will begin at \$30,000 with a 5% escalation factor every five years.

The total Project costs are estimated to be \$22 million. The Developer intends to obtain both historic tax credits and new market tax credits to reduce the amount of up front capital they will need. Since the eligibility of the new market tax credits for the Project is not certain, the University agrees to contribute up to \$1.7 million in funding should those credits prove unavailable. The university would cover these costs through auxiliary reserves and annual capital budgeted expenditures. Trustee Donnelly and Trustee Cain expressed their support for the project.

On a motion by Trustee Cain, which was seconded by Trustee Rotundo, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the November 15, 2021 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 pursue a public private partnership through a 99-year ground lease and Definitive Agreement with Radnor Property Group, LLC for the building redevelopment of Coburn Hall and Holmes Hall, a 24,800 square foot addition to Holmes Hall, and to expend the amount of up to \$2,000,000 for the development and University incurred consulting and legal expenses for the Project. All final terms and conditions shall be subject to review and approval by General Counsel and the University Treasurer.

**Talent, Research & Innovation for Maine (TRI-Maine) – Maine Jobs and Recovery Program**

Vice Chancellor of Finance and Administration Ryan Low and Vice Chancellor for Research and Innovation/President of UMaine Joan Ferrini-Mundy updated the Finance, Facilities & Technology Committee on the status of the Maine Jobs & Recovery Program. Governor Mills' plan to invest 1.1 billion in American Rescue Plan Relief will provide UMS with the \$35 million. UMS will invest the Maine Jobs & Recovery Plan funds to accelerate the talent development, research and innovation necessary for Maine's equitable recovery, long-term economic growth and global competitiveness. UMS's key considerations in selecting TRI-Maine projects relate to consistency with the American Rescue Plan intent, alignment with the State's 10 year economic and Maine Jobs & Recovery plans, alignment with UMS strategic priorities, the ability to leverage other investments such as UMS TRANSFORMS, rapid Return of Interest for Maine and UMS students, and fit/eligibility both federal and state. UMS must submit a business case for each project to the State for determination of alignment and eligibility. The first part is due October 29<sup>th</sup>. \$4 million will go to the TRI-Maine Small Campus Initiative, which is intended for innovative initiatives that directly support student career preparation, retention, and success in areas of key State workforce needs. UMS is reviewing initiatives to invest a portion of the \$35 million in ways that will directly address the pandemic impact on the State and UMS.

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

The Classrooms for the Future project is 99% complete. The project has a revised budget of \$4.945 million. Final classroom assessments are to be completed this Fall. This project is nearly closed.

The Classrooms for the Future (CFTF) Web-Conferencing Project is to address the need for expanded availability of web-conferencing and video recording capabilities across UMS. The project is 99% complete and has a total budget of \$2.563 million. Final classroom assessments are to be completed this Fall. This project is nearly closed.

The VoIP Implementation Project for UMF, USM, and UMPI continues to progress; however, Covid-19 impacts have delayed the project timeline. The overall budget for this project is \$1.599 million. The project is currently 99% completed at UMF, 100% completed at UMPI and 76% completed at USM. The UMPI project is complete. The UMF project is nearly complete. At USM, work is focused on converting remaining analog phone extensions. Delayed electronic components expected in December, which means there minimal progress made at USM due to telecom tickets and return to campus needs.

The UMS Wireless Infrastructure project work has a total budget of \$13.215 million and is 99% complete. Work has been completed at all campuses except USM. Final fiber infrastructure work at USM will be scheduled pending available material supply.

The ERP Assessment project has a budget of \$275 thousand. The project is 100% complete and has provided the framework for the Repaving MaineStreet Initiative. 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.

The Repaving MaineStreet Project with a budget of \$16.8 million, is just beginning and is about 1% complete at this time. The project is for reimplementation of Campus Solutions SIS, implementation of cloud-enabled HR and Finance solutions to support Unified Accreditation, address UMS strategic priorities, and promote operational efficiency. Recently completed work includes review and planning meetings with functional area groups, functional demos of Oracle cloud solutions (HR), and development of the initial draft Request for Quote (RFQ) for an Implementation Partner. Upcoming work includes functional demos of Oracle cloud solutions (Finance/Budgeting), RFQ kick-off for an Implementation Partner, and project budget planning and setup.

The MaineStreet User Interface Enhancements project is 99% complete. This project has a total budget of \$1.15 million. Testing and technical application of HCX point release updates alongside PUM regulatory updates were recently completed. Technical assessment and problem solving to address unanticipated vendor software changes was also completed. Work in progress includes coordination of project closeout activities, additional assessment and planning for enhanced Financial Aid solution, technical development to support continuous improvement of the student experience, and initial planning for implementation of the Schedule Builder program.

#### **Capital Project Status Report and Bond Projects Update, UMS**

Director of Capital Planning and Project Management Carolyn McDonough provided an overview of the UMS Capital Project Status and Bond Project Status reports.

The report reflects a total of 21 projects reflecting one addition and one deletion since the last report. Note that the project highlighted in yellow (UM's UMEC project) is intended to reflect current P3 projects. Additional P3 projects will be similarly highlighted moving forward as they are added. In addition to the Board approved projects with values greater than \$500,000 the Capital Projects Status Report now includes a separate list of all projects related to the Harold Alfond Foundation Grant, regardless of dollar value. This additional report is a work in progress, and it will continue to be fine-tuned with improved information over the next few months. While the number of Board approved projects has remained in the range of about 20 for the past few years, the total dollar value of these approved projects, at over \$200 million, has increased nearly four times the value seen just two years ago. Projects continue to move forward at this time; however, previously reported pandemic related impacts continue to be an issue. Various material shortages and delays continue, causing potential schedule and cost impacts to projects.

The special portion of this report calling out only projects funded with the 2018 State bonds reflects fifty-one (51) projects; an increase of three projects and the removal of one project. The projects are currently estimated to account for approximately \$45 million of the \$49 million in voter approved general obligation bond funding. Over \$15 million of that has been expended.

#### **UMF and UMPI Residential Housing P3 Initiative:**

UMF is doing a comprehensive analysis of financing options for the construction of new student housing and renovation of existing student housing and continues to analyze the viability of that path forward. Due to declining enrollment in a "post COVID" world as well as significant expenses for other capital projects on the campus, UMPI has decided to take a strategic pause on moving forward with this project. An addendum to the solicitation has been posted to remove UMPI from the scope of work of the RFP. UMPI plans on revisiting their needs in the near future.

### **University of Maine System Borrowing Authority**

Vice Chancellor Low provided an update on University of Maine System borrowing authority, including history, statutory caps and current and future borrowing capacity. Committee Chair Riley explained that she asked Vice Chancellor Low to provide this information to provide Trustees with some initial information about how borrowing supports UMS priorities, particularly the Gordian priorities. Additionally, to provide information about UMS finances repayment of bonds, knowing that initiatives that fund bond repayment are also dollars that could replenish a budget shortfall. Vice Chancellor Low explained that the System has many ongoing and future construction projects. These projects are funded by operating funds, general obligation bonds, university debt services, appropriations, private public partnerships (P3), fund raising, and university revenue bonds. In many cases the projects are funded using a combination of the aforementioned sources. Vice Chancellor Low provided a brief description of revenue bonds, State general obligation bonds, bond anticipation notes, and P3 capital project financing options. He also provided an overview of the history of UMS borrowing authority from 1987 when the UMS borrowing authority was set in State statute through 2021. In 1989, an \$18 million borrowing cap was established for UMS. The cap was raised at a fairly even pace through 2005 and in 2019 the borrowing cap was raised substantially to \$350 million through a bipartisan legislative vote. UMS asked the legislature to add new language to the statute to exclude third party debt services payments from the borrowing cap and the request was approved with the Governor's budget this cycle. Vice Chancellor stated that the System is incredibly grateful to the Governor and legislature for approving this request, which has allowed UMS to move forward with some substantial projects. The UMS total long-term debt is currently just over \$165 million and with the new language added to the statute, approximately \$43 million of that debt is excluded from the UMS debt borrowing cap. Vice Chancellor Low stated that UMS performs the same due diligence to ensure the debt can be repaid whether the project is counted towards the cap or not. He explained that UMS tracks and accounts for projects throughout the multi-year process of completion as well as projects that are planned for the future such as the UMF residence hall project mentioned earlier in the meeting. Vice President of Finance and Controller, Tracy Elliott added that over the next five years approximately \$56 million in UMS debt will be paid off.

Trustee Erwin asked if the System has any funding within the borrowing limit that would cover catastrophic infrastructure lost, past what insurance would cover. Vice Chancellor Low stated that he would reach out to the UMS Risk Management Office and provide information about this question at a future meeting.

There was some discussion about what criteria Trustees should use when making a decision about project approval at future meetings. The consensus of the group leaned towards using a combination of data from the annual Gordian report, campus master plans, and UMS space reduction initiative. Chancellor Malloy stated that his team is working on collecting data on debt, borrowing, and infrastructure maintenance and construction from peer higher education institutions to help guide the System as well.

### **Other Postemployment Benefits (OPEB)**

Vice Chancellor Low and Ms. Elliott provided a brief presentation regarding the UMS OPEB history and funding. OPEB are benefits other than pensions that U.S. state and local governments provide to their retired employees. These benefits principally involve healthcare benefits, but also may include life insurance, disability, legal, and other services. Ms. Elliott provided an overview of the UMS OPEB Trust history, which included details about the effects that GASB 45 (implemented in FY2008) and GASB 75 (implemented in FY2018) affected UMS OPEB. The UMS total OPEB negative expense (or income) for FY2021 is approximately \$46.4 million. This amount is listed in the annual financial report as a reduction of operating expenses in the institutional support line. The cause for the OPEB negative

expense for FY2021 was the adoption of the Aon Retiree Healthcare program, which was utilized by approximately 40% of UMS retirees in 2021. Although savings were achieved, the transition to Aon was a difficult process for retirees, Trustees, and the System. Prior to today's meeting, Trustee Riley asked Ms. Elliott to reach out to Aon to provide information on UMS retiree satisfaction with the Aon program. Aon reported that 90% of UMS retirees were satisfied with their benefits advisor and 93% were satisfied with their customer service support experience. Due to the OPEB negative expense, UMS total OPEB liability jumped from 64% funded as of June 30, 2020 to 111% funded as of June 30, 2021, meaning that UMS was able to recoup just over \$49 million of the \$89.6 million in losses realized from adoption of GASB 75. Vice Chancellor Low stated that the OPEB savings that Ms. Elliott explained will have a direct positive effect on FY2022 and FY2023. He explained that the savings will be realized by each campus and that health insurance is and continues to be one UMS' largest expenses. Even a change in 1% of health insurance premiums covered by the System has a big impact.

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