

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

Zoom Meeting
September 15, 2021

Finance/Facilities/Technology Committee

Present: Committee Members: James Donnelly, Chair; Peggy Rotundo, David MacMahon, Trish Riley, Roger Katz, Emily Cain, James Erwin, 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, Chip Gavin, Tracy Elliott, Jeff St. John, and David Demers. **Other Participants:** Joanne Yestramski, Carolyn McDonough, Betsey Sawhill, Buster Neel, Brenda McAleer, James Kaupilla, Jacob Olsen, Mark Hutton, Gretchen Catlin, and Peter Drown.

Committee Members Absent: Timothy Doak and Mark Gardner.

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 Martin, 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 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 Cain, which was seconded by Trustee Rotundo, 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:

Financing Authorization Resolution for Airplane Acquisition, UMA

UMA Interim President & Provost Joseph Szakas, UMA Dean of the College of Professional Studies Brenda McAleer, and UMS Vice President of Finance & Controller Tracy Elliott provided an overview of UMA's financing authorization resolution request for an airplane acquisition. The University of Maine at Augusta anticipates financing an airplane for its Private Flight course using the existing Banc of America Public Capital Corp tax-exempt Master Lease Financing Agreement. The airplane vendor is Cirrus Design Corporation, a Wisconsin company, identified through Request for Proposal # 2021-038. The total contract price for the airplane including options is \$498,090. The vendor requires a 10% deposit at the time of contract, 15% six months prior to delivery, and the remaining balance at delivery which is estimated to be in February 2022. A Financing Authorization resolution and a Reimbursement of Project Expenditures resolution for this airplane acquisition was provided to the Committee prior to today's meeting. The resolution will enable the University to be reimbursed for expenditures, including expenditures made for this project within 60 days prior to approval of this resolution.

Trustees raised questions about increased liability for UMS and the possibility of recouping funds used to purchase the plane through increased enrollment. UMS Risk Manager Gretchin Catlin explained that UMS already owns one plane and that additional insurance will be purchased to cover this plane. UMA Chief Business Officer (CBO) Buster Neel explained that UMA does anticipate increased enrollment in the flight program to offset the cost of purchasing the plane. Trustee Martin explained that she is excited about this opportunity for UMA and the System and expressed her support in moving forward with the plane acquisition.

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 September 27, 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 resolution entitled, “Financing Authorization” and “Reimbursement of Project Expenditures” for the University of Maine Augusta acquisition of an airplane with a maximum financing principal amount of debt of \$499,000.

300 Fore St. Renovation and Fit Out, University of Maine and University of Maine School of Law

Chancellor Dannel Malloy and Dean of the Maine Law School Leigh Saufley provided an overview of the Maine School of Law request to expend \$6,000,000 for design and initial fit out of the space at 300 Fore Street in Portland. The current request is for \$6,000,000 to perform design and initial fit out of the space. With the lease of 300 Fore Street to house the University of Maine School of Law as well as the Maine Professional and Graduate Center, the Graduate School of Business, and other University of Maine departments, changes to the space are needed in order to accommodate the classrooms, student collaboration space and faculty and staff offices. The building is currently designed and laid out in a call center type fashion and includes minimal classroom space or enclosed/private office spaces which are needed for the effective function of the uses planned in the new space. The current request is anticipated to complete the fit out for key student-centric floors and spaces, mainly on the ground floor and first three floors of the building. The final cost of the full renovations is still unknown as schematic level layout and system evaluation is ongoing, however the goal is to reuse the facility in its existing state to the extent possible and to minimize these costs, while assuring a professional building. The current request is to cover design of the layout, purchase of some existing furniture and fixtures from the lessor, permitting and substantial renovation through January of 2022. The total cost of the fit out and renovation will be fine-tuned as the Construction manager at Risk (CM) comes on board. Additional costs and savings will be identified as the CM works collaboratively with the architect. Value engineering will be employed; however, a future request for an increase to this amount is anticipated. Funding will come from the Bobby Monks & Bonnie Porta gift to Maine Center Ventures for Maine Law/Maine Center occupancy of 300 Fore Street and other gifts to be identified as well as funding sources identified by the Treasurer and Chancellor. The project is currently in design after a conceptual layout/plan was complete in July. The selection of a construction manager at risk is underway and expected to be complete by early September. Design will continue with construction work to take place as soon as feasible. The current goal is to occupy and hold classes here at the start of the Spring 2022 semester.

On a motion by Trustee Cain, which was seconded by Trustee Katz, and approved by a roll call vote of all Trustees present, the Finance, Facilities, and Technology Committee agreed to forward this item to the September 27, 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 and the University of Maine School of Law acting through the University of Maine System to expend \$6,000,000 for the design, permitting and initial fit out of space at 300 Fore Street Portland. The funding sources will be gifts and other sources as identified by the Vice Chancellor for Finance and Administration and Treasurer and the Chancellor.

Lease Authorization request, UM, 167 Fore St., Portland, Maine

Chancellor Malloy, UMS Vice Chancellor for Research and Innovation & President of the University of Maine (UM) Joan Ferrini-Mundy, and UM Senior Operations Manager Peter Drown provided an overview of the UM request to enter into a lease with 167 Fore LLC for 5,236 square feet of office space at 167 Fore Street, Floors 6 and 3, Portland, Maine to use as a U.S. person-only secure facility for approximately 13 research staff from the University of Maine Advanced Structures and Composites Center (ASCC). Research conducted at this facility is funded primarily by U.S. Department of Defense contracts. The proposed duration of this lease is for 3 years with two 5-year extension options with an initial monthly rate of approximately \$10,800, triple net. The location in Portland enables the ASCC to draw on the talent in the Southern Maine area to help tackle challenging engineering and design problems for US Government customers. In March and April, significant physical and security enhancements were completed on the office suite to permit the start of secured work. Over \$80,000 in enhancements have been made to the space to provide secured network access and meet all physical security requirements from UMS Chief Information Security Officer, UM Chief of Police and the Office of Research Compliance. The initial rent equates to a cost per square foot of \$24.75 (triple net), which is on-par with commercial real estate lease rates in this part of Portland. Rent will be renegotiated at the time of any extension. Cost related to the lease will be recovered via the indirect rates charged to federal research contracts. Funding is available and unencumbered.

On a motion by Trustee Riley, which was seconded by Trustee Katz, 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 September 27, 2021, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities and Technology Committee and authorizes the University of Maine System acting through the University of Maine to enter into a lease agreement for up to 5,236 square feet of space at 167 Fore Street, Portland, Maine for up to 13 years and at a cost of up to \$129,591 per year plus expenses for the initial 3-year period; to be funded with federal research indirect rate charges; with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel.

Bennett D. Katz Library HVAC Enhancement, UMA

UMA CBO Buster Neel provided an overview of the UMA request to spend up to \$1,100,000 to enhance the mechanical heating, ventilation, and air conditioning systems at the Bennett D. Katz Library as a prevention measure for the spread of COVID-19. The overall project budget is \$1,100,000 to be funded by monies allocated to UMA through the Higher Education Emergency Relief Fund (HEERF). UMA has \$5,387,150 of HEERF monies available for a variety of institutional non-student aid needs. HEERF guidelines specifically allow for minor remodeling projects to monitor and suppress coronavirus, including the installation or renovation of HVAC systems to help with air filtration to prevent the spread of COVID-19. The new system will replace the central air handler with a Dedicated Outdoor Air (DOAS) energy recovery unit. This unit will provide 100% outside air for ventilation

throughout the functional space with no recirculation among spaces. The DOAS unit will be sized with capacity to provide 50% more ventilation air than the base requirements set forth by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard and it meets the current ASHRAE guidelines to prevent the spread of COVID-19. It is estimated that this project will increase the building Net Asset Value from 38% to 57%. The project is scheduled to begin after fall semester, with completion in the summer of 2022.

On a motion by Trustee Katz, 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 September 27, 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 at Augusta to expend up to \$1,100,000 of Higher Education Emergency Relief Fund monies to enhance the HVAC system of the Bennett D. Katz Library.

Handley Hall HVAC Enhancement, UMA

CBO Neel provided an overview of the UMA request to spend up to \$1,230,000 enhance the mechanical heating, ventilation, and air conditioning systems at Handley Hall as a prevention measure for the spread of COVID-19. The overall project budget is \$1,230,000 to be funded by monies allocated to UMA through HEERF and E&G funds. In September, 2019, the Board of Trustees approved an HVAC project at Handley Hall with a budget of \$575,000. As the pandemic unfolded, UMA placed the project on hold and contracted with Allied Engineering on additional needs related to preventing the spread of COVID-19. The original project will now be cancelled. \$1,200,000 of HEERF monies will fund the remaining work to be done. \$30,000 of E&G monies will cover design work previously completed. The new system will replace the central air handler with a Dedicated Outdoor Air (DOAS) energy recovery unit, just like in Katz Hall. Also similarly, this unit will incorporate MERV13 filtration to capture and remove contaminants from the air. Again, the filtration is in line with current ASHRAE guidelines to help prevent the spread of COVID-19. It is estimated that this project will increase the building Net Asset Value from 79% to 90%. The project is scheduled to begin after fall semester with completion in the summer of 2022.

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 Consent Agenda at the September 27, 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 at Augusta to expend up to \$1,200,000 of Higher Education Emergency Relief Fund monies and up to \$30,000 of E&G monies to enhance the HVAC system of Handley Hall.

Lease Authorization Request, UM, Gartley Farm Presque Isle

UM Associate Dean for Research Mark Hutton and UM CBO Joanne Yestremski provided an overview of the UM request to extend a lease with the Heirs of George and Marcia Gartley, for roughly 80 acres at Houlton Rd, US Route 1, Presque Isle, Maine. The current lease began in 2018 for three years with one three year renewal option. The lease did not receive Board approval at the time of the original

agreement. This authorization will allow the lease to be extended to the full six year term, through April 30, 2024. The University of Maine has been leasing the parcel of land in question since the 1970's. The lease provides the University with 80+/- acres of cropland for research on breeding and developing new, improved potato varieties. This request is pursuant to Board Policy 801 – Acquisition of Real Property, which requires leases with a total value of \$100,000 or more or a term of 5 years or more to be considered by the Board of Trustees or its Finance, Facilities and Technology Committee. The proposed duration of this lease is for 6 years and rent is \$6,500 per year. In this case, the requirement is in regards to the duration of the lease and approval is within the purview of the Committee.

On a motion by Trustee Riley, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Board of Trustees acting through Finance, Facilities, and Technology Committee, authorized the University of Maine System acting through the University of Maine to extend a lease with the Heirs of George and Marcia Gartley through Hannah Gartley, leasing a total of 80 +/- acres on the Houlton Rd in Presque Isle, for six years, through April 30, 2024. All final terms and conditions of the lease will be subject to review and approval by the University of Maine System Treasurer and General Counsel.

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 work was completed for the Fall 2021 term and 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 98% complete and has a total budget of \$2.563 million. Installations have been completed at all campuses. Final classroom assessments are to be completed this Fall. This project is nearly closed.

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 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 75% 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. Failure of the legacy Nortel phone system at USM forced reprioritization of project resources to restore service to the campus. The USM project timeline is to be reassessed in September.

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 final review and approval of the Huron ERP Assessment report and completion of opportunity review and planning meetings with functional area groups in September. Upcoming work includes functional demos of Oracle cloud solutions (HR, Finance/Budgeting), Request for Quote (RFQ) for an Implementation Partner, and project planning/activity mapping.

The MaineStreet User Interface Enhancements project is 98% complete. This project has a total budget of \$1.15 million. The “New MaineStreet Experience” (MaineStreet Student Center) has been launched for all students. New quick access buttons have been deployed on the UMS portal (for students, faculty, advisors) and video walkthroughs for faculty/staff have been published. A utility for advisors to replicate the student view (“Act as User”) for advising and training has been introduced. The support documentation for students, faculty, and staff has been updated. UMS IT has enabled the ability for faculty to enter grades in Brightspace LMS to push to MaineStreet. Upcoming work includes planning for implementation of additional modules, including Schedule Planner and Schedule Builder.

FY2022 Finance, Facilities & Technology Committee Work Plan

Vice Chancellor for Finance and Administration Ryan Low stated that the FY2022 Finance, Facilities, & Technology (FFT) Committee Work Plan was reviewed with Trustee Donnelly and Trustee Riley and a draft work plan was provided in the meeting materials. He noted that a few changes have been made to the work plan including adding a special FFT Committee meeting in April to provide an extra opportunity for Trustees to hear the proposed fiscal year budget and adding clarification on the key dates associated with the Multi-year Financial Analysis and the Capital Plan. Additionally, a note was added to include university foundations in the discussion when the Annual Report on Gifts, Fund Raising, & Endowment is presented in November. Committee work plans are reviewed and adjusted annually and then forwarded as information to the following Board of Trustees meeting.

Trustee Riley asked if Vice Chancellor Low and his team could present information on all of the different bonding capacities available to the System at a future FFT Committee meeting. Vice Chancellor Low stated that he would work with the Chair of the Committee and get this topic added to a future FFT Committee meeting.

Trustee Donnelly stated that this was his last meeting as the Chair of the FFT Committee and he thanked Vice Chancellor Low and his team for providing excellent support to him and the entire committee. He stated that Trustee Riley would be the incoming Chair of the FFT Committee meeting in October.

Renovation through Replacement example, UMFK

UMS Director of Capital Planning and Project Management Ms. Carolyn McDonough provided a recap of the UMFK Enrollment and Advancement Center project as an example of renovation through replacement; resulting not only in a reduced square footage but also an increased Net Asset Value and decrease in deferred maintenance. The Enrollment and Advancement Center (EAC) is a 5,200 square foot facility that houses Admissions, Public Relations, Enrollment Management, and the UMFK Foundation/Alumni offices. The building includes a reception area and two conference rooms as well. This building replaces the functions previously housed in the Madawaska and St. David houses, directly allowing UMFK to remove 7,905 square feet and \$1,485,413 of deferred maintenance. The Madawaska House was removed in 2019 and the St. David House is scheduled to be removed during the fall of 2021. In addition, UMFK committed to removal of the Cyr House, which is 2,514 square feet with \$474,873 of deferred maintenance. Overall, this project provides for a gross reduction of more than 10,000 square feet and a net reduction in footprint of approximately 5,000 square feet. Deferred maintenance and capital renewal needs of \$1,960,286 were also eliminated and a decrease of

approximately \$43,000 in annual operating costs is expected. Pursuant to an estimate prepared for UMFK by Sightlines, the campus Net Asset Value increased from 59 percent to 61 percent. Ms. McDonough explained that this project is an excellent example of one method for addressing the backlog of deferred maintenance on our campuses.

Space Reduction Update, UMS

Ms. McDonough provided an update on the UMS Space Reduction initiative. This update is regarding the effort to constrain facility growth and reduce the space occupied by the University of Maine System with the ultimate goals of better positioning the UMS to recruit and retain talented students, staff, and faculty and to provide affordable, quality higher education. Since 2010 campuses have identified nearly 880,000 square feet of space for removal. To date approximately 318,000 square feet of space has been removed, and with the current and potential future funding, it is expected that the remaining space can be removed in the next five to ten years. At the May 20, 2019 Board meeting, the Board authorized expenditure of up to \$3.4 million (\$1.7 million per year) from the Trustees' Strategic Investment Funds during FY2020 and FY2021 for the reduction of University facility space statewide. Due to the State appropriation curtailment, the amount of funding available was reduced to \$2,550,000. With that funding during FY2020 and FY2021, a total of approximately 73,000 square feet and 11 structures were removed. Earlier this year, Vice Chancellor Low identified State appropriation budget funds which, in addition to the current annual demolition budget, could be used to provide debt service over ten years for an approximately \$14 million bond to be issued in FY2023, contingent upon Board approval. This would allow the System to continue with the campus led demolition and space reduction projects. Since 2019, funding has been identified to provide nearly \$17 million in support of campus space reductions. The amount of space to be removed with this support is estimated to total nearly 650,000 square feet across over 80 structures. Removing these structures eliminates approximately \$80 million in deferred maintenance. The average renovation age of the structures identified for removal is over 65 years old, with a Net Asset Value averaging less than 40%. The removal of this space is expected to slow the increase in the percentage of UMS buildings over 50 years old and the overall renovation age of the System building portfolio. Because of the removals and the addition of newer space, the System Net Asset Value is expected to increase from 53.6% to 56.4% by FY2027.

Capital Project Status Report and Bond Projects Update, UMS

Ms. McDonough provided an overview of the UMS Capital Project Status and Bond Project Status reports. The report reflects a total of 21 projects with no additions or deletions since the last report. Ms. McDonough explained that the project highlighted in yellow on the report (UMaine's UMEC project) is intended to reflect current P3 projects. Additional P3 projects will be similarly highlighted moving forward as they are added. She stated that 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, pandemic impacts continue to cause some issues.

The special portion of the report calling out only bond projects reflects forty-nine (49) projects, which is an increase of four projects since the last report, including three projects at Machias and one for Farmington. 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.

Supplemental funding is being leveraged for some of these projects and the total estimated project value across all funds currently stands at over \$57 million, including the bond funding and other project resources.

Harold Alfond Foundation (HAF) Grant funded projects

The designer selection process in support of the MCECIS Master Plan concluded in July and the selected firm, Perkins Eastman of Boston, Massachusetts in partnership with SMRT of Portland, Maine have begun work. The selection process for design of the UM Athletics projects continues. A final selection is anticipated in September.

USM Portland Development Project

The Portland Commons' site utility and foundations work continues. All new utilities will be at the project site by mid-September. Superstructure framing of the Portland Commons will begin in September and continue for nearly a year. Installation of exterior wall panels is expected to begin in mid-September. Career and Student Success Center site work and foundations continue.

UM Ferland Engineering Education & Design Center Project

All of the interior concrete slabs are in place; all three concrete masonry stairwells are in operation; membrane roofing is nearing 3/4 completion, air handlers and exhaust fans are in place in the penthouse and connection between them and the building systems is in progress; the penthouse and third floor interior wall framing is nearing completion with mechanical, plumbing and electrical rough-in in the third floor walls in progress; Interior wall framing is in progress on the second floor and portions of the first floor; exterior framing, exterior sheathing, vapor barrier installation continues; granite and brick veneer installation is in progress starting on the west side of the building, exterior curtain wall installation and glazing has started; exterior sitework items outside the site fence have been accomplished this summer and sitework activities continue.

Annual Real Estate and Lease Report, UMS

UMS Risk Manager Gretchen Catlin presented an overview of the UMS Annual Real Estate and Lease Report for FY 2021. Board of Trustees Policies 801 – Acquisition of Real Property and 802 – Disposition of Real Property, require an annual report summarizing real estate and lease transactions for the Board of Trustees. During FY2021, UMS did not acquire or sell any real estate. The cost associated with real property leases decreased slightly during the period while the revenue associated with real property leases also declined. This report does not reflect Board actions not yet implemented and does not contain works in progress. As a lessee, UMS is engaged in agreements for uses such as dormitory space, forestland, academic and research locations, recreational fields, parking facilities, and utility purposes. The cost of leasing property in FY2021 was \$1.8 million, which is a decrease of approximately \$30,000 from FY2020. This decrease was primarily due to expired leases that were not renewed. While the cost associated with leasing property decreased in FY2021, the UMS footprint increased by 21,400 square feet. This increase is attributed to new leases entered into for UM and UMA. As a lessor, UMS engaged in agreements covering uses such as research, early education, childcare centers, office spaces, financial institutions, cooperative extension, and cell tower locations. Revenue in FY2021 totaled \$568,540, which was a decrease of \$128,472. This decrease was primarily due to expired leases that were not renewed. As the revenue associated with leasing of UMS property declined in FY2021, the acreage leased increased slightly by 1.71 acres. The square footage decreased by 984 square feet. The pandemic had a minimal impact on leased UMS property, resulting in five leases either being put on hold or terminated due to the covid pandemic. UMS continues to look for ways to decrease its footprint while improving use of its existing spaces. UMS also continues to explore opportunities to increase revenue through leases to third parties for under-utilized spaces at market rates.

Trustee Riley stated that it would be helpful to have a report that shows the totality of UMS lease obligations in comparison to the UMS effort to reduce space over time.

S&P Global Ratings – University of Maine System

Vice Chancellor Low provided a brief overview of the recently issued S&P Global Ratings report. S&P affirmed its AA- rating with a stable outlook for the UMS' revenue bonds, reflecting "the strength of UMS' available resources for the rating category relative to medians and peer institutions." The S&P review team noted UMS' stable outlook ranks better than the negative outlook for the not-for-profit higher education sector which faces short-term challenges of COVID-19 that make enrollment, revenue, operating margins and recovery prospects uncertain. In its overview, S&P assessed UMS' enterprise profile as strong, characterized by our breadth and depth of institutions and assessed our financial profile as very strong, recognizing our healthy financial management policies, a history of slight deficit to break-even operations, and robust available resources while noting significant future debt plans as a limiting factor. Further, UMS' enrollment has remained stable over the past five years despite unfavorable state demographics and strong regional competition. Offsetting the stable enrollment is persistent weakness across demand metrics, with retention, matriculation, and graduation rates falling short of many similarly rated peers. The UMS debt outstanding was approximately \$120 million as of March 1, 2021 and with the subsequent Bond Anticipation Note issuance of \$43 million, remains well below the statutory debt ceiling of \$350 million.

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