

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

Zoom Meeting
October 27, 2021

Special Board of Trustees Meeting

Present: Mark Gardner, Chair; James Donnelly, Vice Chair; Kelly Martin, James Erwin, Trish Riley, Lisa Eames, Roger Katz, Mike Michaud, Peggy Rotundo, Emily Cain, Tim Doak, David MacMahon, and Sven Bartholomew. **Chancellor:** Dannel Malloy. **University Presidents & Law School Dean:** Joan Ferrini-Mundy, Joseph Szakas and Deborah Hedeem. **Faculty & Student Representatives:** Clyde Mitchell and Kennedy Rubert-Nason. **System Staff:** Ryan Low, Ellen Doughty, Carolyn Dorsey, Rosa Redonnett, Jeff St. John, Tracy Elliott, Darla Reynolds, James Thelen and Betsey Sawhill.

Absent: Beth Dobson and Pender Makin.

Wednesday, October 27, 2021

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

EXECUTIVE SESSION

On a motion by Trustee Rotundo, which was seconded by Trustee Michaud, and approved by a roll call vote of all Trustees present, the Special Board of Trustees meeting went into Executive Session under the following provisions:

- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.

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

PUBLIC SESSION

Following the Executive Session, Trustee Gardner, Chair, reconvened the public meeting, welcomed everyone and called the meeting to order. Chair Gardner stated that the meeting was being held via Zoom and being live streamed to YouTube for the public. The Clerk performed a roll call of the Trustees present.

CITIZEN COMMENT

Citizen Comment is a time regularly set aside for comments from the public. Chair Gardner stated that no one signed up to speak for the Citizen Comment by the deadline and correspondence that was sent to the Board Office was distributed to the Trustees. He also reminder everyone that the next opportunity for Citizen Comment will the November 15, 2021 Board of Trustees meeting. The deadline to sign up for Citizen Comment for the November 15th Board meeting will be Friday, November 12th at 5 pm.

ACTION ITEMS

Annual Financial Report for FY2021

Darla Reynolds, UMS Director of Accounting provided a brief overview of the Annual Financial Report for FY2021. She presented a comprehensive review of the FY2021 Annual Financial Report during the Audit Committee meeting just prior to the Special Board meeting. The key factors impacting the FY2021 financial statements included a new accounting standard, bond anticipation notes and

reclassification of Pell all of which did not have an impact on the bottom line. Other factors were operating and endowment investment returns, coronavirus relief funding and change in the other postemployment health (OPEB) plan as well as the substantial impacts from the pandemic. Fortunately for FY2021 from a purely financial perspective the positive factors outweighed the negative impacts enabling the System's financial position to increase by nearly \$113 million. However, the positive factors are not necessarily on going. For example, investment returns can fluctuate greatly from one year to another. Also, although the coronavirus relief funding was greatly appreciated, it did not cover all of the pandemic related losses.

Of the \$113 million increase in net position, \$79 million occurred in unrestricted net position but the System's OPEB plan accounted for \$46 million of the increase and actual investment income in excess of what was budgeted accounted for \$19 million of the increase, leaving \$14 million from various other unrestricted activities.

Ms. Reynolds explained in more detail how the OPEB Plan impacted the FY2021 financial statements. Historically, the System has experienced OPEB as an expense each year. For example, in FY2020 the expense was a \$9.5 million expense. However, in FY2021, the System experienced an OPEB income of \$46 million as changes were made to the benefits offered to retirees age 65 and over. The changes to retiree benefits also helped reduce the overall System's OPEB liability.

The University of Maine (UM) Foundation audit is usually complete in time to include in the UMS audit as a component unit. However, this year due to manpower issues experienced by the UM Foundation auditors, the UM Foundation audit was not complete as of this presentation. The UM Foundation's auditor is expected to provide the final audit to the System by mid-November so the UMS external auditor can complete our audit and issue our final financial statements to the State of Maine by end of November. The UM Foundation has provided to UMS a draft of their financial statements. If the UM Foundation's audit is further delayed and UMS has to issue its financial statements with the UM Foundation's financial statements as unaudited, there will be a disclaimer of opinion to replace the unmodified opinion regarding the Foundation's FY2021 financial statements. This is reflected in the resolution presented to the Board.

Chair Gardner commented that he was pleased to see the change in net position but reminded everyone that a substantial amount was due to one-time circumstances.

The FY2021 Annual Financial Report was presented earlier today to the Audit Committee. The Audit Committee approval the FY2021 Annual Financial Report with a recommendation to forward it to the full Board for the October 27, 2020 Special Board of Trustees Meeting.

On a motion by Trustee Bartholomew, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Board of Trustees accepted the recommendation of the Audit Committee, and approved the FY2021 Annual Financial Report as presented, except that, should the University of Maine Foundation's audit fail to be completed prior to UMS issuing its Annual Financial Report, a disclaimer of opinion would replace the unmodified opinion regarding the Foundation's FY21 financial statements which are included in these draft statements.

University of Southern Maine Presidential Search/President Cummings' Return to Faculty

Vice Chancellor for Strategic Initiatives and Chief Legal Officer James Thelen stated that on October 4, 2021, USM President Glenn Cummings notified the UMS Board and Chancellor in separate letters of his

request and intention to step down from the USM presidency and return to the faculty with tenure, as his presidential contract permits, at the end of June 2022.

Chancellor Malloy seeks authorization to accept President Cummings's request and make arrangements with him for his July 2022 return to the faculty, as well as to launch an appropriate national search to identify an appropriate successor president.

Since receiving President Cummings's notice, work has been undertaken to begin forming a USM Presidential search committee, with constituent groups working to identify representative committee members. UMS System staff are also working to retain a search consultant to lead a national presidential search on UMS's behalf. Important first steps of the search are for the Board to develop the description of the position and related criteria for selecting the President and to formally charge the committee.

Vice Chancellor Thelen provided a summary of pre-search activities already underway. The presidential candidate who is hired will be called upon to advance USM's historic mission and serve its students and the State of Maine by using USM's strengths to strategically collaborate with other UMS universities in the UMS unified accreditation environment. Chair Gardner stated that Trustees Erwin, Eames and Katz have agreed to serve on the USM Presidential Search Committee with Trustee Erwin chairing the Committee. He thanked the three Trustees for agreeing to serve on the Search Committee.

On a motion by Trustee Riley, which was seconded by Trustee Donnelly, and approved by a roll call vote of all Trustees present, the Board of Trustees:

- Approved President Cummings's request to step down from the USM presidency as of June 30, 2022 and return to the faculty with tenure and authorized Chancellor Malloy to make appropriate arrangements with President Cummings related to his return to the faculty, with the expectation that such arrangements will be brought to the Board for final approval before the end of President Cummings's term as president; and
- Approved the preferred characteristics and priorities for the University of Southern Maine Presidential search as discussed, which will be further developed by the Presidential search committee and selected search consultant in a presidential profile to be used for the national search. When charging the committee, Chancellor Malloy will transmit the UMS Board of Trustees' preferred characteristics and priorities to the search committee and search consultant for use in describing the position and guiding the work of recommending final candidates for USM's next President to Chancellor Malloy and the Board.

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

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on November 15, 2021, via Zoom.

Adjournment.

Heather A. Massey for
Ellen N. Doughty, Clerk