

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

June 22, 2022

Finance/Facilities/Technology Committee

Present: Committee Members: Roger Katz; Chair pro tem; David MacMahon, Emily Cain, Kelly Martin. **Other Trustees:** Michaud Michaud. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Saufley, Glenn Cummings, Joseph Szakas and Ray Rice. **Faculty Representative:** Clyde Mitchell and Michael Scott. **System Staff:** Ryan Low, Ellen Doughty, Robert Placido, David Demers, Gretchen Catlin, Carolyn Dorsey and Jeff St. John. **Other Participants:** Carolyn McDonough, Betsey Sawhill, Joanne Yestramski, Alec Porteous, Stewart Harvey, Buster Neel, Jacob Olsen, Diane Rowland, Jessica Leahy and John Volin.

Committee Members Absent: James Donnelly, Peggy Rotundo and Trish Riley.

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

Higher Education Emergency Relief Funds and Enrollment Update

Vice Chancellor for Finance and Administration & Treasurer Ryan Low provided an update on the Higher Education Emergency Relief Funds. This is the funding source for the Academy Building Exterior at USM which is Tab 2 in the meeting materials.

UMS received three rounds of federal relief funds. The first one was referred to as the original CARES Act passed in 2020 which was in two pieces. One was institutional support, and one was direct support for our students. For the student aid, UMS was just the pass through to move the funds from the federal governance to UMS to the students. The institutional support provided was about \$8.6 million in total aid that was dispersed to the campuses. The second round was the Coronavirus Response and Relief Supplemental Appropriations Act, referred to as HEERF II, which was passed in December 2020. The final aid package was the American Rescue Plan, referred to as HEERF III, which was passed in March 2021. Collectively for all three aid packages provided nearly \$57 million for UMS. Vice Chancellor Low expressed appreciation to the congressional delegation and the state for this support. Another relief package included SIP Funds of about \$2 million which provided aid to all of the campuses, except UM. An additional round of funds to support post-secondary education focused on smaller institutions that did not receive as much through the formula drive process in HEERF I, II and III. This package provided approximately \$192 thousand of support to UMM.

Generally, the funds were used to balance budgets during FY2020, FY2021 and FY2022. The federal governance required a very detailed process for reporting loss revenue due to covid. Approximately \$8.5 million in available funds remain. Most of these funds have been committed to specific projects or will be coming forward to the Finance, Facilities & Technology (FFT) Committee for approval of projects. UMA has approximately \$3.4 million in available funds. The next agenda item for the Committee will commit \$1.3 million for a HVAC project. A second HVAC project at UMA has already been approved by the FFT Committee for about \$1.3 million. UMA also has a group of smaller HVAC projects that will exhaust the remaining funds. USM has approximately \$1.5 million set aside for HVAC projects that will be coming to the FFT Committee later this year or early next year. The remaining \$1.5 million is uncommitted for USM. UMPI is still calculating loss revenues

from covid which will determine the path for the remaining funds of \$1 million. The balance of the UMPI funds will be used to pay off bad student loans. UMFK will use their \$854 thousand for a variety of small covid related projects include HVAC projects later this year or early next year.

A question was raised if there would be a concerns with the single financial audit due to the \$57 million in relief funds. Vice Chancellor Low responded that due to UMS having a centralized financial system and an internal approval process that includes multiple steps even before it is presented to the FFT Committee for approval has served UMS well and he does not anticipate any problems. A Committee member asked if there were deadlines for use of these funds or do they just carry forward. Vice Chancellor Low stated that there are deadlines, and his office keeps track of all the individual deadlines and UMS is well within the timelines that are needed.

Vice Chancellor for Academic Affairs Robert Placido provided a brief update on enrollment based on data in the UMS electronic dashboard. Total applications have increased 5% over last year and unfortunately incomplete applications have also increased slightly over last year. A summer marketing campaign for all campuses have begun and hopefully this will have a positive impact. Admits and matriculations are slightly behind compared to this time last year. Enrollments, excluding Early College, are well behind compared to this time last year. These trends are similar to the national trend that students are taking longer before making a commitment to enrollment in higher education. The enrollment prediction this year for UMS projecting a 5% decline in enrollments. At this point, UMS is close to that percentage, but enrollment managers are working hard to increase their enrollment numbers.

Bennett D. Katz Library HVAC Enhancement Project Budget Increase, UMA

UMA Chief Business Officer Buster Neel explained the request for authorization for the University of Maine System acting through the University of Maine at Augusta (UMA) to increase the project budget for the Katz Library HVAC enhancement project to a new total of \$1,335,000. This reflects an increase of \$235,000. At the September 27, 2021, Board of Trustees meeting, Trustees authorized a total project budget of \$1,100,000. The actual successful low bid brings the total project budget need to \$1,335,000. The entire cost of the project is to be funded by monies allocated to UMA through the Higher Education Emergency Relief Fund (HEERF). The UMA Master Plan references the need for upgrades to the Katz Library infrastructure. The availability of federal funds to address the issues related to COVID-19 makes this project possible.

Current market conditions are creating significant increases in labor and materials cost. The original bid process had no interested bidders due to the volume of work faced by contractors. After much effort, two bidders came forward on the second attempt. The low successful bid was \$235,000 above budget but significantly lower than the second bid. No changes in square footage will occur. Engineers estimate that electricity utilization will be reduced 10-20% which would result in a reduction in operating costs. The project is scheduled to begin in the summer of 2022 with completion by the spring of 2023.

On a motion by Trustee Cain, which was seconded by Trustee MacMahon, 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 for July 11, 2022 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 increase the total Bennett D. Katz HVAC enhancement

budget to \$1,335,000. All funding to come by monies allocated to UMA through the Higher Education Emergency Relief Fund (HEERF).

Academy Building Exterior Restoration, USM

USM President Glenn Cummings and UMS Chief Business Officer Alec Porteous explained the request to authorize the University of Maine System acting through the University of Southern Maine (USM) to expend up to \$800,000 to renovate and restore the exterior of the Academy Building on the Gorham campus to be funded by University E&G funds. This project was included in the capital plan recently approved for FY2023. The project was also included in the FY2021 plan as a study and was partially funded in FY2022 to address immediate structural issues and temporary stabilization measures.

The Gorham Academy Building was built in 1805, opened in 1806, and was placed on National Historic Register in 1973 and was opened prior to Maine's 1820 statehood. The building is an important historical landmark building to the State of Maine, the Town of Gorham, and the University of Southern Maine. The building currently houses painting classes for USM's School of Art. Due to the building's wood construction, years of weathering has caused extensive exterior decay resulting in wood rot and undermined the building's structural integrity. The current deteriorated condition will require extensive and specialized repair and replacement of original woodwork in addition to foundation repairs.

A study was completed by a historic preservation architect firm, Artifex. The study was phased into two parts, exterior and interior. The current request is for the exterior scope of the project which will make the Academy Building weather tight and minimize interior damage until further funding can be allocated. Future funding will address the interior work identified by the historic preservation study.

If approved by the Finance, Facilities, and Technology Committee, USM would contract to complete the envelope repairs and renovation to the four sides of the exterior right away. The project is expected to be approximately 16 weeks. Starting in July would allow for the major portion of construction to be complete before students return for the fall of 2022. This project is within the purview of the Finance, Facilities & Technology Committee and no further action is required by the Board.

On a motion by Trustee Martin, which was seconded by Trustee MacMahon, and approved by a roll call vote of all Trustees present, the Board of Trustees acting through the Finance, Facilities, and Technology Committee authorizes the University of Maine System acting through the University of Southern Maine to expend up to \$800,000 in University E&G funding to renovate and restore the exterior of the Academy Building on the Gorham campus.

Park Hall Space Renewal, UMPI

UMPI President Ray Rice and UMPI Chief Business Office Betsy Sawhill explained the request to authorize the University of Maine System acting through the University of Maine at Presque Isle (UMPI), to expend up to \$662,000 to support the needs of our Residential Life Program specifically targeted at Park Residence Hall. This work is to be funded by the state annual capital improvements commitment and will be accomplished during Fiscal Year 2023.

Over the course of the last two years (specifically during COVID), UMPI has lost almost 40% of our residential student population. To rebuild that population UMPI will have to offer the students a renewed and refreshed space to live in. UMPI is hoping to have an annual increase in housing of 20% per year for the next two years.

Built in 1969, Park Residence Hall is dedicated to housing residential students for UMPI. There have been no major changes to this facility (some fresh paint but otherwise it is without significant change) since it was built, 53 years ago. The outcome of the design of this facility is closer in style to what upper class students are looking for in their housing (some suites). The goal is to offer a refreshed space that is a renewed housing option which can match the housing demands student's desire in local rentals.

Addressing the needs of the Residential Life Program is a primary element in the UMPI Campus Master Plan and the Capital Plan. Initially the desire was to build a new residence hall (the P3 Model) but the cost was prohibitive (\$20,000,000.00). We also looked at the cost for a full renovation of any one of our residence halls and the minimum cost would be well over \$10,000,000.00 per hall. UMPI has the ability to provide a significant facelift/renewal to these facilities while addressing health (asbestos removal of all floor tile) and rebuilding the bathrooms for safety and privacy and upgrading the appearance of all rooms and public areas.

The work will be targeted to begin no later than September. Park Hall will be kept empty of all residents as of the end of the summer to begin this work as soon as possible. Completion will be no later than May 1, 2023. The FY2021 net asset value (NAV) of Park Hall is 48%. With the proposed investments, the NAV is expected to increase to 53%.

Vice Chancellor Low discussed the funding source for this project. There are two projects on the FFT Committee agenda that have the same funding source. These projects are Park Hall Space Renewal at UMPI and the 300 Fore Street Renovation and Fit Out Increase for UM and UM School of Law. Last year, UMS requested from the legislature an increase of \$7.5 million in debt service with the intent to take the \$7.5 million over ten years and turn it over to a revenue bond to fund several infrastructure projects across the System as well as renovations at our smaller campuses. That legislative initiative was successful, and a number of projects will come before the FFT Committee.

This project is within the purview of the Finance, Facilities & Technology Committee and no further action is required by the Board.

On a motion by Trustee Cain, which was seconded by Trustee Martin, and approved by a roll call vote of all Trustees present, the Board of Trustees acting through the Finance, Facilities and Technology Committee authorizes the University of Maine System acting through the University of Maine at Presque Isle to expend up to \$662,000.00 from the state annual capital improvements commitment to accomplish the renovation/facelift/space renewal of Park Hall.

300 Fore Street Renovation and Fit Out Increase, UM and UM School of Law

Vice Chancellor Low and President/Dean of the Maine School of Law Leigh Saufley explained the request to authorize the University of Maine System acting through the University of Maine and the University of Maine School of Law request to increase the authorization for the Portland, 300 Fore Street renovation and fit out project by \$1 million for a total expenditure of up to \$13,827,396 as previously estimated. The source of the current requested funds is from the monies made possible through the recent Legislative authorization and allocation of debt service for the University.

In March of 2022, the Board authorized the latest increase to \$12,827,396 as the total amount of identified funding for the project and with the understanding that the total project budget was

anticipated to be approximately \$13.5 million. This is anticipated to be the final request for funding on this project.

With the long-term lease and planned purchase 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 to accommodate the classrooms, student collaboration space, library space, and faculty and staff offices. Now that the project is under construction actual expected costs have been more accurately identified. Even with the added supply chain costs and few ordinary unanticipated costs, the originally estimated cost of \$13.5 million is anticipated to be exceeded by less than 3%.

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 for July 11, 2022 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 an additional \$1,000,000 for a total of \$13,827,396 for the design, permitting, renovation and fit out of space at 300 Fore Street Portland. The source of the current requested funds is the monies made possible through the recent Legislative authorization and allocation of debt service for the University.

Relocation of Dairy Operations, J. Franklin Witter Farm, UM

UM Chief Business Officer (CBO) Joanne Yestranski; UM Dean of the College of Nature Sciences, Forestry and Agriculture Diane Rowland; and UM Professor of Human Dimensions of Nature Resources Jessica Leahy explained the request to authorize the University of Maine System acting through the University of Maine (UM) to spend up to \$800,000 to renovate the Witter Livestock Barn into a transitional robotic milking facility and demolish the existing Dairy Barn to make room for a future, permanent robotic dairy facility. This project will be funded from university capital funds, Maine Agricultural & Forest Experiment Station (MAFES) funding, and University System's central funding pool for space removal. The project will start in the fall of 2022 with completion the spring of 2023.

The existing 50-year-old Dairy Barn has become unreliable, outdated, and has structural deficiencies that are beyond repair. Operationally the Barn is based on 1970's dairy operation. Additionally, the current pipeline milking system is obsolete and manually intensive. The milking system is in dire need of replacement and upgrade. Currently the University is unable to obtain new parts or a maintenance contract for the system.

Structurally, the Barn is experiencing a severe recurring mold problem on the ceilings. The University has explored multiple options to remedy the mold however all were short-term, and the mold continues to come back. The design of the Barn has also resulted in a continued issue of bird nesting. The University has installed bird nettings and taken other measures which have resulted in limited short-term success. Additionally, the roof of the facility needs to be replaced with an estimated cost of \$385,000. Due to the multiple structural and design issues with the Dairy Barn the University has deemed that the structure is not suitable for renovation and best to replace with a modern facility.

This project will invest up to \$800,000 to renovate a portion of the existing Livestock Barn into a modern milking facility with a robotic milking system and free-stall facility for the dairy herd and remove through demolition the existing Dairy Barn, resulting in an interim reduction of approximately 7,200 gross square feet. The project requires approval, in part, because the demolition is occurring at the same time as the barn renovation and purchase of a new milking system. UM currently has 18 head of cows and with the renovated barn they could increase that to 25 to 28 head of cows. This project is within the purview of the Finance, Facilities & Technology Committee and no further action is required by the Board.

On a motion by Trustee Cain, which was seconded by Trustee Martin, and approved by a roll call vote of all Trustees present, the Board of Trustees acting through the Finance, Facilities, & Technology Committee authorizes the University of Maine System acting through the University of Maine (UM) to expend up to \$800,000 from UM Capital Funds, MAFES funds, and UMS space reduction funds, to renovate the Livestock Barn, purchase a robotic milking system, and demolish the Dairy Barn located on the J. Franklin Witter Teaching & Research Center in Old Town, Maine.

Adaptive Reuse of Coburn and Holmes Hall, Public-Private Partnership Project Update, UM
UM CBO Yestramski provided an update on the project status of the adaptive reuse of Coburn and Holmes Hall, a Public-Private Partnership with Radnor Property Group, LLC. The project has not received New Market Tax Credits (NMTC) to date and will close without receiving those tax credits. The University is responsible for filling the \$1.7 million budget gap and is working with Radnor/Harrison Street to define the structure of this transaction. Radnor will work to secure NMTC for the project in the coming years. If the Project does achieve NMTC, a reimbursement of up to \$1.7 million will be made to the University.

The Project has achieved National Park Service (NPS) approval. This is a requirement to get to closing. This was a challenging approval process and is requiring the complete redesign of the addition to Holmes Hall. The addition is now a completely standalone building and has gone from a rectangular to an L-shaped building. Radnor is working to understand what the impacts are to the construction budget.

The challenging NPS approval has delayed closing from early May to August 1 (anticipated). Radnor is working to update the design and get pricing for the updated design. They anticipate having updated design documents completed by mid-June and updated pricing back by mid-July. Radnor believes that construction will commence shortly after the August 1st closing with project completion late 2023. Radnor anticipates the hotel opening in late 2023. These timelines will be firmer as we approach the August 1st closing date.

Review of IT Projects with a Value of \$250,000 or Greater

UMS Chief Information Officer David Demers provided an update on Information Technology projects with a value of \$250,000 or greater. These projects are: USM VoIP Projects, MaineStreet Improvements – Schedule Builder and Repaving MaineStreet.

The VoIP Implementation Project for USM continues to progress. The overall budget for this project is \$809 thousand. The project is 95% complete. Impacts from Covid-19 have delayed the project timeline which has been extended to Fall 2022. The legacy phone equipment at Lewiston-Auburn College has been fully decommissioned and all phone extensions have migrated to updated VoIP gateways.

The MaineStreet User Interface Enhancements – Schedule Builder project is 100% complete. This project has a total budget of \$1.15 million. The Schedule Builder was successfully launched and went live on May 2. Demonstration sessions were held with faculty and staff and communications were distributed to students. There will be additional student communications for the Spring 2023 registration period.

The Repaving MaineStreet Project with a budget of \$16.8 million, is currently about 2% complete as of June. 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. This project will provide cloud-enabled functionality for the Human Capital Management (HCM) System, the Enterprise Resource Planning (ERP) System and the Performance Management (PM) System. Project teams have been established for the ERP and HCM with an initial implementation timeline and roadmap. Many aspects of this project are in progress and Phase I will include the Core HR and Recruitment modules including recruiting and onboarding. Phase II will include ERP and the remaining HR components including payroll, benefits, general ledger, accounts receivable and payable and expense management. Phase III will be the EPM with financial and workforce planning

Capital Projects Status Report and Bond Projects Update, UMS

UMS Director of Capital Planning and Project Management Carolyn McDonough provided a brief overview of the Capital and Bond Projects Status Report. The report reflects a total of 33 projects, with 7 new projects and no removals since the last report. 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, nearing \$300 million, has increased nearly four-fold over the past two years. Projects continue to move forward at this time; however, previously reported pandemic related impacts continue to be an issue. Market instability is creating very difficult conditions for the bidding climate. Recent bidding for projects planned to begin during the Spring and Summer of 2022 has proven to be very unpredictable. In multiple cases we have received no bids, regardless of the effort from CPPM to solicit interested firms. While in some cases bids have come in within the expected and available budgets, in a number of cases the bids received have exceeded the estimated and available budget by 30% to 60%. Additional such projects are before the Committee today for increase authorizations.

The special portion of this report calling out only projects funded with the 2018 State bonds reflects 56 projects, an increase of one project. The projects are currently estimated to account for approximately \$46 million of the \$49 million in voter approved general obligation bond funding. Over \$27 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 is nearly \$65 million, including the bond funding and other project 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.

Ellen N. Doughty, Clerk