

UNIVERSITY OF MAINE SYSTEM
Board of Trustees
Zoom Meeting

August 24, 2022

Finance/Facilities/Technology Committee

Present: Committee Members: Roger Katz; Chair; David MacMahon, Emily Cain, Pat Flood, Trish Riley, Mike Michaud, Lisa Eames and James Donnelly. **Other Trustees:** Barbara Alexander. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Saufley, Joseph Szakas, Joan Ferrini-Mundy, Deb Hedeem, Joseph McDonnell, Jacqueline Edmondson 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 Miriam White. **Other Participants:** Carolyn McDonough, Betsey Sawhill, Joanne Yestramski, Alec Porteous, Stewart Harvey, Buster Neel, John Volin, Pam Ashby, Nicole Vinal Harvie, Laurie Gardner, Nate Harris, Ainsley Wallace, Keenan Farwell, Ken Ralph, Peter Drown, Sam Warren and Jonathan Henry.

Committee Members Absent: None.

Trustee Katz, 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 Flood, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Academic & Student Affairs Committee went into Executive Session under the following provisions:

- 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 the Executive Session.

Following the Executive Session, the Committee Chair reconvened the public meeting to discuss the following items:

Priority 1 Athletic Field Improvements Increase, UM Athletics 10-year Master Plan funded by Harold Alfond Foundation

Vice Chancellor for Research and Innovation/UM President Joan Ferrini-Mundy and UM Athletic Director Ken Ralph provided information on the University of Maine (UM) request to increase the authorization for the completion of Priority 1 athletic field improvements by an additional \$26 million, and to expand the scope to include the start of Phase 2 improvements and continued planning and design of the overall Athletics 10-Year Master Plan. The Board of Trustees approved \$14 million in January 2022 for Priority 1 athletic field improvements; thus, this additional request would bring the total approval to expend up to \$40 million.

Funding for this work will be from the Harold Alfond Foundation (HAF) grant and matching contributions. The HAF has made a \$90 million commitment to UM for major upgrades to the

athletic facilities and the University is expected to match these funds with \$20 million. As agreed in the HAF Grant, UM plans to use interim funding (either internal borrowing, internal resources, and/or short-term debt) of up to \$21 million as determined by the Vice Chancellor of Finance and Administration while waiting for sufficient HAF grant funds to be received to fund this portion of the work.

On a motion by Trustee Donnelly, 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 September 11-12, 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 to expend an additional \$26,000,000 for a total of \$40,000,000 to construct and make improvements to the phase 1 priority projects and to continue design work under the Athletics 10-year Master Plan, with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel. Additionally, the Board of Trustees approves issuance of an internal University of Maine System loan to the University of Maine for up to \$21,000,000, as determined by the Treasurer for the purposes of funding the above noted projects which total \$40,000,000.

ASCC Building Addition Increase, UM: Green Engineering and Materials (GEM) “Factory of the Future”

Vice Chancellor/UM President Joan Ferrini-Mundy and UM Senior Operations Manager for the Advances Structures and Composites Center (ASCC) Peter Drown provided information on the UM request to increase the authorization for the Green Engineering and Materials (GEM) Factory of the Future project by up to \$13,800,000, for a new total of \$15,300,000. The scope of this phase will include the full design of facilities and equipment and ancillary pre-construction costs for the GEM, a proposed addition to the ASCC at UM. An Architectural & Engineering team has been competitively selected to complete this design and has recently concluded the visioning and technical definition phase and is now prepared to start the full design.

Funding for the \$13,800,000 is from external funds the University has received from the Maine Jobs & Recovery Act to support the GEM project, including design, construction and workforce development activities. In May of 2021, the Board authorized an initial \$1,500,000 in campus reserves. Based on recently completed preliminary design of the GEM, the total project is estimated to cost \$95 million of which approximately \$69 million is for design and construction of the building and \$26 million for equipment. The University has identified the funding sources, however not all have been secured; the University is seeking funds up to approximately \$107 million.

On a motion by Trustee Michaud, which was seconded by Trustee Donnelly, 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 11-12, 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 to expend up to \$13,800,000 in Maine Jobs & Recover Act funds, in addition to the previously authorized \$1,500,000 campus reserves, for a total of \$15,300,000 to complete design for facility and equipment and ancillary pre-construction costs of a Green

Engineering and Materials (GEM) “Factory of the Future,” with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel.

Real Property Disposition, UMS – 16 Central Street, Bangor, Maine

UMS Director of Risk Management and Real Estate Gretchen Catlin provided information on the request to dispose of the University’s interest in the real property located at 16 Central Street in Bangor, Maine. This property has been vacant since 2017. Disposal of this property aligns with recommendations of the Board of Trustees to reduce the University’s footprint and increase the utilization rate of existing facilities.

On August 15, the University of Maine System was approached by developer based out of Portland, Maine, with a letter of intent to purchase the University’s interest in the condominium located at the address above. A comparable market analysis has been completed, which indicates that the offered purchase price is fair based on the current market, location, type of building, and amenities. The sale would not be subject to buyer financing. The sale would be subject to a due diligence period, permitting approval period, and contingency clauses outlined in the letter of intent.

On a motion by Trustee Cain, which was seconded by Trustee Eames, 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 September 11-12, 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 to sell its interest in the real property located at 16 Central Street, Bangor, Maine, subject to review and approval of the final terms and conditions of the purchase and sales agreement by the University’s General Counsel and Treasurer.

Multi-Year Financial Analysis (MYFA)

Vice Chancellor for Finance and Administration and Treasure Ryan Low, along with the campuses, provided a deeper discussion of the multi-year financial analysis (MYFA) that was presented at the July 2022 Board meeting. Vice Chancellor Low explained the MYFA started in 2008 to provide a five-year forecast. The current MYFA is for fiscal years 2023 to 2027 and is based on a number of assumptions. Enrollment is a key factor along with appropriations, tuition rate, compensation, benefit rate, funded depreciation and non-compensation expenses. All of these assumptions change on a regular basis. Compensation is a large component of the budget at approximately 70% and the assumption for compensation is not to preempt collective bargain but are meant for UMS to move forward with projected assumptions. The assumption of a 3% increase in compensation was a factor for FY2024, 2.75% increase for FY2025, 2.5% increase for FY2026 and FY2027. Vice Chancellor Low provided a summary of the MYFA by campus and the UMS consolidated broken out by E&G and auxiliary resulting in budget gaps of \$10 million by next fiscal year and growing to \$14 million in FY2027.

Vice Chancellor Low shared campus data for projected credit hour and tuition revenue broken out by the four major categories - undergraduate, graduate, Academic Partnership and Early College for FY2023 to FY2027. This data also displayed the impact of flat tuition revenue for the same time.

The Presidents provided the following campus-based detail on the MYFA.

Law School

President Leigh Saufley stated that Maine Law has been unfunded for decades. The Board and the Chancellor's support for funding the Law School has incrementally increased. The Law School's budget is incredibly straight forward in contrast to some of the other campus budgets. The Law School does not have dorms, dining rooms, or sports. The Law School's new facility will come online for the spring semester. The Law School's budget focus is on tuition, fees, System support, and small amounts of investment income. Enrollment at Law School has been basically static for several decades. As the Law School moves into the new building, there will be more capacity to improve enrollment numbers. Therefore, there could be a potential for revenue improvement of 10% over the next five years. The Law School has held tuition flat and will continue to do so to remain competitive. Establishment of non-JD and certificate programs could be a new revenue stream for the Law School. President & Dean Saufley is hoping the Law School will have a stable budget by FY2025.

University of Maine

Vice Chancellor/UM President Joan Ferrini-Mundy presented highlights of the UM budget. The UM multi-year financial analysis (MYFA) has focused on enrollment and student success, efficiencies and facilities renewal. The MYFA projected operating deficits based on assumptions equal \$11.9 million for FY2023, \$5.9 million for FY2024, \$3.2 million for FY2025, \$4.5 million for FY2026 and \$8.8 million for FY2027. UM is in danger of experiencing structural deficits unless critical solutions are determined. Areas of concern include the research enterprise as it has reached R1 status, facilities and athletics. The enrollment projections are conservative over the next five years. UM is projecting flat undergraduate enrollment for 2022 to 2026 at 8,500 full-time equivalents (FTE) with a modest increase to graduate enrollment for 2022 to 2026 from 1,450 FTE to almost 1,500 FTE. The Strategic Enrollment Management Plan (SEM) for recruitment and retention is under development and areas of focus are first-year retention increasing from 76% in FY2022 to 82% by FY2027, four-year graduation rate increasing from 41% in FY2022 to 50% by FY2027 and six-year graduation rate from 59% in FY2022 to 62% in FY2027. UM has the second lowest instructional expense per FTE student compared to the other New England land grant institutions. UM has a 10-year proposed facility capital spending plan for 2022 to 2031 at approximately \$1 billion.

University of Maine at Augusta

President Joseph Szakas indicated UMA has approximately a 1% increase in undergraduate enrollment and a 2% increase in graduate enrollment. Many of the UMA programs are workforce related. UMA is working on improved student experiences including expanding athletics and use of housing for conferences during the summer. Their advising model has been changed and their retention rates are approximately 80%. UMA has no changes to their tuition and fees and no differential tuition. They expect increases in travel, professional development and conference fees to pre-pandemic levels. UMA has done very well with their NAV rates and is committed to keeping their facilities up to date. UMA's attrition budget will be phased out by FY2027.

University of Maine at Farmington

President Joseph McDonnell stated that many students have already started their experiential courses. UMF's key challenge is that fewer students are interested in enrolling in education and liberal arts programs. This year UMF expects their graduate and Early College programs to be on budget, but the undergraduate enrollment will decrease between 5-6% compared to budget. This will impact housing and food services with a project occupancy rate of 80%. UMF is working to close the budget gap. There are more opportunities for increased enrollment in their graduate programs as well as adult programs. With the conversion from 4 credits to 3 credits, which is taking place this academic year, it will open the opportunity for more transfers with articulation agreements with the Community

Colleges and an increased focus on out-of-state and international students. UMF is seeking to right size the number of credit hours in each major and the number of courses offered each semester so that class sizes can be increased, give students more opportunities to double major or major and minor to better prepare the students for careers, and reduce the number of adjuncts and overloads. The first-year experience course is being modified to increase retention and UMF is strengthening their value proposition to place a greater emphasis on preparation of post-college careers, internships, mentorships and micro-credentials. UMF is taking advantage of their geographic location in western Maine for recreation and the ski industries. UMF's top priority will be to increase housing occupancy by next academic year. Renovations are taking place in campus housing and with the tightening of the rental market that should help encourage students to stay on campus.

University of Maine at Presque Isle

President Raymond Rice explained that the traditional undergraduate credit hour and tuition revenue is projected to modestly increase through FY2027. The YourPace (CBE) credit hour revenue is projected to have a strong increase from FY2023 to FY2027. These two programs would equate to an increase of approximately 22% over the five-year period. The Fall 2022 net matriculated total is 665, which is a 33% increase from 2021. The Fall head count is 1114, a 11% increase from 2021, the Fall YourPace headcount had an 80% increase, and the Fall credit hours had a 5% increase. An area of concern is that the number of in-state students have decreased by 11% compared to last year. UMPI has a \$2.5 million gap between expenses and income. As a result the campus is performing a full review of the operating budget and a reorganization is in process. Revenues total \$18 million, however expenses have grown to more than \$20 million. They will continue to build a strong on-campus student population as well as off-campus population.

University of Maine at Fort Kent

President Deborah Hedeon explained that UMFK enrollment has decreased since 2017. To address the issue the campus is developing five transformative programs of distinction to diversify their portfolio. They anticipate the start and the impact of programs by Fall 2023. Three programs of distinction will be designed with the residence halls in mind. The first program - Veterans Living and Learning Community - would be housed in Powell Hall, which has 30 beds. The second program – Summer Programs and Camps – would be housed in the Lodge and would be a partnership with Sodexo. This would generate revenue to off-set other campus expenses. The campus will use the remaining Higher Education Emergency Relief Funds (HEERF) for HVAC and air quality upgrades on the second and third floors of the Lodge. The third program – The Academy – will be housed in Crocker Hall, which has 60 beds and provides an educational program for high school juniors and seniors who will concurrently complete their high school diploma and associates degree. The fourth program is Recruitment in Canada. The campus has an aggressive plan to recruit students from Canada this fall semester. UMFK has not actively recruited students from Canada since 2016. The last program is Viable Career Focused Academic Programs, which is a revitalization and expansion of the academic programs. This is a focus area of the 2021-2026 strategic framework. Residence hall enhances that have been completed for FY2023 include game rooms being added to the Lodge and Crocker Hall and pets are now allowed in designated areas of Crocker Hall.

University of Southern Maine

President Jaqueline Edmondson explained that USM weathered the financial impact of the pandemic without forced personnel reduction, program elimination or utilization of its E&G reserve. Annual reductions in credit hours since 2018 have added considerable pressure to USM's finances, and the University used federal relief funds to close the FY2022 budget gap driven by an enrollment shortfall and wage increases. For the FY2023 budget, USM adopted a conservative enrollment forecast reflecting a 2.5% overall reduction in credit hours. Currently there is a 6.7% reduction in credit

hours. Each 1% change in credit hours equates to a \$700,000 budget impact. USM has overcommitted by \$1 million, to merit scholarships. The enrollment shortfall and merit scholarship over-commitment results in a budget gap of \$3.5 to \$4.5 million. To mitigation the budget gap, USM has a residence hall occupancy rate of 113% as of August 19 compared to 95% budgeted. At 100% capacity, USM could expect a surplus in housing and dining of \$700,000. USM carried approximately \$900,000 of federal relief funds into FY2023, and the faculty retirement incentive is expected to yield approximately \$1.2 million is savings in the current fiscal year. USM can supplement merit scholarship awards with ample gift fund resources to cover most of the over-commitment. Ridged discipline in hiring and spending will be needed to close the current fiscal year budget gap as well as maintaining the commitment to University-wide budget forecasting. For FY2024 and future years, USM will marry its budget resources to its spending commitments. 68% of the budget is dedicated to personnel, therefore, the University will be strategic and efficient in its hiring practices. In addition to balancing the E&G operating budget, USM needs to drive an auxiliary surplus to invest in its campuses and reserves. The campus development projects include the Portland Commons, the Portland Parking Garage and the Center for the Arts.

FY2023 5-Year Capital Plan

Vice Chancellor Low thanked the Presidents and the System finance staff for their work on the 5-Year Capital Plan. He also thanked former Trustee Karl Turner, who was Chair of the FFT Committee during the facilities administrative review in 2012-2013. UMS is where it is today because of Karl Turner's great work. The 5-Year Capital Plan represents real plans versus aspirational plans. UMS has been successful in committing more resources internally as well as externally. Project priorities are often based on the funding sources. UMS Director of Capital Planning and Project Management Carolyn McDonough reminded the Committee that the 5-Year Capital Plan is the middle tier in a three-tier process.

UMS Associate Director of Capital Planning Nate Harris presented a summary of the FY2023 5-Year Capital Plan. Over 400 projects totaling \$1.1 billion are included in the 5-Year Capital Plan, which is a 5% increase over last year. The Plan is a snapshot in time so some projects would not be included. The funding breakdown of the 5-year plan currently includes the following categories:

- \$51 million in general obligation bonds;
- \$216 million in proposed revenue bonds;
- \$80 million from gifts and future fundraising;
- \$94 million from campus AUX and E&G funds (including reserves);
- \$264 million from Grants or proposed grants (including Harold Alfond Foundation);
- \$31 million in P3 initiatives;
- \$ 5 million in Strategic Initiatives (space reduction);
- \$15 million in other funding;
- \$348 million from sources yet to be determined.

The large increases in funding has been from revenue bonds resulting in an increase of over 230%, and grants with an increase of 239% from last year. The funding from campus auxiliary and E&G funds have increased 84% from last year's 5-Year Plan.

Looking across all funding sources for the five-year period from FY2023 through FY2027, the broad categories of anticipated investment include:

- Approximately \$317,000,000 in Space renewal and renovations
- Approximately \$ 31,000,000 in Building Envelope projects (roof and façade)
- Approximately \$ 68,000,000 in Building Systems (MEP)

- Approximately \$ 35,000,000 in Grounds infrastructure improvements
- Approximately \$148,000,000 in Utility infrastructure improvements
- Approximately \$ 5,000,000 for Safety/Code improvements
- Approximately \$ 15,000,000 for building demolition/removal projects
- Approximately \$ 31,000,000 set aside as reactive projects
- Approximately \$415,000,000 in New Space
- Approximately \$39,000,000 in Athletics

Funding for building systems have increase by 99% over last year. The Gordian investment target to “keep up” with building needs is projected to be just over \$44 to \$71 million in FY2023 and from \$53 to upwards of \$85 million by FY2027. This translates to a five-year target of between \$244 and \$394 million without capturing the impact new space coming online will have on the “keep up” need. To meet the goal of this target, the University must spend that amount on existing building needs and not on new construction or infrastructure.

With that, the amount projected in the five-year capital plan, which would be applicable to the Gordian target, is approximately \$434,000,000, not including all the small campus deferred maintenance funded projects under development. While this value reflects an adequate amount of planning, over \$234 million of the \$434 million is identified with funding sources such as Grant or Grant match which is still in development, fundraising, revenue bonds, or other sources to be determined. To meet the target significant funding mechanisms are still needed.

The five-year plan reflects a total of 26 space removal projects most that will be funded in whole or in part through the central space reduction special initiative process, though a couple of larger removal projects will require additional funding support. The removal of facilities – particularly poorer condition, low net asset value facilities – while not investment in the traditional sense, can have a substantial impact on eliminating deferred maintenance and improving the average condition of the University’s facilities.

Looking forward to future capital plan development, the System is examining several initiatives that look to improve the mechanism by which the Universities and System articulate and link priorities, how the capital plan is monitored, and how the timing of funding availability informs project timelines.

Committee members applaud the work that went into the 5-year Plan and raised a concern about the prioritization of the most significant campus and System projects and the funding sources. There should be a focus on when UMS borrows funding, what is the source of funding to repay that borrowing.

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 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 December 2022. The project team continues to dismantle and dispose of the legacy phone equipment.

The Repaving MaineStreet Project with a budget of \$16.8 million, is currently about 15% complete as of August. The project is for reimplementation of Campus Solutions (CS) 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 in the Enterprise Resource Planning (ERP) Human Resources and Finance System. The HCM interactive requirements and design workshop, initial project communication and website launch and delivery of initial technical analysis of the current CS environment have been completed. Several aspects of the project are in progress including the ERP interactive requirements and design workshop, the HCM configuration guides and conversion templates, platform integrations review and assessment, formation of project teams and communication strategies. Town Hall style campus visits will be scheduled to discuss the project. Dr. Demers reviewed the guiding principles, project phases and five-year implementation plan.

The Great University Campaign Update, USM Foundation

President and CEO of the University of Southern Maine Foundation, Ainsley Wallace and USM President Edmondson provided a brief progress update on USM's Great University Campaign.

Originally approved by the Board of Trustees in 2017, the quiet phase of the Great University comprehensive campaign launched on July 1, 2020 with a working goal of \$46,000,000 over a five-year period. The campaign has four priorities: scholarships and student supports, programs of excellence, a Career and Student Success Center and a Center for the Arts on the Portland campus.

Each of the first two years of the campaign has broken fundraising records for the University of Southern Maine, and more than 80% of the campaign's working goal has been pledged. In fall 2021, the Foundation Board determined to accelerate the campaign's timeline from five to three years. On September 21, 2022, the University of Southern Maine and the USM Foundation will launch the public phase of the Great University campaign. Total raised to date is \$38.8 million.

Robie-Andrews Hall Revitalization Project, USM

USM President Edmondson and USM Chief Business Officer Alec Porteous provided an update on the Robie-Andrews Hall revitalization project. USM previously shared information with the Finance, Facilities and Technology (FFT) Committee at its March 2022 meeting about the potential rehabilitation/ redevelopment of the Robie-Andrews residence hall. The historic Robie-Andrews Hall has a current net asset value (NAV) of 3.4% and \$23.1 million of deferred maintenance. USM has utilized the consulting firm of Brailsford & Dunlavey (B&D) to analyze the nature of the facilities for potential redevelopment that would be compatible with the University's mission. The goal of this renovation of Robie-Andrews would be to provide a complete renovation and return the building to 100% NAV.

The University established a Project Team of USM and UMS staff to advise B&D and the Project Team participated in the evaluation, analysis, and determination of market demand. The Project Team and B&D believe a renovation through a developer that takes advantage of the federal and state historic tax credits is an economically viable and strategically beneficial option to pursue. The next step of this project would be for the University to publicly solicit a developer through a Request for Qualifications (RFQ) process followed by a Request for Proposal (RFP) with the qualified bidders.

The budget for this stage of the project is \$250,000 and falls below the approval threshold for the FFT Committee. The budgeted dollars will be used for B&D's assistance with the RFQ and RFP and for engineering investigative work such as hazardous material assessment and site survey to better

inform the prospective developers. Mr. Porteous reviewed the financial considerations for the project costs including the historic tax credit with the developer.

Vice Chancellor Low explained that projects that have a value in excess of \$5 million are required to be presented to the FFT Committee has an information item first, therefore, USM will return to the FFT Committee for further approval including authorization on a pre-development agreement with the developer. If approval were authorized on the pre-development phase, a further authorization from the FFT Committee would be required once the design was completed to authorize construction and the development agreement.

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 35 projects, with 2 new projects and no removals since the last report. 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%.

The special portion of this report calling out only projects funded with the 2018 State bonds reflects 60 projects. The projects are currently estimated to account for approximately \$47 million of the \$49 million in voter approved general obligation bond funding. Over \$33 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 \$66 million, including the bond funding and other project resources.

FY2023 Finance, Facilities & Technology Committee Work Plan

Committee Chair Katz and Vice Chancellor Low presented the FFT Committee work plan for FY2023. The work plan is intended to cover both action items required for governance of the University of Maine System and those topics of importance and interest to the Board. Vice Chancellor Low explained, that at the request of the Committee Chair, time will be allocated to take a deep dive into at least one issue at each FFT Committee meeting. The work plan will be included in the September Board meeting materials.

Energy Savings Performance Contract (ESPC), UMF

UMF Chief Business Officer Laurie Gardner provided an update on the Energy Savings Performance Contract (ESPC) at the University of Maine at Farmington (UMF). The University of Maine System (UMS) is utilizing the 2020 Master Contract for Energy Savings Performance Contract (ESPC) to save energy, reduce energy and operational costs, reduce carbon emissions, and improve the learning environment for students in a manner that is cost neutral. This Master Contract resulted from a competitively bid Request for Proposals (RFQ) in 2019 whereby Trane was selected as the University's Energy Service Company (ESCO). The contract includes multi-institutional language, allowing all University Campuses the ability to participate as appropriate.

Over the past year, NV5 has worked with UMF and Trane through identifying potential opportunities to complete the Investment Grade Audit (IGA) currently at 95% completion. Based on this work and the final IGA report, UMF will be seeking to execute and implement an ESPC and anticipate bringing it before the FFT Committee at its October meeting. This would involve completing a final

investment grade audit phase (with final report submittal), executing an Energy Services Agreement (ESA), and implementing a package of Energy Conservation Measures (ECM), at a number of buildings on campus. This also involves measurement & monitoring of ECM performance over the contract period (20 years) as well as monitoring-based commissioning at the buildings included in the ESPC project scope. The project is expected to include the University, the ESCO (Trane), and a financier all working in collaboration.

The buildings in the proposed ESPC scope of work have an average Sightlines renovation age of 40 years. The campus' Net Asset Value (NAV) is currently 56%. This data is indicative of facilities that warrant substantial restoration and investments (the projects pick us). The planned ECM scope will focus on 30+ campus buildings totaling approximately 770,000 square feet and when done, UMF's NAV index is expected to visibly increase.

The total expected financial impact of this project is up to \$12.5 million, financed through the Bank of America (20 years). UMF has locked in a favorable rate of 3.29% that will be held, with no penalty, pending BOT final approval. The choices UMF makes allows them to have the lowest energy cost in the System. As reported in the 2021 Sightlines report, UMF's MMBTU unit cost is \$13.42 and is the lowest of our peers and well below the System average of \$19.46 (not including UMF).

This project also keeps with the University's master plan which calls for a partnership with an ESCO as one of the primary mechanisms for addressing capital infrastructure improvements in existing buildings that are not planned for demolition. If approved and successful, this project will generate \$12 million in energy savings over the 20-year contract period, an additional \$4 million in thermal REC revenue, reduce overall campus building energy intensity, improve campus building operations and the learning environment, and help to reach the University's carbon reduction goals and overall sustainability commitments. A successful project will see ECM implementation over the next 15-18 months (estimated construction phase start date of December 2022). The first full year of performance is expected to start in Fall 2024.

Proposed Changes to Board of Trustees Policy 803 *Naming and Renaming of Physical Facilities*

Clerk of the Board of Trustees Ellen Doughty provided information on revisions to the Board of Trustees Policy 803 *Naming and Renaming of Physical Facilities*. The revision will align this Policy with the new Board Policy 315 *Commemorative Naming or Renaming of Academic Units or Programs*, which was reviewed by the Academic & Student Affairs Committee at their August meeting. The most significant change for Board Policy 803 is to incorporate the Vice Chancellor for Finance and Administration in the naming and renaming approval process.

The Policy will be presented to the full Board, as an information item, at the September 11-12, 2022 meeting. The proposed revisions to the Policy will then be presented as an action item at the October FFT Committee meeting and the November Board of Trustees meeting.

Residency Waiver for Students Affected by the Russian War in Ukraine

Vice Chancellor for Academic Affairs Robert Placido explained the proposed change to the UMS residency waiver for students affected by the Russian war in Ukraine. The ongoing Russian war in the Ukraine presents a barrier for current and prospective students seeking educational opportunities in the United States. This proposal will grant in-state tuition rates for those students who are determined as being affected by the conflict.

The University of Maine System currently hosts 11 students who are from Ukraine. Of those, eight are currently charged the out-of-state or international tuition rates. This waiver would temporarily grant these current students, as well as prospective students from Ukraine, the in-state tuition rate. This waiver is a change to the administrative procedures related to Board Policy 703, but not the actual Policy and therefore, does not require Board approval.

This change would affect the APL IV-G <https://www.maine.edu/apls/apl-iv-g/>

Proposed added language:

"A Ukrainian citizen affected by Russia's war in Ukraine who 1.) is currently studying in the United States under F-1 Visa status, or 2.) is pending or has been granted refugee or asylum status in the United States, is eligible for Maine residency for tuition purposes provided that they meet the same requirements for establishing residency in Maine as are required of a United States citizen."

UMS already has an asylum seeker and refugee Administrative Practice Letter (APL) granting in state tuition to those students. After a discussion, the FFT Committee recommended this APL be broadened to include all students who are impacted by conflict around the world. UMS would develop an official list of countries that would apply to this APL.

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