UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

October 27, 2023
Zoom Meeting

Special Board of Trustees Meeting


Absent: Emily Cain, Lisa Eames, Patrick Flood, Pender Makin, Dhivya Singaram, and Valerie Landry.

Wednesday, October 27, 2023

Trustee Riley, Chair, welcomed everyone and called the meeting to order. She stated that the Board meeting was being held virtually, in accordance with the Board of Trustee Policy 215 – Remote Public Meetings. The Trustees participating by technology will be counted towards a quorum. To confirm Trustee attendance and to ensure the Trustees can clearly hear and understand the proceedings and each other, the Clerk performed a roll call of the Board of Trustees members present.

CITIZEN COMMENT
Citizen Comment is a time regularly set aside for comments from the public. Emmanuel Boss was invited to provide his statements via Zoom.

ACTION ITEMS
Annual Financial Report FY2023

The annual report is a 118-page document that was provided in the meeting materials. Darla briefly reviewed the Auditor’s statement that is shown on page 4 of the Audit report. This statement covers the University of Maine System, the University of Maine Foundation and other fiduciary stakeholders the System utilizes.

There were three new debt issuances to the accounting department as well as two new accounting standards being added to address complex contracts being issued in regard to Public-Private and Public-Public Partnerships and Availability Payment Arrangements as well as Subscription-Based Information Technology Arrangements.

Continuing into the Impact of Other Postemployment Benefits Plan (OPEB) Darla noted a significant change in the liability amount ($21 Million) due to returns on the OPEB trust assets and experience changes that the plan experienced over the last fiscal year. This swing in $39 Million notes only affects the position of the plan by $3.2 Million as the changes in the expected and actual calculations in the liability are amortized over time.
The Operating Revenue was discussed next – with the subtotals being outlined between the operating revenue and operating expenses, with revenue being $464 Million and expenses being $810 Million, resulting in the operating loss of $346 Million. Darla did emphasize that the System’s operating expenses will always go to exceed operating revenues as Gazby requires several revenues that the System uses to fund operations to be reported as non-operating, which are also outlined further in the report. Darla continued to speak about the differences in operating expenses and revenues in several different areas as outlined in the report and the reason for the variance percentages throughout.

To continue with the non-operating revenues and expenses, Darla moved to page 9 of the report and continued the same presentation of those allocations. There was one variance in particular that Darla addressed which was a $60 Million decrease in Coronavirus relief funding. The context of this decrease and the correlation in operating expenses in Student Expenses and was previously referred to as loss revenues rather than expenses in 2022, and accounting standards limited the percentages of spending in prior years as they related to different expenses.

Darla then moved to discussing the Assets and Deferred Outflows of Resources, as the System had great liquidity with $265 Million in cash and operating investments, with $13 Million in positive returns from these investments. The System used the proceeds of those investments to fund some strategic and required purposes to include: $33 Million for Capital Construction, Payments to reduce Liabilities – reduction of $9 Million in Debt, Social Security Tax Liability that was deferred during the pandemic, $4 Million in retirement incentives.

Total Noncurrent Assets are up 17% from the prior year.

Looking at the Net Position of SNP – the change is noted in a positive 3% change.

The final pages of the reports pertain to statements of fiduciary investments and net positions across the System on various investments.

The FY2023 Annual Financial Report was presented earlier today to the Audit Committee. The Audit Committee approved the FY2023 Annual Financial Report with a recommendation to forward it to the full Board for the October 27, 2023 Special Board of Trustees Meeting.

On a motion by Trustee Martin, which was seconded by Trustee Michaud, 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 FY2023 Annual Financial Report as presented.

DATE OF NEXT MEETING
The next meeting of the Board of Trustees will be held on November 5-6, 2023 at the University of Maine at Presque Isle.

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/

Adjournment
Kayla Flewelling, Interim Clerk