

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL•LAW•ONLINE**

**MINUTES OF THE MEETING OF THE
COMMITTEE ON ADMINISTRATION AND FINANCE**

Wednesday, December 9, 2020; 9:30 a.m.

Remote Meeting

**Pursuant to the Governor's Order Suspending Certain Provisions of the
Open Meeting Law, G.L. c.30A, §20 dated March 12, 2020**

Committee Members Present: Chair Karam; Vice Chair O'Brien; Trustees Callahan, Cruz-Gordillo, Epstein, Patel, Peyser, Scalona, Tolman, Woolridge and Wu

Other Trustees: Trustees Burns, Kelleher, Paris Jeffries and Scheibel

University Administration: President Meehan; General Counsel Leone; Senior Vice President Calise; Chancellors Subbaswamy, Suárez-Orozco, Preble, Moloney and Collins

Faculty Representatives: Professor Hoagland, UMass Amherst, Professor Hurwitz, UMass Lowell

Documents Used:

- Meeting Minutes: September 22, 2020
- Approval of Changes to the Capital Projects List (related to the FY2019–FY2023 Capital Plan), (Vote 2), UMass Boston, Doc. T18-064, as amended
- Fiscal Year 2021 Budget Update, Doc. T20-039
- Affirmative Action Reports, Doc. T20-057
- FY20 Sustainability Report, Doc. T20-052

Chair Karam convened the meeting at 9:34 a.m. and stated that as a public body, the UMass Board of Trustees could meet remotely under the Governor of Massachusetts' executive order issued on March 12, 2020, which was effective immediately, and will remain in place until it is rescinded or the state of emergency that was declared is terminated.

Under the Emergency Order, All members of the Board may participate by remote virtual means, without affording public access to the physical meeting locations, as long as they engage with adequate and alternative means of access available. Any member of the public wishing to address the Board regarding an agenda item or issue related to the agenda, or to make an audio or video recording of the open public session of the Board meeting, was provided notice by the Secretary of the Board through a posting indicating that such written requests needed to be received no later than 24 hours prior to the meeting. Under the law, the Chair has complete discretion in granting or denying the request to speak, and may limit the duration that the public has to address the Board. The Chair stated that he received no requests to speak, make an audio or videotape of the meeting.

He asked Chief Information Officer Letchford to provide the instructions for zoom.

Consideration of Minutes of the Prior Meeting of the Committee

Chair Karam stated that the Committee was provided with the draft minutes of the September 22 meeting and asked for any corrections. With no corrections, the minutes were approved.

President's Report

President Meehan discussed the universal impact of the pandemic. He stated that the faculty and staff continue to inspire him through their transformative efforts in the lives of the residents in Massachusetts and beyond. He stated that he is equally proud of the Administration and Finance Committee and the campus leadership in skillfully navigating the challenges so that the University may look forward to better years to come.

President Meehan stated that the University works to employ a fact driven approach to its budgetary decisions. Even with a better than projected fall enrollment and state appropriations, he informed the Committee that the University faces a severe loss of housing and dining revenue in the spring semester. He also noted the significant uncertainty relating to spring enrollment and federal emergency aid for this fiscal year and the need to brace for lingering impact on fiscal year 2022.

He stated that while some believe there are easy solutions, which include draining reserves, endowments, and stabilization funds such actions would jeopardize the long-term financial viability of the University. President Meehan stated that he is working to limit job losses. He stated that along with the Chancellors, he is advocating for state support. President Meehan expressed his appreciation to Governor Baker, Senate President Spilka, and Speaker DeLeo for supporting UMass throughout an unprecedented budget process. By level-funding the University's state appropriation, which makes up about 23% of the operating budget, the Commonwealth sent a clear message that a strong UMass is critical to the futures of the 70,000-plus students and the Commonwealth's post-pandemic economic recovery. He informed the Committee that Governor Baker and Legislature provided the University with a line of credit authorization that will provide an important tool in strategically managing the budget, thus avoiding deeper cuts.

President Meehan stated that he is in regular contact with the congressional delegation and congressional leadership. He is also working closely with the Association of Public & Land-Grant Universities (APLU) to make the case for federal investment in public higher education. Additionally, the University has been successful in reducing administrative costs through its shared services initiative and reduced debt burden through a refinancing allowing the University to redirect millions of dollars to core activities this year.

President Meehan emphasized the importance of the obligation to preserve the financial foundation that will support the University for years to come.

Chair's Report

Chair Karam reiterated President Meehan's comments regarding the efforts of the Administration and Finance Committee, the Chancellors, and the Administration in confronting the University's pandemic-driven fiscal challenges. He stated that every effort is being made to reduce costs in ways that protect the core mission of the University. He then announced the day's agenda, which included a comprehensive budget presentation by Senior Vice President Calise that would

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illustrate the realities that UMass is facing and the strategic steps taken towards confronting those realities.

Chair Karam addressed the suggestions regarding utilization of the University’s very small stabilization fund to avoid cuts. As a Trustee, Chair Karam reminded the Committee and its attendees that his duty is to assure the long-term financial stability of the University so that future generations will benefit from it. He disagrees with draining the stabilization fund which covers very little to offset structural operating budget shortfalls. He stated that utilizing these funds would place the financial health and academic quality of the five campuses at risk. This action would ignore well-established national best management practices, which the University has received national recognition for its sound management throughout the pandemic. He stated that the University and the Administration and Finance Committee are taking many steps, transparent and difficult, to keep UMass on firm financial footing.

Chair Karam stated that the Committee’s important business to conduct on the day’s agenda includes two reports included in the Board materials, the System’s Affirmative Action Report and Sustainability Report.

Action Item #1: Approval of Changes to the Capital Projects List (related to the FY2019–FY2023 Capital Plan), (Vote 2), UMass Boston, Doc. T18-064, as amended

Chair Karam requested the approval of the Changes to the Capital Projects List (related to the FY2019–FY2023 Capital Plan), (Vote 2) for UMass Boston. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved by Trustee Woolridge and Trustee Tolman seconded.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended to approve the following projects that exceeded the Approved Project cost by more than 10% and to satisfy the University’s written request that the UMass Building Authority undertake projects in accordance with Board of Trustees vote T18-064, as amended:

Campus	Project Name	Vote 1	Vote 2	Adjusted Cost	Funding Sources				
					Local Funding	External Funding	Borrowed Funding	State Funding	P3
UMB	Substructure Demolition and Quadrangle Development	155,000,000	114,500,000	137,139,950	36,649,557	-	64,324,958	36,165,435	-
UMB	Renovations to Existing Academic Buildings	75,000,000	42,453,767	44,600,000	124,000	-	2,641,435	41,834,565	-
TOTAL		\$230,000,000	\$156,953,767	\$181,739,950	\$36,773,557	\$0	\$66,966,393	\$78,000,000	\$0

UMass Building Authority’s Executive Director Kroncke spoke to the action item. Trustee Epstein questioned why the increase in the project cost. Building Authority Chairman and Trustee Woolridge stated that the increase was due to the stabilization of the land and substructure is what caused the most recent 17% increase. There are critical engineering problems; aesthetics were removed (walkway). President Meehan informed Trustee Epstein that Governor Baker has committed \$78 million to the project. He also informed the Committee that funds from Bayside would not be used on this project.

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Trustee Kelleher questioned whether the University is guaranteed a maximum cost for this project and if the contractor was bonded. Executive Director Kroncke stated that the University has a construction manager and will have GMP contract. Trustee Woolridge commented that these are standard best practices.

The Chair then asked for a roll call vote and Secretary Barrett called the roll with each Committee member asked to vote yes or no. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Patel, Peyser, Scalona, Tolman, Woolridge and Wu.

Consent Agenda

Chair Karam asked for a motion to place action item 1 on a Consent Agenda for the full Board meeting. It was moved by Trustee Woolridge and Trustee Tolman seconded.

The Chair then asked for a roll call vote and Secretary Barrett called the roll with each Committee member asked to vote yes or no. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Patel, Peyser, Scalona, Tolman, Woolridge and Wu.

Senior Vice President's Report

Senior Vice President Calise provided an update on the FY21 budget. She stated that significant uncertainty remains. In the FY21 budget planning, a \$335 million gap was reassessed in September. She stated that the Cares Act allowed the University to end the year positive. The University has \$11.4 million in savings against the \$16 million in the first few month of the pandemic.

Senior Vice President Calise discussed the importance of preserving the University's stabilization reserve. The stabilization reserve is \$125 million in contrast to the State's stabilization balance which is \$3.5 billion as of FY20. UMass' reserve is less than one month of payroll. She discussed the realities of the impact of the pandemic. The disruption of COVID in FY20 resulted in a loss of \$65 million in housing and dining refunds. She also discussed the impacts of COVID-19 on key ratios.

Trustee Wu commended the campuses on their enrollment numbers and congratulated the administration on receiving their state funding.

Enterprise Risk Management Director Packard discussed the system-wide and external coordination on the impacts of COVID-19.

Assistant Vice President Pasquini provided an update on the FY21 Quarter 1. In her recap, she stated that the FY21 budget had over a 6% decline below the FY20 budget; campuses were implementing a \$291million in spending reductions. She stated the major changes reflected in the Q1 projection were from spring operations, state level funding and updates on the University's solutions given the pandemic. Impact of changes to the FY21 budget includes a \$79.5million loss in housing and dining due to the change in on campus occupancy, an estimated \$18.5million in costs related to testing, and state appropriation of \$76 million. She discussed the University's assessing solutions and next steps to include continuing to track workforce updates, track salary

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and fringe by pay period and non-personnel by month, enrollment experience, and monitor federal stimulus and local and CDC guidance.

Executive Session

Chair Karam then asked the Committee to vote to enter into Executive Session To consider the purchase, exchange, lease or value of real property, as permitted under Massachusetts General Law, Chapter 30A, Section 21a(6), since an open meeting may have a detrimental effect on the negotiating position of the University and the chair declares that.

He stated that the committee would not reconvene in open session.

Chair Karam asked for a roll call vote and Secretary Barrett called the roll with each Committee member asked to vote yes or no. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Patel, Peyser, Scalona, Tolman, Woolridge and Wu.

The time was 10:37 am.

Christina A. Kelley
Assistant Secretary to the Board