

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

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

**Tuesday, December 13, 2021; 10:00 a.m.**

**Remote Meeting**

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

**Committee Members Present:** Chair Karam; Trustees Bates, Dyer, Kunda, Peyser, Tolman, Woolridge and Wu

**Other Trustees:** Trustees Burns, Kelleher, Ramos Gagliardi and Scheibel

**Committee Members Absent:** Vice Chair O'Brien; Trustees Bhandari, Epstein and Houle

**University Administration:** President Meehan; General Counsel Leone; Senior Vice President Calise; Chancellors Subbaswamy, Suárez-Orozco, Fuller, Moloney and Collins; Vice Chancellors Mangels, Kirleis, Gingerella, O'Riordan and Lindstedt; Ms. Kroncke, Executive Director, UMass Building Authority (UMBA)

**Faculty Representatives:** Professors Hoagland, UMass Amherst; Kim, UMass Boston; and Hurwitz, UMass Lowell

**Guests:** Mike Byrne, Newmark

**Documents Used:**

- Meeting Minutes, September 29, 2021 (Open & Executive Session)
- Approval of Policy Revisions: Procurement Policy, Business and Travel Expense Policy, and Travel Policy, Docs. T92-031, as amended, T92-031, Appendix C, as amended, and T92-031, Appendix B
- Review of the Quarterly Capital Report and Approval of Changes to the Capital Projects List, Docs. T21-072 and T21-073
- Authorization to Issue Debt in Support of the University's Capital Plan, Doc. T21-074
- Five-Year Financial Forecast, Doc. T21-023
- Capital Projects Submission to the Commonwealth, Doc. T21-065
- Annual Clery Report, Doc. T21-004

Chair Karam convened the meeting at 8:03 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executive order issued on March 12, 2020, which was effective immediately, and will remain in place until it is rescinded or the state of emergency that was declared is terminated.

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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 Committee 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 Committee 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 Committee. The Chair stated that he received no requests to speak or to make an audio or video recording of the meeting.

Chief Information Officer Michael Milligan provided the instructions for the Zoom meeting.

**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 29<sup>th</sup> meeting and asked for any corrections. With no corrections, the minutes were approved. Pursuant to Mass General Laws Chapter 30A and under the Office of The MA Attorney General, Open Meeting Law Guide and Educational Materials, General Counsel Leone, under the delegation of the UMass Board of Trustees, has determined that the Executive Session minutes of the last meetings will not be released at this time, and should remain confidential because publication would defeat the lawful purposes of the executive session.

**Chair's Report**

Chair Karam reported that Senior Vice President Calise and her team will present the University's revised Five-Year Forecast. He noted the challenges that lie ahead for the University with enrollment, the ending of federal stimulus funds, and the need to control cost in a high inflation environment. He commented on the need to address those challenges with timely access to data and noted President Meehan's extension of the Advisory Working Group on Financial Planning.

Chair Karam commented on the FY23 budget process being the key in understanding where the University is heading over the forecast period. He spoke to the need for clarity regarding campus strategies for achieving enrollment growth and ensuring that costs are in line with available revenues. He noted that taking advantage of strategic sourcing opportunities identified by UPST (Unified Procurement Services Team) is a way to lower cost. He also commented on the FY23 budget process serving to understand how the campuses will reach a 2% operating margin in FY25.

**President's Report**

President Meehan reminded the Committee that as it focuses on the University finances, that sustaining a world class public research university for generations to come, transforms the lives of people and their communities. He then reported on the University's Five-Year Financial Forecast, operating margin, shared services, ARPA legislation, new budget cycle, and endowment.

President Meehan noted that the University's Five-Year Financial Forecast was on the day's agenda and spoke to achievements made in financial reporting, forecasting and planning, with the goal of improving financial health and accountability. He noted his extension of the Advisory Working Group on Financial Planning until the end of the fiscal year. He stated that Senior Vice

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President Calise and her team will present the University's Forecast, which include revenue and expenses and assumptions about enrollment growth. He commented on the University's commitment to achieving a 2% operating margin.

The shared services initiative saved \$100 million system-wide from 2011 to 2019. The University saved an additional \$33.9 million through the procurement reform initiative launched in 2020 and led by David Cho. The savings are passed on to the campuses. Under the recently passed ARPA legislation, UMass will receive \$15 million in endowment matching funds, which should incentivize \$30 million in private giving to support student scholarships, faculty excellence, and other university programs. UMass will also receive \$30 million for COVID-related mitigation activity. There are also other investments in mental health initiatives, cybersecurity, and food security that should be helpful to the University.

The Administration's budget recommendations will be released in January, followed by the House and Senate recommendations in the spring. President Meehan acknowledged the Commonwealth's investment in the University of Massachusetts, which generates a ten-fold return in economic activity and creates thousands of private sector jobs across Massachusetts.

The University's endowment has exceeded one billion dollars for the first time, closing at approximately \$1.2 billion last fiscal year, which is an increase of \$320 million over the previous year. The \$1.2 billion does not include the gifts the university received this past September totaling \$250 million. President Meehan thanked the leadership and staff of the Foundation, and its volunteer board for its skillful management of the endowment.

**Senior Vice President's Report**

Senior Vice President Calise reviewed the current fiscal year's cycle of meetings and then provided an overview of her team's presentation. Review of FY21 audited results, review of FY22 and changes since the Board's adopted the budget in June, review of the Accountability Framework, Christine Packard will present on the University's Enterprise Risk Management Program (ERM), and review of financial sustainability with the Five-Year Forecast.

Senior Vice President Calise highlighted the University's Accountability Framework noting areas of focus: financial sustainability, capital strategy, risk management, analysis, and financial reporting. She highlighted the FY21 final audited results. COVID-19 continued having ripple effects through FY21. The University's \$3.46 billion operating revenue was flat compared to FY20. A little over \$88.4 million of stimulus money from the CARES Act was received, of which \$58 million was dedicated to the institutional portion of the aid). The undergraduate campuses ended the year with a \$40.5 million or 1.6% operating margin, and \$68 million or 2.0% operating margin with the Medical School.

Senior Vice President Calise reported on the FY22 first quarter Financial Report and noted the \$3.7 billion in revenue and a total student FTE just under 65,000. She reviewed the 1<sup>st</sup> quarter projections for FY22 fall enrollment and noted a slight decline of -0.7%, and a -2.0% reduction in enrollment for the University. Based on the operating margin, favorable fall enrollment results are expected. She noted that federal stimulus dollars awarded to the University impacted the FY21 budget and is significantly impacting the FY22 budget.

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Senior Vice President Calise introduced Christine Packard, University Director of Enterprise Risk Management to provide an update on the System-wide Enterprise Risk Management Program. Ms. Packard discussed the program noting its focus to identify and mitigate system-wide risks which are implemented through a formal governance structure that fosters collaboration across the system. She highlighted the ERM Working Group, the Governance Structure, the Enhanced Program Cycle, the program's maturity range, and the programs response throughout the COVID-19 pandemic. She also highlighted intersections the program has with the A&F Roadmap.

Senior Vice President Calise acknowledged and thanked Barbara Cevallos, who is leaving the University, for her contributions to the A&F team.

**Action Item #1: Approval of Policy Revisions Related to the Procurement, Business and Travel Expense and Travel Policies, Docs. T92-031, as amended, T92-031, Appendix C, as amended, and T92-031, Appendix B)**

Chair Karam asked for a motion to approve the Policy Revisions related to the Procurement, Business and Travel Expense, and Travel Policy. It was moved by Trustee Woolridge and seconded by Trustee Wu.

To recommend that the Board take the following action:

To approve revisions to the Procurement and Business and Travel Expense policies, to rescind and at a later date replace the Travel Policy, and to authorize the President or his/her designee to issue System-wide Standards.

Senior Vice President Calise reported that the Procurement and Business Expense Policies align with the creation of UPST and the system-wide approach to procurement, and work done with Business Expense and Travel Policy. The vote also request that the Travel Policy be rescinded and replaced. The contents of the current Travel Policy are now in the Business and Travel Expense Policy, and a new Travel Policy focused on compliance, safety, security and duty of care will be developed.

The Secretary then called the roll. Chair Karam voted for the motion as did Trustees Kunda, Peysner, Tolman, Woolridge and Wu.

**Action Item 2,a: Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Vote 1), UMass Amherst, Doc. T21-072**

Chair Karam asked for a motion to approve 2 projects at UMass Amherst, Engineering Building and Computer & Information Sciences Building. It was moved by Trustee Tolman and seconded by Trustee Woolridge.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to authorize the following projects under the **first vote**; the adoption of such vote hereby satisfies the University's written request that the University of Massachusetts Building Authority undertake the following projects to the extent permitted by Trustee Policy T93-122, as amended and Board vote T21-048:

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*\$ in thousands*

Campus	Project Name	Preliminary Campus Estimate	Funding Sources				
			Local Funding	External Funding	Borrowed Funding	State Funding	Alternative Finance & Delivery
Amherst	Engineering Building	100,000,000	-	20,000,000	80,000,000	-	-
Amherst	Computer and Information Sciences Building	125,000,000	-	20,000,000	30,000,000	75,000,000	-
<b>TOTAL</b>		<b>\$225,000,000</b>	<b>\$0</b>	<b>\$40,000,000</b>	<b>\$110,000,000</b>	<b>\$75,000,000</b>	<b>\$0</b>

Assistant Vice President Pasquini informed the Committee that the Quarterly Capital Report was posted on Boardvantage. She noted that the Capital Plan was presented in September. The current Capital Plan includes 100 projects with an estimated \$2.0 billion cost. The 2 projects at the Amherst campus are seeking vote 1 authorization. The Engineering Building project (\$100 million) and the Computer & Information Sciences Building project (\$125 million).

Chancellor Subbaswamy commented on the projects need and thanked the Baker administration for its support of the Computer & Information Sciences Building.

The Secretary then called the roll. Chair Karam voted for the motion as did Trustees Kunda, Peysner, Tolman, Woolridge and Wu.

**Action Item 2,b: Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Vote 3), UMass Amherst, Doc. T21-073**

Chair Karam asked for a motion to approve the Amherst P3 projects. It was moved by Trustee Wu and seconded by Trustee Woolridge.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to approve the projects listed below for a **third vote**; the adoption of such vote hereby satisfies the University’s written request that the University of Massachusetts Building Authority engage professionals and otherwise undertake the following projects to the extent permitted by Trustee Policy T93-122, as amended and Board vote T18-056 and requiring a vote of the Board prior to the execution of the transaction and any agreements:

*\$ in thousands*

Campus	Project Name	Vote 1	Vote 2	Vote 3	Funding Sources				
					Local Funding	External Funding	Borrowed Funding	State Funding	Alternative Finance & Delivery
Amherst	Housing Expansion	175,000,000	191,600,000	210,000,000	-	-	-	-	210,000,000
Amherst	North Village Apartments	70,000,000	38,800,000	67,500,000	-	20,000,000	47,500,000	-	-
<b>TOTAL</b>		<b>\$175,000,000</b>	<b>\$191,600,000</b>	<b>\$210,000,000</b>	<b>\$0</b>	<b>20,000,000</b>	<b>47,500,000</b>	<b>\$0</b>	<b>\$210,000,000</b>

With respect to such projects described above, to authorize the President of the University and such other officers of the University as the President may designate (the President and each such other officer referred to herein as an “Authorized Officer”), each acting singly, in the name and on behalf of the Trustees, the University or the Commonwealth, as appropriate, (a) to effectuate the alternative finance and delivery of the projects by such means as such Authorized Officer shall deem advisable, including without limitation by entering into a ground lease in the name and on behalf of the Trustees and the Commonwealth of Massachusetts with the University of Massachusetts Building Authority, and, (b) in connection with any such alternative finance and delivery of the projects, to take such actions, secure such

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governmental approvals, execute such agreements containing such provisions and provide for such terms and sources of repayment, all as such Authorized Officer shall deem advisable and as may be required or permitted by law.

And further,

*\$ in thousands*

Campus	Project Name	Vote 1	Vote 2	Vote 3	Funding Sources				
					Local Funding	External Funding	Borrowed Funding	State Funding	Alternative Finance & Delivery
Amherst	North Village Apartments	70,000,000	38,800,000	67,500,000	-	20,000,000	47,500,000	-	-
	<b>TOTAL</b>	<b>70,000,000</b>	<b>38,800,000</b>	<b>67,500,000</b>	<b>-</b>	<b>20,000,000</b>	<b>47,500,000</b>	<b>-</b>	<b>-</b>

Pursuant to Trustee Policy T93-122, as amended, to authorize borrowing for the project listed below; the adoption of such vote hereby satisfies the University's written request that the University of Massachusetts Building Authority engage professionals and otherwise undertake the following projects to the extent permitted by Trustee Policy T93-122, as amended and Board vote T18-056 requiring a vote of the Board prior to the execution of any agreements.

Ms. Kroncke briefly introduced the project noting UMBA's statutory authority for projects using alternative procurement. Chancellor Subbaswamy provided the background for the projects noting the deal with the Town of Amherst as a result of the 2008-2010 financial crisis and the need to grow enrollment. The deal protects the finances of the University and the campus and addresses the housing crisis. Associate Vice President Gorzkowicz provided an overview of the project's timeline and noted that the third and final vote was before the Committee for approval.

Vice Chancellor Mangels provided the specifics for the student housing project on Mass Avenue and replacement of the Lincoln Apartments that will provide 824 new beds of Class A student housing with full bed/bath parity, and the family housing complex located 1.5 miles north of the campus that will be replaced with about 150 units of family housing and include a 2,700 square foot community center space for graduate students. Mr. Byrne discussed the transaction options comparison of the Service Concession Agreement, and the results of the student housing market study.

The Secretary then called the roll. Chair Karam voted for the motion as did Trustees Peyser, Tolman, Woolridge and Wu. Trustee Kunda was not present for the vote.

**Action Item #3: Authorization to Issue Debt in Support of the University's Capital Plan, Doc. T21-074**

Chair Karam asked for a motion to approve the Authorization to Issue Debt in Support of the University's Capital Plan. It was moved by Trustee Tolman and seconded by Trustee Woolridge.

To recommend that the Board take the following action:

WHEREAS, pursuant to Chapter 773 of the Acts of 1960, as amended ("Building Authority Enabling Act"), the University of Massachusetts Building Authority is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") created to aid and contribute to the performance of the education and other

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purposes of the University of Massachusetts (the "University") by providing buildings and other structures for the use of the University, its students, staff and their dependents and for lease to or use by an organization or association, in any form, of students or others the activities of which are a part of the activities at the University and subject to regulation by the Board of Trustees of the University (the "Trustees");

WHEREAS, pursuant to the Building Authority Enabling Act, the Building Authority may issue bonds to finance projects undertaken by the Building Authority at the request of the Trustees, or, with the approval of the Trustees, issue refunding bonds, all of which bonds are secured, in part, by revenues from the Building Authority, the University and the Commonwealth, as authorized by the Trustees on behalf of the University and the Commonwealth;

WHEREAS, in the judgment of the Trustees it is in the best interests of the University, its students, staff and their dependents and said organizations that the Building Authority undertake projects and finance such projects as described below;

WHEREAS, in the judgment of the Trustees it is in the best interest of the University for the Building Authority to restructure bonds when deemed desirable and refund bonds when market conditions are favorable; and

WHEREAS, the Building Authority's enabling act authorizes the Trustees, on behalf of the Commonwealth, to provide a Commonwealth guaranty of not to exceed \$200,000,000 outstanding principal amount of Building Authority Bonds;

NOW, THEREFORE,

1. Each of the President and the Senior Vice President for Administration & Finance and Treasurer of the University, acting alone, be and each, acting alone, (each, an "Authorized Officer") hereby is authorized in the name and on behalf of the Trustees to make a written request of the Building Authority that the Building Authority initiate and undertake:
  - a) Any or all of the projects identified in the University's FY2022-FY2026 Capital Plan, Doc. T21-048 'which are on the Authorized Capital Project list, as reviewed and amended quarterly 'by the Trustees'; and
  - b) any other construction of or respecting or renovation, repair, remodeling or other work in or upon or respecting any building or structure owned or used by the University or the Building Authority, or the provision, installation, renovation, repair or remodeling of or other work upon or respecting any furnishings, furniture, machinery, equipment or facilities with respect to any such building or structure, all as may be requested of the Building Authority from time to time by an Authorized Officer, the making of any such request being hereby authorized.

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2. The project to be initiated by the Building Authority in accordance with any request authorized to be made in Section 1 of this resolution may in the discretion of the Building Authority be undertaken separately or together for financing purposes.
3. The issuance of refunding bonds by the Building Authority is hereby approved, in such amount and pursuant to such terms, including but not limited to restructuring the terms of debt service, as shall be approved in writing by an Authorized Officer.
4. Each Authorized Officer hereby is authorized to execute and deliver on behalf of the University and the Commonwealth one or more contracts for financial assistance, management and services with respect to the projects financed or refinanced by the Building Authority and the Building Authority bonds issued in connection therewith, including the refunding bonds authorized herein. Each such contract may include the Commonwealth guaranty of all or a portion of such bonds, as determined by an Authorized Officer and within the limits prescribed by the Building Authority's enabling act.
5. Each Authorized Officer is hereby authorized to take such other action as deemed necessary or desirable to be done or taken to effectuate the matters hereby authorized, as conclusively evidenced by their doing the things or taking the action hereby authorized.

Associate Vice President Gorzkowicz provided the background for the vote which authorizes the University to issue debt in support of its capital program, and authorizes the refunding of bonds.

The Secretary then called the roll. Chair Karam voted for the motion as did Trustees Kunda, Peyser, Woolridge and Wu. Trustee Tolman was not present for the vote.

**Discussion Item #1: Capital Projects Submission to the Commonwealth, Document, Doc. T21-065**

Vice President Pasquini provided an update on the Commonwealth's process to allocate funding for capital projects across higher education. Submissions require Board endorsement, and per policy, if a project is selected it would be brought to the Board for a first vote.

Trustee Peyser disclosed that since he's involved in the process of reviewing projects he would have to recuse himself from future votes on capital projects submission.

**Consent Agenda**

Chair Karam then asked for a motion to place the Action Items a Consent Agenda for the full Board meeting. It was moved by Trustee Tolman and seconded by Trustee Woolridge.

The Secretary then called the roll. Chair Karam voted for the motion as did Trustees Kunda, Peyser, Tolman, Woolridge and Wu.

**Discussion Item #2: Five-Year Financial Forecast and Capital Projects Submission to the Commonwealth, Doc. T21-023**

Senior Vice President Calise and Assistant Vice President Pasquini provided a high-level summary of the Financial Forecast. They discussed revenue and expense assumptions and highlighted



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enrollment growth and investments in capital. Senior Vice President Calise noted the forecasting approach which includes improved transparency, sensitivity analysis, and adoption of a University-wide tool to develop the forecast, summarized key takeaways from the FY23–FY27 Forecast, and noted next steps. Assistant Vice President Pasquini presented the details of the forecast.

Chair Karam commented that he understands the concerns around the forecasted enrollment and the need to understand how the campuses will achieve the projected growth and asked about having a third party review the University’s assumptions.

**Information Item: Annual System-wide Report on Crime Statistics: 2018-2020 (Clery Report), Doc. T21-004**

Chair Karam reported that the Annual System-wide Report on Crime Statistics: 2018-2020, often referred to as the Clery Report is a requirement for institutions of higher education to report statistics for certain crimes that occur on campus, in residential halls, in public areas adjacent to the campus, and in certain non-campus facilities. It is enforced by the US Department of Education. He noted that the report is posted for the Committee’s review and no action is required by the Board. Senior Vice President Calise and her team are available to answer questions.

There being no further business, Chair Karam adjourned the meeting.

The time was 11:47 a.m.

Zunilka Barrett  
Secretary to the Board