

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL SCHOOL•UMASSONLINE**

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

Wednesday, December 2, 2015; 8:00 a.m.

**Boston/Amherst Room
One Beacon Street – 32nd Floor
Boston, Massachusetts**

Committee Members Present: Chair Buonomo; Trustees Campbell, Collins, Fubini, Furman, Johnston, Lee, Miller, Mullan, O’Brien, O’Neil, Peyser and Thomas; Chairman Woolridge

Other Trustees Present: Trustee Manning

Committee Members Absent: Trustees Epstein, Peters and Roh

University Administration: President Meehan; General Counsel Heatwole; Senior Vice President Wilda; Chancellors Subbaswamy, Motley, Grossman, Moloney and Collins; Executive Director Filippone, UMass Building Authority

Documents Used:

- Meeting Minutes: September 9, 2015
- Establishment of the Arthur F. Koskinas Chair in Biomedical Research, UMass Medical School, Doc. T15-096
- Massachusetts Biological Laboratories (MAB) Dissolution, UMass Medical School, Doc. T15-097
- Approval of Resolution, Doc. T15-111
- FY2015 University Financial Report, Doc. T15-103
- Review of the Quarterly Capital Projects List, Doc. T14-089
- Quarterly Building Authority Update, Doc. T15-107
- 2015 Annual Clery Report, Doc. T15-108
- Moody’s Report: Higher Education and the Impact of GASB 68, Doc. T15-115
- Calendar of Key Deadlines – State and University

Chair Buonomo convened the meeting at 8:08 a.m. and stated that the Committee was provided with draft minutes of the September 9, 2015 and October 21, 2015 meetings and asked for any corrections. With no corrections, the minutes were approved.

Reports:

Chairs Report

Chair Buonomo provided an update on the Commonwealth’s revenue collections for fiscal year 2016, stating that the collections totaled \$7.6 billion, \$4.2% more than the state took in last year at the same time. He reported that the campuses are fully engaged and preparing their 5 year forecast through FY20 and that the administration and finance team would use the information

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provided to formulate sustainable strategies for funding goals for the endowment and financial aid; and to determine operating margin and debt ratios.

Chair Buonomo commented on the October 21, 2015 special meeting of the A&F Committee to discuss the state budget request for FY2017. He noted that the days' discussion focused on the metrics that are an important part of the ongoing budget discussion at each quarterly A&F meeting. He stated that understanding the University's historical trends and decision making can guide the administration with the tough choices that are necessary to ensure the University continues to operate in a financially sustainable way.

Presidents Report

President Meehan provided an update on the University's budget and collective bargaining. He announced that the Governor has signed the final supplemental budget for FY15, which did not include the \$10.9 million to fund the University's collective bargaining. The Commonwealth funded \$2.2 million of the \$13.1 million; their share of collective bargaining contracts, but have yet to pay the remaining \$10.9 million for FY15. He stated that with the support of the Chancellors and some Board members, he made a commitment to process for payment the University's faculty and staff wage increases called for in the collective bargaining agreement.

President Meehan stated that without the additional funding provided by the Commonwealth the campuses are faced with at \$10.9 million deficit. He then asked each Chancellor to report on best-practices and how they are planning to manage their campus budget given the shortfall. President Meehan stated that the system would be making reductions as well, which include but are not limited to, freezing vacancies and reevaluating funding for new initiatives. He then stated that the University will continue to work closely with the Administration and Legislature to ensure that the FY17 budget request is open, transparent, and accurately reflects the needs of the University.

Action items:

Chair Buonomo requested the approval of the **Establishment of the Arthur F. Koskinas Chair in Biomedical Research, UMass Medical School**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Chancellor Collins provided a brief overview of the Endowed Chair.

It was moved and seconded.

To recommend that the Board take the following action:

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws to establish the Arthur F. Koskinas Chair in Biomedical Research, University of Massachusetts Medical School. (Doc. T15-096)

The Chair asked for a vote and the motion passed unanimously.

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Chair Buonomo requested the approval of the **Massachusetts Biological Laboratories (MAB) Dissolution, UMass Medical School**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Chancellor Collins provided a brief overview of the relationship between the Mass Biologics and the University; specifically the Medical school and Dartmouth campuses.

It was moved and seconded.

To recommend that the Board take the following action:

To approve the dissolution of the Massachusetts Accelerator for Biomanufacturing, Inc., and to authorize the University of Massachusetts Medical School to take any and all actions necessary to effect this dissolution. (Doc. T15-097)

The Chair asked for a vote and the motion passed unanimously.

Chair Buonomo requested the **Approval of a Resolution**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Chancellor Grossman provided a brief summary on the planning and need for the resolution.

It was moved and seconded.

To recommend that the Board take the following resolution:

WHEREAS, certain real property owned by the United States of America, located in the County of Bristol, Commonwealth of Massachusetts, has been declared surplus to the needs of the Federal government and is subject to assignment for disposal for educational purposes by the Secretary of Education, under the provisions of Section 203(k)(1)(a) of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377) (Act), as amended, and rules and regulations promulgated pursuant thereto, more particularly described as follows:

The real estate and existing structures thereon, known as the “Fort Rodman Interstitial Parcel” in the City of New Bedford, consisting of approximately 0.57 acres of land located between 706 and 838 South Rodney French Boulevard.

WHEREAS the University of Massachusetts, a public institution of higher education of the Commonwealth of Massachusetts, needs and can utilize said property for educational purposes in accordance with the requirements of said Act and the rules and regulations promulgated thereunder of which this Board is fully informed, including commitments regarding use and time within such use shall commence.

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NOW, THEREFORE, BE IT RESOLVED, the University of Massachusetts shall make application to the Secretary of Education for, and secure the transfer to it of, the above-mentioned property for said use upon and subject to such exceptions, reservations, terms, covenants, agreements, conditions and restrictions as the Secretary of Education, or his authorized representative may require in connection with the disposal of said property under said Act and rules and regulations issued thereto; and

BE IT FURTHER RESOLVED, that the University of Massachusetts has legal authority and is willing and is in a position financially and otherwise to assume immediate care and maintenance of the property, and that Divina Grossman, Chancellor of the University of Massachusetts Dartmouth, is hereby authorized, for and on behalf of the University of Massachusetts to do and perform any and all acts and things which may be necessary to carry out the foregoing resolution including the preparing, making and filing of plans, applications, reports and other documents; the execution, acceptance, delivery and recordation of agreements, deeds and other instruments pertaining to the transfer of said property; and the payment of any and all sums necessary on account of the purchase price thereof including fees or costs incurred in connection with the transfer of said property for surveys, title searches, real estate appraisals, recordation of instruments or costs associated with escrow arrangements; together with any payments necessary by virtue of nonuse or deferral of use of the property. If the applicant is unable to place the property into use (or determines that a deferral of use should occur), IT IS UNDERSTOOD AND AGREED that the University of Massachusetts will pay to the United States Department of Education for each month of nonuse beginning twelve (12) months after the date of the deed, or thirty-six (36) months where construction or major renovation is contemplated, the sum of $1/360^{\text{th}}$ of the then current fair market value of the property for each month of nonuse.

If submission of the Application for Public Benefit Allowance Acquisition of Surplus Federal Real Property for Educational Purposes is approved, a copy of the application and standard deed conditions will be filed with the permanent minutes of the Board.

University of Massachusetts
One Beacon St., 31st floor
Boston, MA 02108

I, Zunilka Barrett, hereby certify that I am the Secretary to the Board of Trustees of the University of Massachusetts, and that the foregoing resolution is a true and correct copy of the resolution adopted by the vote of a majority of the members of said the Board of Trustees of the University of Massachusetts present at a meeting of said Board of the 9th day of December, 2015, at which a quorum was present.

(Signature of certifying officer)
(Doc. T15-111)

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The Chair asked for a vote and the motion passed unanimously.

Chair Buonomo then asked for a vote to place Action Item #1 on a Consent Agenda for the Board meeting. He stated that Items #2 and #3 would be brought before the Board at its December 9 meeting.

It was moved and seconded to place Action Item #1 on a Consent Agenda. Chair Buonomo asked for a vote and the motion passed unanimously.

Discussion Items:

Senior Vice President Wilda provided an update on the **University's Fiscal Year 2016 Audited Financial Statements** and the latest changes to the financial metrics. The final results were in line with budget and early projections with an Operating Margin of 0.1%. One significant change to the financials was the requirement to record a share of the state's pension liability in the amount of \$238 million.

Budget Director Pasquini provided the **Review of the Quarterly Capital Projects**. She reported that the capital plan is being executed as expected and projected. The capital plan totals \$3.3 billion with \$1.1 billion in phases 1-4 and \$2.2 billion in phases 5-9. Of the \$1.8 billion in borrowing needed to fully execute the plan, approximately \$300 million is left to borrow. No votes were necessary for any of the capital projects. The capital plan is being executed as expected and projected.

Informational Items:

Executive Director Filippone provided the **Quarterly Building Authority Update**. The approved project list for December 2015 was shared indicating each project's phase, total cost, priority, and funding source.

Mr. Hescocock, Director of University Emergency Management and Continuity, reported on the findings of the University's **Annual Clery Report**. Campus Police Chiefs were on hand to answer any campus-specific public safety questions for the Committee.

Executive Vice President Pagnam provided an update on the **Fossil Fuels Petitions**. He stated that the Foundation has decided to divest partially from coal investments and the University will continue to implement energy efficiencies. He also stated that the Foundation would issue a statement indicating the Foundation's decision.

Discussion ensued regarding the statement, and Chair Woolridge asked for the Committee's decision on the final line in the statement: *the Foundation continue to evaluate ways to "reduce", "replace", or that there should be no statement at all.* It was agreed that the statement be brought before the Board at its December 9 meeting for a decision.

Chair Buonomo informed the Committee that the final information items regarding the **Moody's Report on Higher Education and the Impact of GASB 68** and the **Calendar of Key Deadlines for the State and University** was posted on Boardvantage.

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There being no further business, the meeting adjourned at 10:33 a.m.

Christina Kelley
Assistant Secretary to the Board