

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

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

Wednesday, September 4, 2019; 1:15 p.m.

University of Massachusetts Lowell

University Crossing

Moloney Hall B – 2nd Floor

220 Pawtucket Street

Lowell, Massachusetts

Committee Members Present: Chair Karam; Vice Chair O'Brien; Trustees Binnall, Callahan, Cruz-Gordillo, Epstein, Furman and Patel; Mr. Moreau (Trustee Peyser's Representative)

Other Trustees: Trustees Burns, Kuffoh and Peters

Committee Members Absent: Trustees Tolman, Thomas, Woolridge and Wu

University Administration: President Meehan; General Counsel Leone; Senior Vice President Calise; Chancellors Subbaswamy, Newman and Moloney; Provosts Karim and Flotte

Faculty Representatives: Professor Hoagland, UMass Amherst; Professor Koren, UMass Lowell

Documents Used:

- Meeting Minutes: March 27, 2019
- Establishment of Endowed Professorships and Chairs, UMass Amherst, Medical School, Doc. T19-046
- University's Fiscal Year 2021 State Budget Request Authorization, Doc. T19-049
- Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan), UMass Amherst (Vote 1), Doc. T18-063, as amended
- Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan) – P3 Projects, UMass Amherst (Vote 2), Doc. T18-064, as amended
- Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan) – P3 Projects, UMass Boston, Lowell (Vote 1), Doc. T18-063, as amended
- Authorization to Issue Debt in Support of the University's Capital Plan, Doc. T19-050
- Annual Efficiency & Effectiveness Report, Doc. T19-037

Chair Karam convened the meeting at 1:15 p.m.

Chair Karam welcomed the Committee to the Lowell campus and thanked Chancellor Moloney for hosting the Board meetings. He also welcomed new Student Trustees Binnall, Callahan, Cruz-Gordillo, and Patel to their first Administration and Finance Committee 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 March 27, 2019 meeting and asked for any corrections. With no corrections, the minutes were approved.

President's Report

President Meehan informed the Committee that at the full meeting of the Board this past August, he announced the creation of the Advisory Working Group on Financial Planning. The group is chaired by Senior Vice President Calise and the first meeting is scheduled to be held in September. The group was created to provide additional guidance and perspective on campus and system office efforts to meet the goal of long-term financial sustainability. It will focus on access and affordability, maintaining and improving the quality of the University so that the administration can continue to manage the operations of the University in the most efficient and effective way.

President Meehan recalled discussions with the Board and publicly about future challenges that would disrupt all of higher education. He stated that stagnant state support and declining student demographics are drivers of increased competition for students, higher tuition discounting by competitors and a tremendous strain on the current higher education business model. He stated that the Advisory Working Group on Financial Planning will analyze national enrollment trends and track enrollment progress of each campus to inform system and campus strategies going forward.

He stated that the Authorization to Submit the University's Budget Request would be voted on later in the agenda and that Senior Vice President Calise, her team, and the government relations group have engaged the legislators to ensure an open and transparent dialogue between the University and the legislature. President Meehan also informed the Committee that the Executive Office of Education and DCAMM released the instructions and timeline for applying for major capital projects in the States Fiscal Year 2021 Capital Plan. The deadline for submissions is December 20th and the plan is to present each campuses submission to the Committee in early December.

Senior Vice President's Report

Senior Vice President Calise provided an update on the A&F roadmap and Enrollment. She updated the Committee on operational improvements pertaining to financial planning, policy development, efficiency and effectiveness initiatives, and the shared services plan among others. She commented on the progress thus far in efficiency and effectiveness efforts such as \$124 million in total cost savings, \$22.3 million in system-wide spending reductions, and \$102.3 million in cost avoidance. The University reported \$19.8 million in cost savings for FY17-18.

Senior Vice President Calise discussed the University's Shared Services plan. She provided a high level review of the structure of the new Unified Procurement Services organizational design and the comprehensive strategic plan. She discussed the timeline of the development and implementation of the operations of the Unified Procurement Services Team and indicated a launch date in January 2020.

She provided a report on how the enrollment is tracking to budget across the 5 campuses. She highlighted instances where the budgeted enrollment is lower than what the Board approved in

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August and indicated the need to monitor and track the Dartmouth campus' enrollment strategy and related revenue shortfall. Senior Vice President Calise also stated that the Administration and Finance Committee would receive monthly financial reports from the Dartmouth campus to track their progress toward the Board approved operating margin.

Chair's Report

Chair Karam provided an overview of the day's agenda noting six action items for vote and one information item.

He recognized management for their use of real time enrollment dates and indicated that it provides a greater level of transparency. He stated that while he encourages the use of real time data, it highlights alarming enrollment trends at many of the University's campuses, particularly the Dartmouth campus, which cannot be ignored. Chair Karam reiterated President Meehan's comments regarding enrollment concerns at the Dartmouth campus. He informed the Committee that he has asked that Senior Vice President Calise provide the Administration and Finance Committee with monthly financial reports of the Dartmouth campus to track their progress toward meeting the Board's approved operating margin and ensuring their budget is structurally balanced.

Chair Karam emphasized the need for the Administration and Finance Committee to monitor the new accountability measures in place. He stated that the administration has put forth initiatives supported by the Administration and Finance Committee including a first ever Reserve Policy for the University and much needed improvements to the capital projects approval process, specifically in response to the increased number of public private partnerships being considered. Senior Vice President Calise will provide the Committee with updates for monitoring purposes.

Chair Karam also reaffirmed the importance of the University's financial sustainability by producing healthy operating margins. He informed the Committee that every campus has produced a financial plan that gets them to 2% by 2023 and that the commitment to reach it should remain unwavering. In comparison to peer groups across higher education, a 2% operating margin is behind others in the region.

Action Item #1: Establishment of Endowed Professorships and Chairs, UMass Amherst, Medical School, Document T19-046

Chair Karam requested the approval of Endowed Professorships and Chairs at the University of Massachusetts Amherst and the Medical School. 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 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 Edward D. Shirley Endowed Professorship at the University of Massachusetts Amherst.

And further,

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In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws: to establish the Joseph M. Streeter and Mary C. DeFeudis Chair in Surgery at the University of Massachusetts Medical School.

Chancellor Subbaswamy and Provost Flotte provided the background for the purpose of the action items.

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

Action Item #2: Fiscal Year 2021 State Budget Request Authorization, Document T19-049

Chair Karam requested the approval of the Fiscal Year 2021 State Budget Request Authorization. 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 and seconded.

To recommend that the Board take the following action:

To authorize the President to prepare and submit the University's Fiscal Year 2021 State Budget request per the Board's Governance policy (T73-098).

Senior Vice President Calise provided the background for the purpose of the action item.

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

Action Items #3-5: Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan), UMass Amherst, Document T18-063, as amended; Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan) – P3 Projects, UMass Amherst, Document T18-064, as amended; and Approval of Changes to the Capital Projects List (related to the FY2019 – FY2023 Capital Plan) – P3 Projects, UMass Boston, Lowell, Document T18-063, as amended

Chair Karam requested the approval of the Changes to the Capital Projects Lists. 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 and seconded.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to approve the following project 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 project to the extent permitted by Trustee Policy T93-122, as amended, and Board vote T18-056:

Campus	Project Name	Preliminary Campus Estimate	Funding Sources				P3
			Local Funding	External Funding	Borrowed Funding	State Funding	
UMA	Goodell Renovations	\$35,000,000	-	-	\$35,000,000	-	-

And,

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WHEREAS, the University of Massachusetts Board of Trustees Policy T93-122, as amended, establishes approval requirements for P3 funded projects that require the approval of the University President and the UMass Board of Trustees.

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 **second vote** and add them to the University’s approved capital projects list; 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 requires a third vote of the board prior to the execution of any development agreement:

Campus	Project Name	Preliminary Campus Estimate (First Vote)	Full Project Approval (Second Vote)	Funding Sources				
				Local Funding	External Funding	Borrowed Funding	State Funding	P3
UMA	North Village Apartments	\$70,000,000	\$38,800,000	-	-	-	-	\$38,800,000
UMA	Housing Expansion	\$175,000,000	\$191,600,000	-	-	-	-	\$191,600,000

And,

WHEREAS, the University of Massachusetts Board of Trustees Policy T93-122, as amended, establishes approval requirements for P3 funded projects that require the approval of the University President and the UMass Board of Trustees.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to approve a **first vote** requiring the University of Massachusetts Building Authority to engage professional services to conduct an independent third party analysis for the proposed Calf Pasture Pump House project at the Boston campus. 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 T18-056 and requires a second vote of the board once further study of the projects is completed.

And further, To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to approve a **first vote** requiring the University of Massachusetts Building Authority to engage professional services to conduct an independent third party analysis for the proposed ice rink project at the Lowell campus. 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 T18-056 and requires a second vote of the board once further study of the projects is completed.

Assistant Vice President Pasquini provided the background for the purpose of the action items.

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The Chair then asked for a single vote for action items 3-5 and the motion passed unanimously.

Action Item #6: Authorization to Issue Debt in Support of the University's Capital Plan, Document T19-050

Chair Karam requested the approval of Authorization to Issue Debt in Support of the University's Capital Plan. 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 and seconded.

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 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:

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- (a) Any or all of the projects identified in the University's FY2019-FY2023 Capital Plan, Doc. T18-056 'which are on' the Approved 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.
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.

Senior Vice President Calise and Associate Vice President Gorzkowicz provided the background for the purpose of the action item.

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

Consent Agenda

Chair Karam asked for a motion to place Action Items #1-6 on the Consent Agenda for the full Board meeting. It was moved and seconded to place the action items on a Consent Agenda.

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

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Executive Session Announcement

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 Laws Chapter 30A, Section 21(a)(6) since it has been determined that an open meeting would have a detrimental effect on the negotiating position of the University.

Chair Karam announced that the Committee would not reconvene in open session.

It was moved and seconded and the Secretary called the roll with each Trustee asked to vote yes or no to enter in Executive Session for those purposes listed. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Callahan, Cruz-Gordillo, Epstein, Furman, and Mr. Moreau (representing Trustee Peyser).

The time was 2:26 p.m.

Christina A. Kelley
Assistant Secretary to the Board