

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

August 23, 2023

**Finance, Facilities & Technology Committee**

**Present: Committee Members:** Roger Katz; Chair; David MacMahon, Pat Flood, Trish Riley, Emily Cain and Mike Michaud. **Other Trustees:** Barbara Alexander. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Saufley, Jenifer Cushman, Joan Ferrini-Mundy, Ray Rice, Joseph McDonnell, Deb Hedeem and Jacqueline Edmondson. **Faculty Representatives:** Ivan Manev. **System Staff:** Chancellor Malloy, Ryan Low, Kayla Flewelling, Tracy Elliott, David Demers, Gretchen Catlin, Carolyn Dorsey, Jeffrey St. John, Paul Chan and Miriam White. **Other Participants:** Carolyn McDonough, Buster Neel, Kelly Sparks, Jude Killy, John Volin, Nate Harris, Laurie Gardner, Betsy Sawhill Espe, Nicole Vinal Harvie, Pam Ashby, and Justin Swift

**Committee Members Absent:** Lisa Eames

Trustee Katz, Chair, called the meeting to order and welcomed everyone. The Clerk performed a roll call of the Committee members present.

**Executive Session**

On a motion by Trustee Michaud, which was seconded by Trustee Flood, and approved by a roll call vote of all Trustees present, the Finance, Facilities, & Technology Committee went into Executive Session under the following provisions:

- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.
- 1 MRSA Section 405 6-C to discuss the condition, acquisition or disposition of real property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the UMS.

On a motion by Trustee Riley, which was seconded by Trustee Michaud, and approved by a roll call vote of all Trustees present, the Committee concluded the Executive Session.

Following the Executive Session, the Committee Chair reconvened the public meeting to discuss the following items.

**Reimbursement Resolution, UM Factory of the Future**

President Ferrini-Mundy opened discussion and presentations requesting the adoption of the Resolution for Reimbursement of Project Expenditures in order to preserve flexibility for the reimbursement of costs incurred in connection with the construction of the Green Engineering and Materials (GEM) “Factory of the Future” with proceeds of future debt should the campus decide to seek financing for such costs.

On September 12, 2022, the Board approved authorization to expend up to \$13,800,000 in Maine Jobs & Recovery Act funds, in addition to the previously authorized \$1,500,000 campus reserves, for a total of \$15,300,000 to complete design for facility and equipment and ancillary pre-construction costs of the GEM Factory of the Future.

This project has mixed sources of funding, which are still being finalized, but which are expected to include University revenue bonds.

The resolution allows project expenditures for the GEM Factory of the Future made prior to bond issuance to be reimbursed with bond proceeds. It does not authorize the issuance of university revenue bonds for this purpose. The University will seek additional approval for the construction of the GEM “Factory of the Future” and the financing thereof at a future Board meeting.

On a motion by Trustee Cain, and seconded by Trustee Flood the Finance, Facilities and Technology Committee, approved the following resolution to be forwarded for the Board of Trustee approval at the September 11, 2023, Board Meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, & Technology Committee and approves the Reimbursement of Project Expenditures prior to bond issuance.

**~~Campus Lighting Project Authorization under an Energy Savings Performance Contract, UM~~**

This item was withdrawn from the meeting agenda.

**University of Maine, Advanced Structures and Composite Center (ASCC), Secure Smart Textiles Laboratory Authorization Increase**

The University of Maine System, acting through the University of Maine, requests to increase the authorization for phase 2 of the Secure Smart Textiles Laboratory within the Advanced Structures and Composite Center (ASCC) by an additional \$1,880,738 million. The Board of Trustees approved \$2,451,268 in March of 2022; thus, this additional request would bring the total approved expenditure up to \$4,332,006. This request is the second of three requests that will be needed for full completion and occupancy of the laboratory.

This project is in direct support of UMS Strategic Plan 2023-2028, Commitment 1, Research Actions, Goal 1.1. This project investment in infrastructure will enhance UMaine’s research capacity. This request is pursuant to Board Policy 701, which requires projects with a total cost of more than \$500,000 and any increases to those projects, be considered by the Board of Trustees or its Finance, Facilities & Technology (FFT) Committee. In this case the Committee’s recommendation will be forwarded to the Full Board for consideration.

Full funding for this work (second phase) will be in the amount of \$4,282,006 and has been secured from U.S. Army Natick Soldiers System Center (Natick) contracts. The ASCC secure smart textiles laboratory is identified within the University’s 10-year rolling master plan, 5-year capital plan, and 1-year capital plan approved by the Trustees.

Due to funding constraints, phase 1 approved scope of the secure lab with limited occupancy due to access and means of egress limitations; this current (second) phase will allow the ASCC to begin production of the textiles for research in a provisionally compliant limited occupancy mode and allows the lab to meet research contract obligations. Full occupancy would necessitate ADA compliant access to be later appended to an enclosed elevator-stair tower as a subsequent (third) phase. Textile technologies are used throughout many ASCC research projects, and the proposed lab will allow these projects to be supported internally and expand further research opportunities. Capabilities and projects will further the development of green and bio-friendly materials for use in textiles, lightweight structures and 3D printing. “Smart” material systems will be developed, refined, and prototyped to the level of a commercial product.

On a motion by Trustee Riley, and seconded by Trustee Flood, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the September 11, 2023, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance Facilities and Technology Committee and authorizes the University of Maine System, acting through the University of Maine, to expend an additional \$1,880,738 for a total of \$4,332,006 to renovate a portion of the existing ASCC facility to accommodate installation of a Secure Smart Textiles Laboratory to be utilized for research on smart materials.

### **Dental Clinic Expansion, UMA**

President Cushman began a short presentation on the history of the work and efforts regarding the Dental Clinic at the University of Maine at Augusta and the request for approval to expand the Dental Clinic located at the Lewiston-Auburn Campus. The request is pursuant to Board of Trustees Policy 701 – Budgets, Operating and Capital which requires approval from the Finance, Facilities and Technology Committee to approve capital budgets of at least \$500,000 and less than \$1,000,000.

The total project cost is estimated to be \$665,000 including construction, equipment, furnishings, instruction, and student support. Funding for the project comes from a \$665,000 grant from the Northeast Delta Dental Foundation. The project is not included in the 1-year capital plan as the grant was received after the plan was already developed.

The State of Maine continues to experience a significant shortage of formally trained oral health professionals. Over the past decade, access to oral health care has become an emerging concern. Despite efforts to improve the oral health of Maine's population, oral health disparities continue. These disparities are characterized by compromised oral health status for certain vulnerable populations, including the poor, children, racial and ethnic minorities, people with special needs, and the elderly. One of the factors believed to influence access to oral health services and contribute to these disparities is the available supply of oral health professionals. With this expansion, the Dental Clinic in Lewiston will expand its annual Dental Assisting Program enrollment from six to 12 students. The Expanded Function Dental Assisting Program will increase its annual enrollment from 12 to 18 students. Combined with the programs located in Bangor, Maine, UMA will be providing 24 dental assistants and 30 expanded function dental assistants each year to the statewide workforce shortage.

Through a Mutual Understanding with the University of Southern Maine and the University of Maine at Augusta, an additional 474 square feet will be allocated to UMA for the Dental Clinic expansion at an increased cost to UMA of \$4,740. The total amount of space allocated to UMA is now 6,038 square feet at a cost to UMA of \$60,380 annually, which covers any additional operating expenses incurred by USM. No additional square footage is being added to the Lewiston-Auburn Campus.

ON a motion by Trustee MacMahon, seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the expenditure of \$665,000 for the expansion of the University of Maine at Augusta Dental Clinic located on the Lewiston-Auburn Campus in Lewiston, Maine.

### **Renewal of Allagash Wilderness Camp Land Lease, UMFK**

President Hedeem led discussions of this proposal by discussing the history of the land lease in the Allagash Wilderness. In 1998 an agreement was entered into between the University of Maine System (d/b/a UMFK) and the Maine Department of Conservation Bureau of Parks and Lands for a no-cost lease of a 2.3-acre parcel of land located in T13 R12 WELS, Round Pond Unit of Maine Public Reserved Lands. A wilderness camp was built on this remote site, within the proximity of the Allagash River watercourse, for instructional and other educational purposes. In 2019 the restricted use was amended to allow usage of the camp by “other University of Maine System campuses for the purpose of natural resource-based education or research.” This request is simply to renew the no-cost lease for an additional term of ten (10) years.

On a motion by Trustee Michaud, seconded by Trustee Cain, the Finance, Facilities and Technology Committee authorized the renewal of a ten (10) year no-cost lease of a 2.3-acre parcel of land in T13 R12 WELS, Round Pond Unit of Maine Public Reserved Lands as the continuing site for the Allagash Wilderness Camp.

### **Deering Farmhouse Renovation Revenue Allocation, University of Southern Maine**

The University of Maine System, acting through the University of Southern Maine (USM), previously received authorization from the University of Maine System Board of Trustees to expend up to \$2,000,000 to renovate and relocate the historic Deering Farmhouse located on the Portland campus at its January 2023 meeting. The project was to be funded with University E&G funds including \$65,000 from FY22 and \$500,000 from FY23 with the remainder being budgeted in the FY24 and FY25 capital plans. With the approval in January 2023, the board asked the University of Southern Maine to explore alternate funding methods to University E&G funds, such as philanthropy and/or historic preservation resources. The Board also requested that USM return for further authorization before exceeding the funds approved from FY22 and FY23 totaling \$565,000. The project is currently under the approved amount of \$565,000.

The University is seeking authorization to expend an additional \$750,000 in University E&G resources to fund the next phase of the Deering Farmhouse project. This will enable the construction of the Center for the Arts (CFA) project to proceed and to stay on schedule since the structure is in the current footprint of the new CFA building. Because of escalating construction costs, the University currently plans to move and weatherize the structure. The University plans to delay the interior renovation until a later date.

The overall approved budget of this project is \$2,000,000 and will be funded by university E&G funds. Initially the project has been funded by University E&G funds including \$65,000 in FY22 and \$500,000 in FY23. USM is requesting that an additional \$750,000 be utilized from the FY24 capital funds. Any additional funds will be determined later. The Deering Farmhouse Renovation was not specifically identified in USM’s FY24 Capital Plan, but funds are available for this project.

The design is complete with sitework and preliminary construction activities beginning in June 2023. The move of the building will be completed Fall of 2023. Completion of the full project will be determined later when funding is identified and approved.

On a motion by Trustee Flood, seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded for the Board of Trustees approval at the September 11, 2023, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System acting through the University of Southern Maine to add \$750,000 in University E&G resources to the Deering Farmhouse Renovation project.

### **Review of IT Projects with a Value of \$250,000 or Greater**

Chief Information Office, David Demers, offered an update on ongoing projects involving Managed Print Services and Repaving MainStreet.

Regarding Managed Print Services, all Xerox devices have been received by all campuses. Approximately 20 devices remain to be deployed at remote sites or areas that are pending completion of either renovation or construction.

The update regarding Repaving MainStreet consisted of the following areas:

#### **Oracle Cloud HCM and ERP Projects:**

The HCM project team is focused on completing data conversions and finalizing business decisions required for HCM App2.0 Review sessions. Although substantial progress has been made in both areas, the App2.0 Review sessions, originally scheduled for mid-August, are now planned for mid-October. This schedule adjustment will allow the additional time needed to complete the required data conversions, finalize business process decisions, and for the Drivestream team to build the App2.0 environment. Among the pending decisions are future processes for position approvals, evaluating the adoption of Oracle Cloud Recruiting and Onboarding modules for student employee recruitment and hiring, and finalizing Time & Labor module decisions related to web clock punch-in and punch-out procedures.

The ERP project team is preparing for the Purchasing and Accounts Payable App1.0 Review sessions scheduled for the week of August 14. Recent decisions include finalizing a new Chart of Accounts (COA) structure for the cloud and a standard set of Finance and HR Department codes. Additionally, the team is collaborating with Drivestream to determine strategies for how the current Jaggaer (purchasing) and Concur (travel/expense management) platforms will coexist with Oracle Cloud.

The UMS and Drivestream technical teams collaborated to identify strategies to streamline data conversion efforts, which have required substantial time and manual effort from the UMS technical team. To address this challenge, plans are underway to enable Drivestream resources to extract data from PeopleSoft staging tables. This approach will greatly reduce the need for the UMS technical team to manage data extractions, enabling them to focus on essential pre-conversion requirements and integration review tasks.

#### **CS Reimplementation Project:**

Functional and technical Business Process Assessment (BPA) Sessions continue. ERPA continues to develop the BPA document with a target date for completion of August 31, at which time walk-through/ Q&A sessions will be scheduled to review the documents with the UMS. This in-depth documentation will include recommendations for future business processes, configurations, and development efforts that will support UMS short-term and long-term strategic priorities.

Additionally, the UMS and ERPA project teams have been focusing on the UMM/UMaine merger, specifically the Admissions module. The merger required an innovative approach to displaying applicant requirements/checklist items in self-service to prevent duplication. The

automation that has been developed as part of this solution will greatly improve processing for admissions offices and international programs and will augment functionality currently being used in CS while reserving additional enhancements to admissions processing for future phases/rollouts. The processes were implemented on August 1 in time to support the processing of applications for the Fall 2024 semester.

The team is closely collaborating with the Oracle Cloud HCM and ERP technical teams to ensure alignment of any interdependencies between the systems, both in short and long-term scenarios.

## **Capital Projects Status Report and 2018 Bond Projects Update, UMS**

Attached with meeting materials, the Capital Project Status Report provided a comprehensive update on the status of capital projects, market impacts, 2018 bond project status, research space approvals, and specific project details. Two Bond Reports were also included in meeting materials which outlined additional data with accompanying charts and data layouts.

### **Key Capital Project Highlights:**

- **Total Projects:** 39 projects are currently active, with three new additions since the last report; one at UMPI and two at UMF.
- **Approved Project Estimates:** Over \$400 million, with over 61% expended to date.
- **Project Highlighting:**
  - Yellow: Current P3 projects.
  - Green: Projects at Board approval level utilizing Harold Alford Foundation (HAF) grant and matching money.
  - Separate Table: HAF projects below Board approval level.
- **2018 Bond Funds:** A few projects funded with 2018 bond funds remain on the Capital report pending the Percent for Art process realization.

### **COVID-19 and Current Market Impacts on Capital Construction**

- Market instability, equipment delays, and labor shortages continue to create challenges for the bidding and estimating climate.

### **2018 Bond Project Status Report**

- **Active Projects:** 37
- **Closed Projects:** 35
- **Total Projects:** 72
- **Funding:** Nearly all of the \$49 million in voter-approved general obligation bond funding has been allocated, with approximately \$45 million expended.
- **Supplemental Funding:** Over \$72 million, including bond funding and other resources.
- **Reporting:**
  - Projects above Board Threshold also appear on Capital Project report.
  - As projects are closed, they are moved to the closed section and will remain on the report until all projects are completed.

### **Research Space Approvals**

- No new approvals for Chancellor-approved increases in university-owned or occupied space for research purposes.

### **Specific Project Updates**

#### ***UMF Campus ESCO Project:***

- **Interior and Exterior Lighting Upgrades:** Completed.

- **Building Envelope Improvements:** Completed.
- **HVAC Duct and Piping Thermal Insulation:** Completed.
- **Water Fixture Upgrades:** Upgrades to efficient water fixtures are complete.
- **Building Automation System and Energy Management Control Systems:** 75% complete, including the replacement of Variable Air Volume units.
- **New Biomass Boiler and Plant Addition:** In construction; on target for delivery of boiler by end of August; goal to be operational by mid-September.
- **Roof Top Units:** Awaiting delivery on some; installation will be coordinated around building occupancy.
- **Residence Halls Work:** Completed.
- **Completion Timeline:** Most work will be complete by Fall 2023, with some items extending to summer 2024.

***UMF Early Childhood Education Center Project:***

- **Delay in Roof Top Unit:** This has caused a delay in the center's opening until the end of September.
- **Class Start Date:** Scheduled to start in the space by October 2.
- **Completion Timeline:** All work, except for the Roof Top Unit, will be complete by mid-August.

***Harold Alfond Foundation (HAF) Grant Funded Projects:***

- **Athletics:** Projects continue as reported previously, with no significant changes.
- **MCEC:** No change in status.

***USM Portland Development Projects:***

- **Portland Commons Residence Hall:** On target for initial, partial occupancy by mid-August and full student move-in during the last week in August.
- **Career and Student Success Center (McGoldrick Center):** Substantially complete and occupied, with some finish work and punch list items ongoing.
- **Parking Garage:** Received approval for a partial occupancy permit; additional work related to delivery delays is ongoing.
- **Center for the Arts:** GMP accepted, and work has begun, marking the commencement of a significant cultural addition to the campus.

**FY2024 Finance, Facilities and Technology (FFT) Committee Work Plan**

Annually, a work plan for the Finance, Facilities & Technology Committee is formulated. The work plan is intended to cover both action items required for governance of the University of Maine System and those topics of importance and interest to the Board. Trustee Katz and Vice Chancellor Ryan Low will review the draft plan with the Committee in preparation for inclusion in the September Board of Trustee meeting materials.

A draft of the workplan was included in committee meeting materials.

**5-Year Capital Plan**

Associate Director of Capital Planning, Nate Harris, presented the FY2024-FY2028 5-Year Capital Plan. *It should be noted that this Capital Plan and all Financial Analysis reports and presentations are projections of funding, revenue, and expenses.*

The five-year capital plan provides a mid-term view of planned capital investments across the system. Unlike the 1-year capital plan, the 5-year plan is designed to be aspirational.

Universities not only identify projects they can execute but include important projects that still need funding secured. Each university has provided a narrative that is *italicized* in their section where they discuss their priorities, key projects, and any constraints faced in their plan. The UMS capital plan directly supports NECHE standard 7, physical resources, and address the call to “redress the buildup of critical maintenance and bring facility age in line with postsecondary sector standards” in their final report. This plan also directly addresses several key goals in the UMS Strategic Plan. All universities see their capital plan as supporting the strategic priorities of increasing enrollment (Commitment 1, Action 4, Goal 4.2) and retaining students (Commitment 1, Action 2) though modernizing and enhancing their physical plant (Commitment 2 – Fiscal Sustainability, Action 3, Goals 3.2 and 3.3) to maintain an effective infrastructure portfolio (Commitment 2, Action 1, Goal 1.1) within a fiscally sustainable environment. This five-year capital plan identifies \$1.2B of investment supporting over 400 projects valued at over \$1.5B. Funding sources across the plan are diverse and consist of over 20 different types. The list below highlights the largest contributors to the plan and accounts for 92% of all the funding:

- TBD - \$342M (30%)
- Fundraising - \$182M (16%)
- Revenue Bonds – \$162M (14%)
- Earmarks\* - \$123M (11%)
- HAF Grant - \$102M (9%)
- E&G and Aux (including reserves - \$94M (8%)
- State Capital Improvement Funds - \$45M (4%)

This funding breakout is similar to the previous 5-year plan. The largest difference is in the projected fundraising category, which more than doubled what was identified in the FY23-FY27 plan. This is the result of identifying HAF Grant matching funds for athletics and engineering projects at UMaine, and the fundraising needed for the Center for the Arts project at USM.

New construction is responsible for 44% of the 5-year plan, with expenditures in this category growing each fiscal year. The addition of new facilities and their square footage will require additional facility operations and maintenance funding if these new facilities are to be properly maintained. At the same time, new facilities will increase the Gordian funding targets if adequate offsets are not identified for closure and demolition. Significant funding mechanisms still need to be secured to execute the new construction outlined in the plan since 63% of the funding for new construction has TBD or Fundraising identified as the funding source.

The 5-year plan includes 18 demolition projects that are expected to cost over \$19M. These projects would remove approximately 340,000 sq/ft and slow the growth of Gordian funding targets by eliminating maintenance and lifecycle renewal obligations. At the same time, removing these facilities could reduce property insurance costs. These removal projects support the Strategic Plan’s Commitment 2 – Effective Infrastructure Portfolio – Action 2, Goal 2.1. Currently, most demolition projects do not have funding identified (TBD) and will require fiscal solutions beyond university funding. The largest demolition projects include Dickey-Wood and the Law Building at USM; Hannibal Hamlin, Libby and Murray Hall at UMaine; and Normal Hall at UMPI.

Renovations, renewals and investments in building systems and envelopes constitute 34% of this plan and are critical to preserving and modernizing existing facilities and support Strategic Plan Commitment 2 – Fiscal Sustainability- Action 3 Goals 3.2 and 3.3. When renovations are undertaken, necessary safety and code upgrades are addressed. Based on Gordian’s analysis, our



planned investments will meet their funding target range for FY24-FY27 and will help keep NAVs steady. This analysis assumes a 6% annual cost acceleration and does not include either the growth in these targets as new facilities come online or the impact of planned demolitions. This planned investment will make a noticeable impact on the facilities targeted, but funding strategies will need to be developed over the coming years since 29% of the planned \$390M investment is TBD funded and an additional 7% is made up of fundraising and unsecured earmarks.

Going forward, the Capital Plan will look at all of these categories (to include fundraising & revenue opportunities) by campus in detail for future committee meetings.

### **Multi-Year Financial Analysis Presentation**

At the July 10, 2023, Board of Trustees meeting, it was requested that Vice Chancellor Ryan Low take a deeper look at the Multi-Year Financial Analysis (MYFA) for the University of Maine System with the Finance, Facilities and Technology Committee. For this committee meeting, Vice Chancellor Low reviewed the MYFA report and presentation that was shared previously at the July 10, 2023, Board Meeting.

This report has been ongoing since 2008 and is a 5-year window based on the upcoming fiscal year, which provides a solid base to build on Campus Chief Business Officers are consulted in this plan which includes projections on enrollment, tuition and state appropriates that affect each campus different.

*This report is NOT a crystal ball or a solid-inflexible report, but a projection of how funding could play out and adjust throughout the years to either solve budget gaps or help keep the overall budget balanced.*

The MYFA is an interactive tool for the entire System and the Board to assess any supplemental budget changes and adjustments that either could or need to happen based on current, projected numbers.

In July there were 7 key revenue and expense drivers/categories: Enrollment, Tuition, State Appropriation, Compensation, Benefit Rates, Non-Compensation Expenses and Capital Expenditures. This MYFA was build upon projections that were based on the Multi-Year Financial Analysis of 2023 to assume what financial analysis will look like into FY2028 across each individual campus.

Additional information about the meeting can be found on the Board of Trustees website: <https://www.maine.edu/board-of-trustees/meeting-agendas-materials/finance-facilities-technology/>

Adjournment.

Kayla Flewelling, Interim Clerk