Finance/Facilities Committee


Absent: James Dowe and Angela Faherty.

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.

Financial Update. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, provided a financial update on the following items.

Forecast
The UMS currently has forecasted an operating surplus of between $24-$26 million for FY2010, which is equivalent to 4.5% to 5% of the unrestricted operating budget. The forecasts for the campuses at the close of FY2010 are as follows:

- UMaine is currently projecting a $2.8 to $3.3 million net increase.
- UMA is projecting a $900 thousand to $1 million net increase.
- UMF is projecting a $1.2 to $1.6 million net increase.
- UMK is projecting to break even.
- UMM is projecting a $50 to $100 thousand net increase.
- UMPI is projecting a $800 thousand net increase.
- USM is projecting $4.5 to $5.4 million net increase after paying off the working capital loans in full.
- System-wide Services is projecting to balance its budget or have a slight surplus.
- Temporary Investment Income is projecting to have a surplus of $7.6 million, $5 million of which is planned to be set aside for the Budget Stabilization Fund.
- Employee Benefits Pool is projected to have a surplus of $6 million.

Update of the Managed Investment Pool (including Endowments, Pension Fund, and Operating Cash)
The Managed Investment Pool has returned 13.9% for the fiscal year-to-date through May 31 and the market value of the Fund is $144.7 million as of the end of May 2010. The Pension Fund has returned 11.9% for the fiscal year-to-date through May 31 and the market value as of the end of May is $43.5 million. The Operating Cash Fund has returned 5.5% for the fiscal year-to-date through May 31 and the market value of the Fund is $226.6 million for the same period.

Curtailment
The UMS was notified by the State Budget Office that the Governor is preparing for a $100 million curtailment. The total target for the UMS is $8.3 million and an impact statement outlining how this will affect the System is due by September 1, 2010.
Lease of Space at 501 Forest Avenue, USM. Ms. Wyke explained that USM currently leases 25,000 square feet of space at 501 Forest Avenue in Portland. This houses the mailroom, copy center, and provides storage space. The present rental is $5.05 per square foot and the current lease lapses July, 2010. The property owner has indicated that the current rental rate would remain in effect if we execute a 5 year renewal agreement. The initiative is to also locate the Maine Small Business Development Center (SBDC) at this site.

On a motion by Trustee Murphy, which was seconded by Trustee Fournier, the Committee agreed to forward the recommendation to the Consent Agenda.

Regional Learning Center at Tidewater Farm, Falmouth – UM. UMaine withdrew this agenda item until future notice.

On a motion by Trustee Mitchell, which was seconded by Trustee Murphy, the Committee agreed to further review this project.

Central Steam Plant Boiler Replacement – UM. Ms. Janet Waldron, Vice President for Finance & Administration at UMaine explained the Central Steam Plant Boiler Replacement.

In 2009 Vanderweil Power Group conducted a study of the UM’s energy and infrastructure delivery systems. These included the central steam plant, steam supply and condensate return piping distribution systems, and electrical supply. Their report recommended that boilers #3 and #4 in the central steam plant be replaced. Of the five boilers at the steam plant, numbers 3 and 4 (installed in 1946) are operating at a low 60-65% efficiency and are considered to be at the end of their useful lives. The replacement boiler would have an efficiency rating of 75%. The new water tube boiler and economizer would be located in the area now occupied by boilers #3 and #4 without major modification to the existing building. The estimated cost of the project is $2,760,860 with an annual savings estimated to be $488,301. The payback period is 5.6 years. Construction is expected to commence in the Fall of 2010 and end in December 2011.

On a motion by Trustee Mitchell, which was seconded by Trustee Goodman, the Committee agreed to forward the recommendation to the Consent Agenda.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk