Finance/Facilities Committee


Committee Members Absent: None

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

Financial Update. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, stated that at the close of FY2011 the UMS has a projected operating surplus of between $21 to $24 million, or 4 to 4.5% of the unrestricted operating budget. The FY2011 campus projections are as follows:

- University of Maine is projecting a $4.5 to $6.0 million net increase
- University of Maine at Augusta is projecting a $1 to $1.5 million net increase
- University of Maine at Farmington is projecting a $1.8 million net increase
- University of Maine at Fort Kent is projecting a $99 thousand net loss
- University of Maine at Machias is projecting to break even
- University of Maine at Presque Isle is projecting a $650 thousand net increase
- University of Southern Maine is projecting a $3.5 to $3.7 million net increase
- System Wide Services is projecting a $150 thousand net increase
- The Temporary Investment Income is projected to be $8 million above budget and $5 million of that is earmarked for the Budget Stabilization Fund
- The Benefit Pool is projecting a surplus of $2 million

Chancellor Pattenaude thanked and congratulated the Presidents and campus staff for the hard work on their budgets.

Managed Investment Pool (including Endowment Fund)
The Fund lost 0.9% in May 2011 and as of the fiscal year-to-date the fund has returned 23.7% net of fees. The market value of the Managed Investment Pool is $186.3 million. Changes in market value besides market fluctuation include: contributions and distributions, the UMS contributions to the OPEB Trust and the Maine Maritime Academy’s participation in the fund since January 2009.

Pension Fund
The Pension Fund lost 0.8% in May 2011; however, the fund returned 22.4% net of fees as of fiscal year-to-date. The market value of the Pension Fund is $46.5 million.
Operating Fund
The Operating Fund lost 0.1% for the month of May and returned 5.0% net of fees as of the fiscal year-to-date.

Capital Projects Update. Mr. Chip Gavin, System Director of Facilities Management and General Services, briefly reviewed the Capital Project Status Report. Currently all of the projects are on track or have had only minor changes.

Establishment of the Dr. Waldo “Mac” Libbey ’44 Professorship in Electrical & Computer Engineering, UM. Dr. Susan Hunter, Senior Vice President for Academic Affairs & Provost, at UM explained the endowment for the Dr. Waldo “Mac” Libbey ’44 Professorship in Electrical and Computer Engineering that was established by the University of Maine Foundation (Foundation) for the benefit of the University of Maine after receiving a gift of $250,000 from the Estate of Waldo M. Libbey in 2009.

This Professorship will build upon the quality academic and research programs in the Department of Electrical and Computer Engineering by providing the resources to competitively attract and retain outstanding faculty. The principal will be endowed and only the income from the fund will be used to provide an annual stipend to the faculty member holding the Libbey Professorship. The amount of the stipend will be determined annually by the Dean of the College of Engineering in consultation with the department chair and will not be considered as part of the holder’s annual salary. The balance of the income may be allocated to provide undergraduate and graduate student support, equipment, technical and clerical assistance, travel, and other needs related to the teaching, research, and service activities of the holder of the Libbey Professorship. Unused funds at the end of the fiscal year may be returned to the Foundation to be reinvested and added to the fund’s principal at the discretion of the Dean.

The holder of the Libbey Professorship must have an excellent teaching and scholarly record. The Professorship may be used to attract an outstanding faculty member to the University of Maine or to retain a current outstanding faculty member. Nominations for the Libbey Professorship will be recommended to the Provost to be forwarded to the President. The President will forward the recommendation for final approval by the Chancellor. Appointments will be for a term of five years. Reappointment shall be subject to the recommendation of the Dean after a review of the holder’s performance by an ad hoc committee. The fund will be administered by the Provost.

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

Construction of a New Planetarium and Observatory, UM. Trustee Fournier explained that the University of Maine is requesting Board approval to construct a new planetarium and observatory facility to replace its current obsolete facilities, with an approximate square footage of 5,312 and a total project cost of $5.2 million.

Existing Observatory: The current Observatory’s telescope dates to 1900. It has historic value, but is not useful even for the most basic level of astronomy research. It cannot be controlled with a computer and cannot be networked with other observatories around the globe to share research-quality images. The Observatory has no teaching or laboratory space, and is not proximate to the planetarium. The current site provides no space to expand.
Existing Planetarium: The Jordan Planetarium, located on the second floor of Wingate Hall, went into service in 1954. Its star projector dates back to 1984. The projector system is functional, but dated, and does not have the capabilities of a fully digital system. The existing Jordan Planetarium dome is only 20 feet in diameter, a size so small that it distorts images and does not provide a realistic view of the sky at a level required for college courses.

The Jordan Planetarium, with 35 seats, has close to 10,000 visitors per year, approximately 66 percent of whom are school children. Because Wingate Hall abuts directly on busy Munson Road, bus drop-offs are a safety concern. In addition, the area has no visitor parking and Wingate Hall does not have space to allow the Planetarium to expand.

Justification for new facility: A new Planetarium/Observatory is a priority of the College of Liberal Arts and Sciences for the following reasons: it will enhance Physics and Astronomy lecture and laboratory programs and research projects; support technologies that provide digital visualization experiences also for the Arts, Sciences and Engineering; allow Honors College students the opportunity to complete honors theses in Observational Astrophysics, using the new digital telescope; and make development of an online Astronomy laboratory course possible. The new facility also will allow for sophisticated research by Master’s level and Ph.D. Astrophysics students; enhance community engagement; and support the University’s and State’s efforts to recruit youth into STEM careers.

The new facility, which will comfortably seat 50, will be near Rangeley Road and be adjacent to the Hilltop parking lots. A site selection study (including geotechnical studies of subsurface conditions) indicates that locating the facility near the Materials Recovery Facility (close to the Littlefield Garden on east side of campus) is feasible and that the facility may be constructed within a project cost of $5.2 million. The proposed site also provides the dark sky that the telescope/observatory requires.

Additionally, vacating the second floor of Wingate Hall would allow UMaine to create a student one-stop center in the building. Either project funds or funded depreciation potentially could be used to renovate the space for use by the Bursar’s Office.

Funding Sources: The $5.2 million in funding will come from the following sources:

- $3.2 million; anonymous gift, University of Maine Foundation ($2,186,395 in hand, and another $1 million over the next 3 to 5 years for a total of approximately $3.2 million);
- $1 million institutional funds;
- $1 million to be raised in capital campaign by the College of Liberal Arts and Sciences, the University of Maine Foundation, and University of Maine Development Office.

Operating Costs: Operating costs and funded depreciation total $202,000 per year. Operating Costs for the new facility are estimated at approximately $72,000 per year. No new staff will be required. Depreciation, calculated over a 40-year schedule, is estimated to be $130,000 annually. A credit of $22,845 (representing elimination of current operating costs) yields a net budget increase of $179,155.

Ms. Janet Waldron, UMaine Vice President for Administration and Finance and Dr. Jeffery Hecker, UMaine Dean of the College of Liberal Arts and Sciences, explained the fund raising process. Ms. Waldron stated that UMaine may provide an internal loan to cover the project until
all of the funds can be raised. Dr. Hecker explained the current facilities have limitations and the new facility will provide a more positive experience.

Trustee Turner suggested the return on investment should be included in all future proposals. Trustee Wishcamper suggested a capital plan accompany all capital project proposals that go before the Board. Trustee Fournier asked that UMaine provide to the Board collaboration opportunities that are possible with the other universities and requested an outline of the return on investment.

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

**WMPG Radio Site Leases, USM.** Trustee Fournier explained the University of Southern Maine requests approval to lease space and facilities at Hardy Road in Westbrook, Maine, and at the Promenade East Condominium Association in Portland, Maine, to operate communication equipment for the University of Southern Maine radio station, WMPG.

The Promenade East rooftop location continues an existing operation which provides a robust signal within certain current but difficult to reach areas of WMPG’s broadcast zone.

The current lease for rooftop site is scheduled to expire in October 2011. To continue current operations and to meet the terms of a $143,000 Department of Commerce construction grant WMPG received to increase the power and broadcast range, the lease needs to be extended for 10 years. The initial terms of the rooftop lease will be approximately $387.54/month or $4,650/year and the rate will increase 5% each consecutive year. Consumed power is not included in the monthly rate. The term of the lease is 4 years and there are two renewable terms of four years each for a total of 12 years. For the initial 4 year term this represents approximately $20,042 in rent plus power consumption. The landlord has agreed to lease the space at a below market rental price in view of the University’s status as a not for profit organization.

The Hardy Road site represents a relocation and increase in power for the primary 90.9 FM transmitter. This will more than double the potential listening audience to approximately 366,000 people receiving a 60dBu signal and will increase the potential listening audience at the stronger 80dBu signal by nearly six-fold to 184,000 people. The existing permits to construct this FCC-approved signal increase are valid through December 2011.

The initial terms of the new primary location lease will be $800/month or $9,600/year and the rate will increase 5% each consecutive year. Consumed power is not included in the monthly rate. The term of the lease is 5 years and there are two renewal periods of five years each for a total of 15 years. For the initial 5 year term this represents approximately $53,046 in rent plus power consumption. As a supporter of WMPG and the University of Maine System, the tower owner has offered a lease at a discounted rate. Based on current market for communication tower leases in the area, the average rent for these locations is $2,200/month.

Including lease and power costs, the combined leases will cost approximately $29,268 in the initial year. That is $14,250 in lease costs and $15,018 in associated energy costs. Together, this represents an increase of approximately $25,000 in annual operating costs. Funds have been raised from listener donations, special events and local businesses. Sufficient funds have been
raised to cover the rent, utilities, and increased operating expenses for one year. WMPG will pay all rent and utilities at the Westbrook tower location for the tenure of the lease from growing sponsorship and revenue with its expanded listener base.

Mr. Dick Campbell, Chief Financial Officer at USM, explained the project funds are from student activities fees and this project will provide student opportunities and development.

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

**Increased Authorization for Bailey Hall, Luther Bonney Hall and the Science Building, USM.** Trustee Fournier explained the Board of Trustees in January, 2011, authorized three projects to renew the mechanical systems and to make other improvements at Luther Bonney Hall, Bailey Hall and the Science building at the University of Southern Maine.

The projects had a heavy emphasis on energy-related projects, including the replacement of mechanical equipment that had exceeded its useful life. The projects were individually approved for $875,000, $800,000 and $700,000 respectively, a combined total $2,375 million. The source of funding was from the general obligation bonds approved by Maine’s voters in June 2010.

The University of Southern Maine is seeking approval to increase the total project cost to approximately $3,296 million, a combined increase of approximately 39%, and to pay for those costs with available E&G funds. The new project totals would be $1,135 million, $1,17 million and $991,000 respectively, for a combined increase of approximately $921,000.

This increase at Luther Bonney is the result of higher than anticipated bids and the project consists of:

1. Replacement and/or refurbishment of building air handling units (AHUs) on the computer lab and tower sections to include new actuators, high efficiency motors, variable speed drives and the direct digital controls (DDC);
2. Replacement and/or refurbishment of classroom and faculty and staff offices unit ventilators;
3. Mechanical equipment room upgrades to include building automation system direct digital controls (BAS DDC);
4. Install new ductwork and rezone distribution to match building usage;
5. Replace selected motors and lighting systems with currently available high efficiency components; and
6. Installation of automated energy management measuring and monitoring systems.

In Bailey Hall, the project called for:

1. Replacement of classroom and faculty offices unit ventilators. Current units are between 25 to 35 years old and are past their useful life;
2. Replace, refurbish and upgrade air handler units in the 1968 wing and lecture hall;
3. Mechanical equipment room upgrades to include BAS DDC;
4. Replace motors and lighting systems with currently available high efficiency components; and,
5. Installation of automated energy management measuring and monitoring systems.
The increase at Bailey Hall provides for the replacement of all building controls, the replacement of various pumps with new higher-efficiency units, commissioning of the new equipment and for additional abatement and other work.

In the Science building, the project called for:
1. Replacement and/or refurbishment of classroom and faculty and staff offices unit ventilators;
2. Replacement of inefficient chillers on Science A-wing with high efficiency chillers;
3. Mechanical equipment room upgrades to include BAS DDC;
4. Refurbish and upgrade air handler units with actuators, high efficiency motors, variable speed controllers and direct digital controls;
5. Replace the deteriorated roofs on the A-Wing;
6. Replacement of selected motors and lighting systems with currently available high efficiency components; and,
7. Installation of automated energy management measuring and monitoring systems.

The increase at the Science building provides for new ventilation fans and fume hood management, commissioning of new equipment, additional abatement and other work.

The University of Southern Maine currently estimates the overall $3.3 million package to have a combined return on investment of approximately 12 years. Mr. Campbell explained that the increased authorization is a result of USM having received unfavorable bids and having to expand some of the projects to gain additional energy efficiencies.

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

**Committee Work Plan**
Trustee Fournier explained that he is working on a draft work plan for the Committee’s review. He hopes to distribute the document within the next few weeks.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk