Finance/Facilities Committee


Committee Members Absent: None

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

Financial Update. Trustee Fournier provided the following brief financial update.

FY2012 Forecast vs Budget. The final year end numbers will not be available until the financial statement audit is completed in late October; however, this is an interim update for the year-end forecast. The UMS currently has a forecasted operating surplus of between $7.5 and $8.7 million for FY2012, the equivalent of about 1.5% of the unrestricted operating budget. All campuses currently expect to break even or carry a surplus, except for UMFK. However, final results will not be available until all year end transactions have been completed.

Managed Investment Pool (including Endowment Fund). In May the Fund decreased by 5.3% net of fees and fiscal year-to-date the Fund decreased by 4.3%. The market value of the Managed Investment Pool as of May 31, 2012 is $186 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. In May the Pension Fund decreased by 4.6% net of fees and fiscal year-to-date the Fund has decreased by 3.3%. The market value of the Pension Fund is $39 million.

Operating Fund. In May the Operating Fund decreased by 1.0% net of fees and fiscal year-to-date the Fund has returned 0.8%.

Capital Projects Status Report. Mr. Chip Gavin, System Director of Facilities Management and General Services, briefly reviewed the Capital Project Status Report. The report includes 18 current projects previously approved by the Board. The report in its new format provides additional information including funding sources, status of project, original and currently estimated completion dates, original and currently approved cost estimate, percentage of approved funding expended to date, and prior actions of the Board related to the project.

Energy and Sustainability Update. Mr. Gavin provided a brief presentation on the UMS System-wide Energy and Environmental Sustainability Initiatives outlined in the 2012 Report. Highlights of the report including the following:
Alternative energy: Conversion of UMA Bangor to natural gas, displacing an estimated annual consumption of 70,000 gallons of No. 2 fuel oil. Estimated annual savings of more than $100,000 with a simple payback of approximately 2 years.

Renewable energy: Implementation of a grant-funded biomass project at UMFK displacing approximately 37,000 gallons of heating oil annually with a renewable resource. Estimated annual energy savings of approximately $60,000-$90,000 and estimated simple payback of approximately 4-6 years.

Efficiency and Conservation: Improved lighting at USM funded in part with a competitive Efficiency Maine grant that is reducing lighting costs by $70,000 annually with an estimated simple payback of 2.6 years.

Renewable Energy: Conversion of Folsom and Pullen Halls at UMPI to biomass and heat pumps, eliminating approximately 50,000 gallons of oil. UMPI estimates savings of $75,000 annually. Project also includes a 90-panel solar array and more.

Sustainable design: Opening of the Emery Community Arts Center as a 20,000 square-foot facility heated with geothermal energy.

Transportation: Installed over half-mile of new bike path and reconstructed 2.6 miles of bike paths at UM in support of alternative transportation.

Innovation: Collaborative energy information sharing and procurement efforts across the System, estimated to save UMA, UMFK, UMPI, UMM, UMF more than $200,000 in FY2012 fuel costs.

**Acquisition of Property, UMF.** Trustee Fournier explained that UMF is seeking approval to acquire property located at 114 Prescott Street in Farmington. The property is slightly less than a half an acre in size with a 1,360 square foot building dating to 1948. The property is strategic for the campus, which borders the property on three sides, and its acquisition was envisioned in the 2002 Master Plan developed for UMF by Orcutt Associates of Yarmouth. The purchase price for the property is $175,000 and would be funded from UMF’s E&G reserves. The annual operating cost is estimated to be $13,500 and can be absorbed within the operating budget. This agenda item is within the Committee’s authority and will not require Board approval.

On a motion by Trustee Hood, which was seconded by Trustee Collins, the Finance/Facilities Committee approved the acquisition of property at UMF at 114 Prescott Street in Farmington, as presented, with the stipulation that the depreciation costs of the real property decrease or remain neutral. Trustee Turner opposed the motion.

**Stewart Art/New Media Complex Adjustment, UM.** Trustee Fournier explained the Stewart Art/New Media Complex Adjustment at UMaine. This project was originally approved by the Board in July 2009 with an estimated cost of $5.6 million. Since that time, the project was adjusted to a cost of $9.5 million. The request before the Committee is to expand the scope of the project to:

- build a mezzanine for the New Media Graduate Research Lab that will provide additional work space for an additional 8 graduate students at a cost of $90,000; and
- install new audio/visual components throughout the building, including classroom technology at a cost of $452,000.

The proposed cost increase of $542,000 would bring the project to a total cost of $10,042,000. A combination of campus and gift funds has been identified to cover the new costs.
On a motion by Trustee Johnson, which was seconded by Trustee Turner, the Finance/Facilities Committee agreed to forward to the Consent Agenda the recommendation for the Stewart Art/New Media Complex Adjustment at UMaine.

**Executive Session**

On a motion by Trustee Hood, which was seconded by Trustee Mitchell, the Finance/Facilities Committee agreed to go into Executive Session under the provisions of 1 MRSA Section 405 6-C to discuss the condition, acquisition, interest in and the use of real property which may prejudice the UMS competitive position.

On a motion by Trustee Collins, which was seconded by Trustee Medd, the Finance/Facilities Committee concluded the Executive Session.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk