UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting
at the University of Maine at Augusta
March 18, 2012

Finance/Facilities Committee


Committee Members Absent: Paul Mitchell.

Trustee Fournier, Chair, called the meeting to order.

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

Managed Investment Pool (including Endowment Fund). In January the Fund has returned 3.2% net of fees and fiscal year-to-date the Fund has returned 12.2%. The market value of the Managed Investment Pool (MIP) as of January 31, 2013 is $228.4 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, and the UM School of Law Foundation’s participation in the MIP since July 2012.

Pension Fund. In January the Pension Fund has returned 2.8% net of fees and fiscal year-to-date the Fund has returned 10.5%. The market value of the Pension Fund is $41.1 million.

Operating Fund. In January the Operating Fund has returned 0.7% net of fees and fiscal year-to-date the Fund has returned 4.1%.

Forecast. Ms. Wyke reviewed the highlights of the Forecast as of February 28, 2013. Major factors impacting this forecast are:
- The temporary investment income budget is $2.5 million. Based on information available as of February 28, UMS has realized total income of $10.9 million for a total budget-to-actual positive variance of $8.4 million. This forecast reflects only the gain realized thus far and does not include any projections for future gains or losses.
- Campus budgets and projections include the transfer of $1.0 million in System Reserves to offset the FY2013 in-state, undergraduate tuition and unified fee freeze. These one-time funds were provided to institutions to allow time to bridge the budgetary gaps that resulted from this freeze.
- On December 27, 2012 the Governor issued an executive order curtailing the allotment of State appropriation. The UMS total appropriation curtailment was $2.5 million which was distributed to the campuses and System-wide Services.
- FTE enrollments for Spring 2013 were 1.2% (250) FTE below budget. Fall 2012 enrollments were 0.7% (157 FTE) above budget. The average FTE for Fall and Spring combined was 22,170 (47 FTE or 0.2% below budget).
- Residence hall occupancy for Spring 2013 was 2.4% (144 students) below budget. Fall 2012 occupancy was 0.4% (25 students) below budget. The average occupancy for Fall and Spring combined was 6,012 (83 students or 1.4% below budget).
The projected variance analysis by university by the end of the fiscal year is as follows:

**UMaine** is projecting a $550 thousand net increase, spring enrollments were 59 FTE or 0.7% above budget and residence hall occupancy was down by 70 students or 2.2% below budget.

**UMA** is projecting a $606 thousand net increase and spring enrollments were 29 FTE or 1.1% above budget.

**UMF** is projecting a $42 thousand net increase, spring enrollments were 38 FTE or 2.1% below budget and residence hall occupancy was 116 students or 11.7% below budget.

**UMFK** is projecting to break even, spring enrollments were 3 FTE or 0.4% above budget and residence hall occupancy was 28 students or 14.7% below budget.

**UMM** is projecting to break even, spring enrollments were 16 FTE or 2.8% below budget and residence hall occupancy was 9 students or 3.8% below budget.

**UMPI** is projecting to break even, spring enrollments were 44 FTE or 4.7% below budget and residence hall occupancy was 17 students or 6.0% below budget.

**USM** is projecting a $293 thousand net increase, spring enrollments were 243 FTE or 3.7% below budget and residence hall occupancy was 96 students or 9.7% above budget.

**System-wide Services** is projecting to break even.


**Approval of Series 2013 Revenue Bond Refunding.** Ms. Wyke and Mr. James Pitney, Jr. with PretiFlaherty, the UMS Bond Counsel, explained the Series 2013 Revenue Bond Refunding. UMS proposes to issue revenue bonds to refinance several of its prior bond issues and costs associated with the issuance. Fiscal details of the refinancing were reviewed at the March 7, 2013 Finance/Facilities Committee meeting.

As of March 1, 2013, UMS revenue bonds outstanding total $176 million with a statutory ceiling of $220 million. This refinancing does not increase outstanding debt but rather achieves interest rate savings in this historically low interest rate environment. Estimated net present value savings total approximately $5.7 million through and including FY2035. Total sources and uses for this refinancing are estimated to be $80.4 million.

On a motion by Trustee Turner, which was seconded by Trustee Johnson, the Finance/Facilities Committee agreed to forward to the Consent Agenda for action the approval of Series 2013 Bond Refunding including approval of (a) the issuance of revenue bonds to refund prior revenue bonds, (b) liquidation of outstanding debt service reserve funds where determined to be beneficial, (c) financing any necessary capitalized interest, reserves, and costs of issuance and (d) the Financing Authorization document.

**Establishment of the Farm Credit Assistant Professorship of Production Economics & Agriculture Finance, UM.** Trustee Fournier explained the Farm Credit Assistant Professorship of Production Economics and Agricultural Finance was established at the University of Maine in 2013 with a generous gift of $250,000 to be paid in four annual installments from Farm Credit of Maine. This named appointment is in partnership with Farm Credit of Maine and CoBank.
This gift enables the College of Natural Sciences, Forestry, and Agriculture to recruit a tenure-eligible faculty member in the School of Economics. This individual will teach production economics, assist with agricultural and natural resource-based industry cost-of-production studies, and will lead the School of Economics’ Farm Credit Fellowship program. This new faculty member will also work closely with Farm Credit of Maine in considering thoughtful modifications to the School of Economics Farm Credit Fellowship program. The School of Economics will continue to promote and support the Farm Credit Program consistent with its historic commitment. The successful candidate will have a demonstrated ability to carry out scholarship in production economics and agricultural finance, as well as an interest in leading the Farm Credit Fellowship program.

Nominations for the Farm Credit Assistant Professorship shall be recommended to the Provost and then forwarded to the President of the University. The appointment shall be for a term of five years. The fund shall be administered by the Dean of the College of Natural Sciences, Forestry and Agriculture.

On a motion by Trustee Murphy, which was seconded by Trustee Johnson, the Finance/Facilities Committee agreed to forward to the Consent Agenda for action the Establishment of the Farm Credit Assistant Professorship at UMaine.

Establishment of the Barbara Wheatland Assistant Professorship of Geospatial Innovation, UMaine. Trustee Fournier explained that the Barbara Wheatland Assistant Professorship of Geospatial Innovation was established at the University of Maine in 2013 with a generous gift of $250,000 to be paid in five annual installments from the Maine Timberland Charitable Trust.

This gift enables the College of Natural Sciences, Forestry, and Agriculture to recruit a tenure-eligible faculty member in the School of Forest Resources. This individual will develop a research program in geospatial analysis as it relates to advancing the management of forestlands, and will teach undergraduate and graduate courses in geospatial analysis. Moreover, this individual will oversee all educational and research activities in the Barbara Wheatland Geospatial Analysis Laboratory.

Nominations for the Wheatland Assistant Professorship shall be recommended to the Provost and then forwarded to the President of the University of Maine. The appointment shall be for a term of five years (2014 through 2018). The fund shall be administered by the Dean of the College of Natural Sciences, Forestry, and Agriculture.

On a motion by Trustee Medd, which was seconded by Trustee Murphy, the Finance/Facilities Committee agreed to forward to the Consent Agenda for action the Establishment of the Barbara Wheatland Assistant Professorship of Geospatial Innovation at UMaine.

Approval of the Integrated Workplace Management System Project. Mr. Chip Gavin, System Director of Facilities Management and General Services, explained that Board approval is requested for the expenditure of as much as $2.22 million to acquire and implement an Integrated Workplace Management System Project (Project) to support facilities management System-wide.

This Project was formally supported by the Shared Services Advisory Council in April 2010. It has been repeatedly recommended by the University’s outside facility consultant, Sightlines, in its annual report to the System. It was called for in the University’s New Challenges, New Directions report.
Most recently, the University of Maine’s 2012 Blue Sky Project plan calls for such a system and for it to be in place by 2017. Various additional reports have likewise called for this Project to be done.

Benefits of this technology Project would include:
- streamlining the electronic systems which support facilities management System-wide;
- improving decision-making and planning information;
- eliminating four stand-alone and duplicative legacy computer systems;
- integrating facilities management with existing enterprise-wide financial systems;
- reducing administrative effort associated with facilities management;
- targeting the investment of limited existing resources to where they can be of most advantage.

This proposal and its costs have been closely coordinated with the Chief Information Officer (CIO) and his team. The CIO has reviewed and supports the Project and the approach.

The costs and the benefits of this Project have become clearer since 2010. Both the costs and estimated benefits have increased while the simple payback has remained essentially the same at approximately 5 to 7 years from the start of implementation, including one-time start-up costs and the ongoing sustainment costs. This estimated return is based on achieving efficiency gains of $0.09 per gross square foot and improving the ability of the University to focus on preventative and planned maintenance rather than reactive or demand work.

One of the goals of this Project would be to see the costs associated with daily service and energy fall and to be contained, while also seeing more resources invested in planned maintenance and preventative work. The shift in these metrics is expected to occur because the new facility system will reduce administrative costs and will provide better information for identifying, prioritizing, scheduling, and communicating about needed work. Sightlines has described some of the benefits of this type of project to be improved strategic capital decisions, improved planned maintenance management, improved allocation of resources, and greater staff utilization and customer satisfaction.

After a steady but slowed pace in 2011 and 2012 due to the financial challenges confronting the University, the Project is now again ready to move forward. Vendor evaluations have been completed and the University stands ready to make an award, execute a contract and implement the Project. The Project would be implemented primarily in FY2014 and concluded in FY2015. System funds have been identified for this Project and it will only move forward once such funds are confirmed by the Treasurer, as available.

On a motion by Trustee Medd, which was seconded by Trustee Hood, the Finance/Facilities Committee agreed to forward to the Consent Agenda for action the Integrated Workplace Management System.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk