

## **Public Session Minutes**

### **BOARD MEMBERS**

**Present:** Regent Shirley Malcom, Committee Chair; Regent Shelonda Stokes, Vice Chair; Regent Harold Carter; Regent Wayne Resnick, Regent Winston Wilkinson

**Absent:** Regent Frances Draper

### **STAFF MEMBERS**

**Present:** Dr. David Wilson, University President; Dr. Yacob Astatke, AVP for International Affairs; Mr. Sidney Evans, VP for Finance and Management; Mr. Thomas Faulk, Principal Counsel for Morgan State University, Office of the Attorney General; Mrs. Kassandra Grogan, Executive Administrator for the Board of Regents; Ms. Sherita Harrison, Interim General Counsel; Mr. David LaChina, AVP/Deputy CFO; Ms. Kim McCalla, AVP for Facilities, Design and Construction; Dr. Farzad Moazzami, Interim AVP for Academic Affairs; Dr. Kara Turner, VP for Enrollment Management; Dr. Lesia Young, Provost and Senior VP for Academic Affairs

The Finance and Facilities Committee of the Board of Regents held a special meeting on Thursday, April 2, 2020 via teleconference. Chairwoman Shirley Malcom called the Public Session to order at 7:02 p.m., and thanked everyone for their participation and flexibility. She provided brief comments with regard to the purpose of the meeting, and yielded the floor to President Wilson for opening remarks.

President Wilson thanked members of the Committee for making time for this special meeting. He provided a broad overview with regard to the fiscal implications of COVID-19, which has created some challenges resulting in a projected \$22.2M loss for the University. The University has moved forward expeditiously to put things in place based on the Governor's Executive Orders. Some of the actions, implemented to date, include closing the campus to the public while maintaining limited operations, sending students home, ceasing to serve food to students as normally, and transitioning to telework for non-essential employees. With this in mind, Dr. Wilson stated that a hiring and spending freeze was instituted, in addition to a cost containment plan, which will remain in place through June 30<sup>th</sup>.

Chairwoman Malcom commented that she would like to commend Governor Hogan on the aggressive stance he took with regard to the coronavirus. Dr. Wilson stated that the University echoes her comments with regard to the Governor's leadership. He added that he has expressed those sentiments to the Governor, on behalf of the institution, both in person and also to Lieutenant Governor Boyd Rutherford.

### **Approval of Minutes**

Chairwoman Malcom called for a motion to adopt the minutes from the February 4, 2020 and February 27, 2020 Committee meetings. It was **MOVED** by Regent Carter and **SECONDED** by Regent Stokes to approve both sets of minutes. **The MOTION CARRIED** unanimously.

**Fiscal Implications of COVID-19**

Mr. Evans referenced the COVID-19 FY 2020 Financial Impact chart and stated that the current projected impact is approximately \$22.2M, which is comprised of the following components: refunds to students (\$6.0M); personal/hardship leave (\$8.5M); technology upgrades (\$1.5M); learning management system/online instruction – Canvas (\$1.3M); operating expenses (\$2.9M); and refund of other revenue – athletic fee (\$2.0M). He indicated that a formula has been developed to refund charges back to students to include room, board, athletic and facilities fee, and possibly parking. He added that any institutional aid awarded will be deducted from the amount refunded to students.

Chairwoman Malcom asked about the Families First Coronavirus Response Act, and then yielded the floor to Dr. Wilson to provide his report and response.

**Financial Relief from Federal Stimulus Bill**

President Wilson stated that in the \$2.0 trillion federal stimulus bill, \$12.6 billion has been set aside for all of higher education in the United States. Of the \$12.6 billion, approximately \$1.06 billion was set aside for HBCUs, MSIs, PBIs, and TCUs. A formula was introduced as to how the \$11 billion would be distributed to institutions across the nation. It is based on the percent of Pell grant students and the overall population of an institution (75%) and non-Pell eligibility (25%). In Morgan's case, we will receive roughly \$9M. With regard to the special pool of \$1.06 billion, Morgan will receive approximately \$9M more from the \$575M pool for HBCUs based on how each institution receives Title III funds. In total, Morgan anticipates receiving \$18M that will enable us to shore up the projected \$22.2M loss.

**Cost Containment Strategy Plan**

Mr. Evans stated that the Cost Containment Plan included in the presentation material is in the draft stage. It was noted that the \$18M expected from the federal stimulus bill is a one-time infusion of cash and are not recurring funds. The plan includes a travel moratorium, hiring and spending freeze, and other possible cost containment strategies, which will more than likely continue into fiscal year 2021.

Dr. Wilson stated that the decision was made not to lay off staff through June 30<sup>th</sup>. This was a strategic decision, particularly since the University has a large number of contractual employees who do not have the full benefit of health care. It was noted that University cannot continue this practice indefinitely in FY 2021. Therefore, moving forward, a number of scenarios will be considered to include layoffs, furloughs, and program cuts.

Chairwoman Malcom commented that the Board of Regents will need to have a deep conversation about some of the options put before us.

**New Student Housing Project**

Mr. Evans stated that as previously reported at the last Board meeting in February, the project has been downsized from 1,000 beds to 660 beds. The total project cost has also decreased to \$104M from \$146M, consisting of the following components: residential (\$72.9M), dining/other (\$20.4M), capitalized interest (\$5.8M), cost of issuance (\$1.1M), and the debt service reserve fund (\$3.8M). As a result of COVID-19, the rating agencies have issued a negative outlook for the higher education industry in general, and S&P has also rated privatized student housing projects the same. Given the uncertainty around the future of higher education and privatized student housing, MEDCO believes it will be very difficult to get the project rated and ultimately secure financing. Therefore, MEDCO recommends delaying the project for one year, which means the facility would be ready in the fall of 2023 as opposed to 2022.

Mr. Evans summarized a few steps to keep the project on schedule for opening in the fall of 2022. Those steps are: (1) fund pre-development costs until financing closes (Oct-Nov 2020); (2) use cash reserves and get reimbursed at finance closing; or (3) consider alternative financing options should MEDCO financing fail (i.e., HBCU Capital Financing Program or creating a new 501(c)(3)).

Dr. Wilson commented that delaying the project by one year would present an enormous recruitment disadvantage for us. Dr. Turner echoed those sentiments, adding that Morgan needs every competitive advantage possible during these challenging times. It was noted that Morgan has not built new housing since 2004 (16 years ago).

**Approval of Tuition for Pilot Programs in Ghana**

President Wilson stated that the University brought forth a proposal to the Academic and Student Affairs Committee to enable us to offer three pilot degree programs in Ghana, which was approved by that Committee at the February Board meeting. However, at that time, we did not have a concrete figure in terms of what the tuition would be for each of the programs, but anticipated that it would be somewhere in the range of \$15,000 - \$17,500. Since that time, work has been done by Dr. Young and Academic Affairs in collaboration with Finance and Management. He then yielded to Dr. Young to provide a brief overview of the proposed tuition for the master's program in Journalism and the master's program in Business Administration.

Dr. Young stated that the plan is to deliver these programs in an innovative format that will allow students to complete the programs in one year. Based on the one-year delivery model, several aspects were considered to include an initial review of expenditures, the cost associated with delivery, and revenue from expected enrollment in order to ensure that the programs would be financially self-sustaining, which resulted in a proposed range of \$15,000 to \$17,500 as a flat fee for the programs. Dr. Young noted that market analysis of similar programs offered internationally in the UK and the U.S. were also considered to ensure that Morgan remains competitive. Consequently, Morgan is proposing a flat tuition for the one-year MBA program at \$17,500, and the one-year flat tuition rate for the master's in Global Multimedia Journalism and Communication at \$15,000.

Chairwoman Malcom called for a motion to approve the Tuition for Pilot Programs in Ghana. It was MOVED by Regent Wilkinson and SECONDED by Regent Stokes to approve the tuition. THE MOTION CARRIED unanimously.

Chairwoman Malcom stated that the Finance and Facilities Committee would move into Closed Session to consult with counsel to discuss and consider the Food Service Vendor Contract, which is a matter specifically exempted from public consideration under § 3-305(b)(14) of the Open Meetings Act. She indicated that the Committee may reconvene in Public Session at the conclusion of the Closed Session, if necessary. After reading the closed session citation into the record, it was MOVED by Regent Resnick and SECONDED by Regent Carter to enter into CLOSED SESSION.

The Committee moved into Closed Session at 8:14 p.m.

**Approval of Food Service Vendor (in Closed Session)**

Chairwoman Malcom called for a motion to approve the selection of a New Food Service Vendor. It was MOVED by Regent Resnick and SECONDED by Regent Wilkinson. The MOTION CARRIED unanimously.

**MORGAN STATE UNIVERSITY  
CITATION OF AUTHORITY FOR CLOSING A MEETING  
UNDER THE OPEN MEETINGS ACT  
BOARD OF REGENTS FINANCE & FACILITIES COMMITTEE**

Date: Thursday, April 2, 2020

Time: 7 p.m.

Location: Teleconference

Motion to close meeting made by: Regent Resnick

Seconded by: Regent Carter

Members voting in favor: All Regents in attendance

Opposed:

Abstaining:

Absent: Regent Draper

**THE STATUTORY AUTHORITY TO CLOSE THIS MEETING CAN BE FOUND AT (check all that apply):**

**General Provisions Article, § 3-305 (b)(7)(14):**

\_\_\_ (1) (i) To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; or (ii) any other personnel matter that affects one or more specific individuals;

\_\_\_ (2) To protect the privacy or reputation of individuals concerning a matter not related to public business;

\_\_\_ (3) To consider the acquisition of real property for a public purpose and matters directly related thereto;

\_\_\_ (4) To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State;

\_\_\_ (5) To consider the investment of public funds;

\_\_\_\_ (6) To consider the marketing of public securities;

X (7) To consult with counsel to obtain legal advice on a legal matter;

\_\_\_\_ (8) To consult with staff, consultants, or other individuals about pending or potential litigation;

\_\_\_\_ (9) To conduct collective bargaining negotiations or consider matters that relate to the negotiations;

\_\_\_\_ (10) To discuss public security, if the public body determines that public discussion would constitute a risk to the public or to public security, including: (i) the deployment of fire and police services and staff; and (ii) the development and implementation of emergency plans;

\_\_\_\_ (11) To prepare, administer, or grade a scholastic, licensing, or qualifying examination;

\_\_\_\_ (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct;

\_\_\_\_ (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter;

X (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

**General Provisions Article, § 3-103 (a):**

\_\_\_\_ (1) To carry out an administrative function;

\_\_\_\_ (2) To carry out a judicial function;

\_\_\_\_ (3) To carry out a quasi-judicial function.

**FOR EACH CITATION CHECKED ABOVE, THE REASONS FOR CLOSING AND TOPICS TO BE DISCUSSED:**

1. To discuss the food service vendor contract.

**THE BOARD MAY RECONVENE IN PUBLIC SESSION AT THE CONCLUSION OF THE CLOSED SESSION IF NECESSARY TO TAKE ANY FINAL AND BINDING ACTION.**

This statement is made by Shirley M. Malcom  
Chair of the Finance & Facilities Committee

**SIGNATURE:**

A handwritten signature in black ink that reads "S. Malcom". The signature is written in a cursive, flowing style.

\*\*\*\*\* FOR USE IN MINUTES OF NEXT REGULAR MEETING: \*\*\*\*\*

**TOPICS DISCUSSED AND ACTION(S) TAKEN (IF ANY):**