

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND**

GENERAL SESSION

Date: December 3, 2011
Hour: 11:40 a.m.

Site: Washington Court Hotel
Washington, DC

TRUSTEES PRESENT

Molly Mahoney Matthews (chair), Lex Birney, Cindy Broyles '79, Tim Broas, Donny Bryan '73, Tom Daugherty '65, Peg Duchesne '77, Elizabeth Graves '95, Gail Harmon, Tim Heely, Sven Holmes, Neil Irwin '00, Glen Ives, Thomas Penfield Jackson, Gary Jobson, Larry Leak '76, Jim Muldoon, Mike O'Brien '68, Paul Schultheis '98, Maurielle Stewart '12, Martin Sullivan, Bob Waldschmitt and John Wobensmith '94.

TRUSTEES ABSENT

John McAllister and Katharine Russell

OTHERS PRESENT

Joe Urgo, Laura Bayless, Thomas Botzman, Alan Dillingham, Matt Fehrs, Pat Goldsmith, Kathy Grimes, Beth Rushing, Maureen Silva, Sara Slaff. Conference call participants: Chip Jackson, Kate Ufford and Jesse Yeatman, *The Enterprise*.

NOTICE OF EXECUTIVE SESSION

In accordance with the 1991 State Open Meetings Law, H.B. 1321, Chair Molly Mahoney Matthews reported that an executive session had taken place on Friday, December 2 in order to discuss personnel and legal matters.

AGENDA

The agenda for the general session was approved as presented.

MINUTES

The minutes of the October 1, 2011 general session were approved as presented.

REPORTS

Report of the Chair

Molly Mahoney Matthews welcomed all in attendance to the 662nd meeting of the St. Mary's College of Maryland Board of Trustees, stating that an executive session had taken place on Friday afternoon, December 2nd and prior to the general session. Chair Matthews:

- Thanked Congressman Hoyer and his staff for a successful meeting in Washington D.C.
- Noted Delegate Bohanan recommended Annapolis as a future meeting site
- Thanked faculty and staff for traveling for this meeting, including professors Sahar Shafquat and Matt Fehrs who will give a presentation on Washington internships.

- Noted it had been an active and challenging semester, including the addition of the cruise ship residence hall. The Board will formally thank all involved with mold remediation at the February meeting.
- Matthews and Urgo met with Governor O'Malley to discuss additional assistance on holding tuition costs.
- Matthews and Urgo have been chosen to present at the AGB Trustee Conference in April. More details will be included with February Board materials.

Report of the President

President Joe Urgo's address focused on the community at the College. The full statement, "Why do we talk so much about community" can be read at <http://www.smcm.edu/president/messages/index.html>.

Report of the Faculty Senate President

Faculty Senate President Alan Dillingham reported:

- The fall semester is almost at an end. The semester has been good, but disruptive.
- The faculty senate has been focused on academic programs and policies. Dean Rushing worked on by-law changes and there was an external review of international education program to review the development and implementation of programs as well as the student educational experience.
- Hurricane Irene and the displacement of several first-year students because of mold remediation have been very disruptive to the semester, with students being the most adversely effected. Everyone is looking forward to a quieter spring semester.
- Professors Sandy Ganzell and Dave Kung prepared an evaluation of the local cost of living and its impact on faculty salaries. The report was given to the Academic Affairs committee and also reviewed by the Finance, Investment and Audit committee.
- Dillingham noted that faculty salaries are a weighted factor in the U.S. News and World Report rankings (they count for 7%--more than annual giving of alumni) and are an important part of faculty retention and job satisfaction.
- Faculty are also concerned about the lack of pay increase for the lowest paid staff at the College.

Report of the Student Trustee

Student Trustee Maurielle Stewart '12 reported:

- Historic St. Mary's City is housing some very thankful students. Students have learned to live with the "new" normal on campus, which includes the cruise ship residence hall.
- All club dance parties in DPC have been cancelled due to inappropriate behavior by some students.
- The dance club recently held its annual show.
- The Student Government Association endorsed efforts by the Students for a Democratic Society (SDS) to raise funds for staff bonuses.
- Stewart commented on the racial profiling of a first-year student addressed by President Urgo in a campus e-mail and noted some of the challenges faced by minority students on campus. She plans to attend the play "*St. Mary's Hear and Now*" and continue the dialog of race and discrimination at St. Mary's.

Political Science department chair Sahar Shquat and professor Matt Fehrs gave a brief presentation on the new Washington Program. The goal is to provide students with real world experience and prepare them for careers in political science. Short term objectives include: 1) offering students a meaningful internship experience that allows them to think about how coursework applies to the real world; 2) offer course work and training sessions that take internship experience and relate it back to lessons learned in the classroom; and, 3) pair students with recent (ten years out) graduates who can mentor individuals on how to get a job and offer advice.

Many of the program aspects are already in place. The pilot program will start this summer beginning with a one week class on “How Washington Works” and concluding with another one week class comparing the internship experience to existing coursework.

The political science department would like to eventually enhance and expand the program. Long term goals include: 1) transitioning from a summer to a semester long program; 2) finding resources and space for program operations in D.C.; 3) expanding the number of internships opportunities; and finally, 4) expanding the number of students and alumni who can participate.

St. Mary’s location to the nation’s capital and opportunities in D.C. offer a unique opportunity over peer institutions. Combining the internship with alumni mentoring creates connections that are beneficial for the student and gives the alum an opportunity to “give back” and stay connected to the College. D.C. meeting space would provide a location for classes and could also be utilized for lectures or seminars, thereby expanding St. Mary’s message to a larger audience. It was also noted that several trustees live in the D.C. area, which could benefit the program. The College’s career service office offers similar opportunities, so program coordinators should continue to communicate and work with existing resources on campus.

REPORTS FROM COMMITTEES

Academic Affairs

Chair Larry Leak reported:

- Faculty senate president Alan Dillingham and Dean of Faculty Beth Rushing both offered standing reports.
- In her report, Dean Rushing covered the campus response to mold as well as how resources are being allocated for academic programs and an upcoming survey for faculty on job satisfaction.
- Mark Heidrich offered a report on retention and graduation rates. A new committee on retention has been formed.
- The strategic planning process is ongoing and will take a big step in February when the committee undertakes community meetings.
- The committee approved requests for retention and leave requests in its executive session.

Admissions and Financial Aid

Chair Neil Irwin reported:

- The committee met on November 9.
- Student data for the class of 2015 includes the following: the 447 students enrolled in August were selected from 2,359 applications, of whom 1,465 were admitted. The class is 61 percent female and 39 percent male. Fifteen percent are out of state students, 18% first generation, and 22 % minority. The average grade point average was 3.3. and average SAT was 1207. Fifteen percent had an expected family contribution of less than \$5,000, which means according to the government formula their family is financially unable to contribute more than that amount to their child's education costs.
- Irwin offered some historical context to the incoming numbers, noting that the same metrics were higher in 2008 before the economy went south. Since 2008, out of state attendance has dropped from 20% to 15%, the first generation rate fell from a high of 22% to 17%, SAT average went from 1230 to 1207. One area of increase was the number of minority students from 20% to 22%.
- At present, the College spends roughly \$2 million on need-based aid and \$3 million on merit-based aid, although those numbers can be a little misleading since merit aid money also goes to students who have financial needs. The financial aid office is now requiring anyone who applies for merit aid to complete a FAFSA form.
- How financial aid money is deployed is fundamental to the identity of the College. Going back to the entering class data, the committee would like to see improvements on both fronts—academic standards and accessibility. The Board will help shape a common understanding of priorities for College admissions and financial aid, what trade-offs are acceptable, and how to make progress on both academic rigor and accessibility at the same time.

Buildings and Grounds

Chair Paul Schultheis reported:

- The Buildings and Grounds Committee met on November 4.
- The primary topic of the meeting was mold remediation in Caroline and Prince George residence halls. Remediation began on October 24th and will be completed soon. A contract to restore the buildings has been awarded to KBE Construction. Work has begun and will be complete by January 6th to allow students to move back to their rooms for the spring semester.
- Investigations conducted by independent engineers into the cause of the mold indicate two primary issues: unusually severe wet weather at the beginning of the fall semester and insulation on air conditioning piping that could not handle the level of moisture related to these conditions. Restoration work will include provisions to prevent the reoccurrence of this problem.
- The committee was updated on the Route 5 safety and traffic calming project. The College continues to meet with the public to review design progress. Detailed design should be completed this winter.
- The committee toured the Sea Voyager floating residence hall.

Community Relations

Chair Mike O'Brien reported:

- Halloween at the ARC, an annual event open to the Southern Maryland community, was successful with a steady flow of traffic for the two-hour event.
- The Men's basketball team held the lead against St. John's until the last five minutes of the game, eventually losing by seven points. The game was televised on ESPN3 webcast and provided good exposure for St. Mary's athletic program.
- The Volleyball team raised \$4,000 for breast cancer research as a result of their Dig Pink fundraiser.
- The decision whether or not to fund St. Mary's request for additional state funds should be made in January.
- Tom Botzman reported the costs for mold remediation, hotels and ship-housing were handled out of the College's contingency funds.
- The sailing team is in the process of qualifying for nationals and the College is a possible site for the May 2014 national championships.
- The advancement office has announced a Baltimore City scholarship initiative and completed a phone outreach program.
- The College received some 356 print, online, radio and television media coverage about the Sea Voyager cruise ship during the last two months. High-profile publicity includes coverage by NPR, *The Associated Press*, "Good Morning Detroit," *The Chronicle of Higher Education*, *The New York Times*, *The Washington Post* and *The Baltimore Sun*.

Development

Chair Cindy Broyles reported:

- The committee met on November 17.
- A new fiscal year has begun, so the committee is seeking 100% board participation for the annual fund, preferably by spring 2012. Year-end appeals have been sent.
- The focus for the development committee is now long term planning and the upcoming campaign. Trustees will be asked to help identify people and organizations that may be able to help with campaign goals which will focus on financial aid and academic support.
- Annual giving is slightly behind last year's rate. The advancement office has moved to automated calling, making the caller's time and the overall process more efficient.
- Maureen Silva clarified the different roles for various development-related committees:
 - The Board of Trustees Development Committee will remain focused on board efforts relating to development
 - The Board of Trustees Ad Hoc Campaign Planning Committee, chaired by Tom Daugherty, is focused on the preparation needed prior to the campaign launch
 - The Volunteer Campaign Committee will be made up of volunteer leaders to spearhead the comprehensive campaign effort.

Finance, Investment and Audit

Chair John Wobensmith reported:

- The FIA committee held its regular meeting on November 18. The committee met again December 2 to materials from financial auditors.
- The transfer of the College's electrical distribution system to SMECO was approved by the Board of Public Works and is now complete.

- A quarterly update on the three remaining audit findings was submitted to the Office of Legislative Audits.
- Admissions dashboard data have been updated to reflect this fall's entering class. The Committee also reviewed and discussed a report from the faculty on salaries and local housing costs.
- Five action items were approved at the committee meeting and are being brought to the full board:

1. Action Item 1112-09: Deferred Compensation Plan

This item establishes a supplemental retirement plan in compliance with the IRS code. The plan was drafted by the Office of the Attorney General and follows the outline of deferred compensation plans at other Maryland public higher education institutions.

The action item was seconded and unanimously approved.

2. Action Item 1112-10: Revision of the FY 2012 Current Fund (Operating) Budget

This revision incorporates funds required to deal with the emergency mold situation. Repeated remediation attempts were unsuccessful and led to the decision to close both residence halls for the remainder of the fall 2011 semester, requiring the relocation of approximately 350 students. The College has a preliminary estimate of \$1.5 million in operational expenses for alternative housing and the associated costs.

The revision to the FY12 operating budget includes three components as follows:

- Reallocating existing contingency balances in two programs for a total of \$284,000 and recognizing additional revenues in the amount of \$300,000.
- A \$900,000 transfer to the plant budget to support remediation and reconstruction of the two residence halls, and
- The estimated \$1.5 million impact of the residence hall closures.

The total net effect on the operating budget is a reduction of \$1.8 million.

With these actions, the estimated June 30, 2012 unrestricted and unobligated fund balance will be \$3.6 million. Additionally, the College holds \$1.39 million in funds functioning as endowments. These unrestricted net assets designated by the Board to serve as endowment may be released should the need arise. This action would require specific board approval.

3. Action Item 1112-11: Revision of the FY 2012 Plant Fund (Capital) Budget

Two residence halls are currently under mold remediation. A contract for tear-out and remediation in the amount of about \$360,000 is nearly complete. Work to correct mechanical deficiencies and reconstruct the buildings to a habitable state for the spring semester is ready to begin. Remediation and reconstruction costs are expected to approach \$1.7 million. The amount in excess of the proposed revised budget of \$1.0 million will be funded by delaying existing plant projects.

The plant fund balance on June 30, 2012 is expected to be about \$700,000. The net result, after the transfers identified in action item 10 and this action item, results in a balance that is approximately \$400,000 less than that expected following the plant fund revisions approved in October 2011.

The action item was seconded and unanimously approved.

4. Action Item 1112-12: Staff Senate Bylaws

The creation of a staff senate will allow for all employees to express ideas and concerns through a recognized body that meets with the president on a regular basis. The proposed Staff Senate Bylaws have been reviewed and approved by the Attorney General's Office for legal sufficiency.

The action item was seconded and unanimously approved.

5. Action Item 1112-13: FY 2011 Auditor's Report and Audited Financial Statements

Statements reflecting the financial transactions and position of the College for the period July 1, 2010 through June 30, 2011 were prepared in accordance with generally accepted accounting principles, reflecting the GASB 34 & 35 reporting requirements. The independent firm of SB & Company has audited these statements and met with the members of the FIA committee.

The action item was seconded and unanimously approved.

- Wobensmith thanked Tom Botzman for his hard work to ensure that the cruise ship was up and running and that the College could pay for the alternative housing option.

Government Relations

Chair Gary Jobson reported:

- The Government Relations Committee met on November 4 and will continue to meet monthly during the legislative session.
- President Urgo met with the Secretary of Budget and Management on November 22 to review the College's operating and capital budget request. The College requested the block grant and approximately \$224,000 inflator for fiscal year 2013. The College is also asking for \$300,000 for archaeology related to the Anne Arundel Hall replacement project.
- Dr. Urgo continues to meet with representatives of the executive and legislative branches in support of the College's report to the legislature on tuition. The report has been well received. The Governor's budget is scheduled to be released during the third week of January.
- Students are applying for the Schaefer Legislative Internship which begins in January.

Student Affairs

Chair Lex Birney reported:

- Health Services is now offering the Plan B contraceptive on campus.
- The committee is accepting applications for the next student trustee. Final candidates will be interviewed at the February meeting.
- Dean Laura Bayless provided an update on mold remediation and the impact it has had on the student body.
- Director of Career Development Dana Van Abbema offered an overview of the office and the services it provides. The committee will be focused on defining clear strategic objectives for career development.

REPORTS FROM ASSOCIATED ORGANIZATIONS

St. Mary's College of Maryland Alumni Association

Alumni Council President Paul Schultheis reported:

- The annual homecoming celebration, Hawktoberfest, was a great success with record turnout for the golf tournament and strong participation for the Petruccelli 5K and athletics hospitality tent. The next class of Hall of Fame nominees will be inducted during Hawktoberfest 2012.
- The Alumni Office continues to focus much of its attention to chapter building and event planning for 2012. Currently, there are three chapters with presidents out of the five functioning chapters. Chapter events are being created to strengthen current chapters in D.C., Baltimore, Western Maryland, Southern Maryland and our affinity chapter – The Black Alumni Chapter.

The Alumni Office also looks to re-energize or start chapters in New England, New York, California, and Annapolis in 2012.

- Schultheis noted that his second term as Alumni Council president ends June 30, 2012 and introduced the next council president Danielle Troyan '92.

St. Mary's College of Maryland Foundation Board

Foundation board member Bob Waldschmitt reported:

- The Foundation Board met on October 21 to review and approve the Foundation audit materials. Tim Boldt, from McGladrey and Pullen, informed members that the foundation was awarded an unqualified opinion, which is the highest level of assurance that the financial statements are free of material misstatement.
- Foundation consultant Phil Tahey presented his Endowment Funds Project Status and Recommendations document.
- The statement of activities for the period of July 2010 – June 2011 reports a \$323,000 unrealized loss due to fall in the stock market.
- The FY2012 operating budget was approved. It includes the authority to hire a part-time foundation director to assist Maureen Silva in the day-to-day operations of the foundation.

St. Mary's College of Maryland Joint Investment Advisory Committee

JIAC member Gail Harmon reported:

- The committee met several times over the summer and rewrote the Statement of Investment Policy, which is being reviewed by the Foundation Board for approval. It clearly lays out the advisory role of JIAC, with final decision and authority residing with the Foundation Board.
- JIAC determined that the best course of action is to pursue a single money manager. This decision provides the services needed, including more clearly articulated reports and benchmarking.
- Requests have been sent to ten recommended investment firms and finalists will be interviewed in late January.

Historic St. Mary's City

Marty Sullivan reported:

- The cruise ship *The Sea Voyager* has been docked at Historic next to *The Dove* for past few weeks. Thanked Historic staff for working with, and allowing, the College to use the location during a busy tour time. Several elementary school tour groups were amused by the juxtaposition of 17th and 21st century vessels.
- Thanked Booz, Allen Hamilton for their assistance.
- The museum has hired a director of research education.

A motion was made to adjourn the meeting at 1:10 p.m.

Summary prepared by Kate Ufford

January 5, 2012

Approved by Lex Birney

February 13, 2012

Approved by Molly Mahoney Matthews

February 13, 2012