



UNIVERSITY OF MARYLAND

Building 090
College Park, Maryland 20742-2115
www.mse.umd.edu

GLENN L. MARTIN INSTITUTE OF TECHNOLOGY
A. JAMES CLARK SCHOOL OF ENGINEERING

May 27, 2010

Document Control Desk
United States Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Reference: University of Maryland, Maryland University Training Reactor ("MUTR"), Docket No. 50-166, License No. R-70
Request for Additional Information ("RAI") Regarding
Financial Qualifications for the Renewal License (December 10,
2009)

Subject: University of Maryland Response to RAI

The University of Maryland hereby encloses its responses to the December 10, 2009 RAI regarding financial qualifications. If there are questions about the information submitted, please write me at 2309F Chemical & Nuclear Engineering Building, University of Maryland, College Park, MD 20742-2115 or email me at mohamad@umd.edu. I would appreciate it if you would copy Prof. Robert Briber on any correspondence: 2135 Chemical & Nuclear Engineering Building, University of Maryland, College Park, MD 20742-2115; rbriber@umd.edu.

The University of Maryland proposes to submit responses to technical RAIs 1, 3, 4, and 5 by July 9. If the University completes its response to one or more of those 4 RAIs earlier, we will submit the completed response(s) before July 9. I have spoken with Dr. Watkins at the Idaho National Lab about RAI 2. He believes he will be able to provide a response to the University no later than August 31 but may be able to send it earlier.

The University will submit it to the NRC as soon as possible after we receive it.

I declare under penalty of perjury that the foregoing is true and correct.

Sincerely,

Mohamad Al-Sheikhly
Professor and Director
Maryland University Training Reactor

Enclosures
cc: Robert Briber

A020
NRK



UNIVERSITY OF MARYLAND

GLENN L. MARTIN INSTITUTE OF TECHNOLOGY
A. JAMES CLARK SCHOOL OF ENGINEERING

Department of Materials Science and Engineering

Building 090
College Park, Maryland 20742-2115
301.405.5207 TEL 301.314.2029 FAX
www.mse.umd.edu

OFFICE OF NUCLEAR REACTOR REGULATION
REQUEST FOR ADDITIONAL INFORMATION
REGARDING FINANCIAL QUALIFICATIONS FOR THE RENEWED LICENSE FOR THE
MARYLAND UNIVERSITY TRAINING REACTOR
LICENSE NO. R-70
DOCKET NO. 50-166

Pursuant to Title 10 of the Code of Federal Regulations (10 CFR) Section 50.33(f) (2), "Applicants to renew or extend the term of an operating license for a non-power reactor shall include the financial information that is required in an application for an initial license." To comply with this requirement, please provide the following updated and supplemental information to the University of Maryland (the University, applicant) application for a renewed license for the Maryland University Training Reactor (MUTR).

1. *Under 10 CFR 50.33(d) certain information is required by the applicant, as applicable. To comply with 10 CFR 50.33(d), the U. S. Nuclear Regulatory Commission (NRC) staff requests that the applicant state the organizational form of the University (e.g., agency of the State of Maryland institution, etc.) and supply any information that pertains to the University. Accordingly, please state whether the University is owned, controlled, or dominated by an alien, foreign corporation, or foreign government, and if so give details.*

Response: The University System of Maryland is an instrumentality of the State of Maryland, a public corporation, and an independent unit of Maryland State Government. See Section 12-102(a) Education Article, Annotated Code of Maryland, attached hereto as Enclosure 1. The University of Maryland, one of 11 constituent institutions of the University System of Maryland, is the designated "flagship" campus. See Sections 10-209(f) and 12-101(b) (5) (iii), Education Article, Annotated Code of Maryland (Enclosure 1).

The University is not owned, controlled or dominated by an alien, foreign corporation, or foreign government.

2. *The NRC staff will analyze the financial statements for the current year, which are required by 10 CFR 50.71(b), to determine if the applicant is financially qualified to operate the MUTR. Since the University's financial statements submitted in 2000 are now out of date, please provide a copy of the latest financial statements for the NRC staff's review.*

Response: Attached at Enclosure 2 are the "University System of Maryland Financial Statements and Supplemental Data for the Years Ended June 30, 2009 and 2008, together with the Report of Independent Public Accountants" (the "Financial Statement and Report"). The Financial Statement and Report constitutes the audit by Abrams, Foster, Nole & Williams, PA of the financial statements of the University System of Maryland and each of its constituent institutions, including the University of Maryland. Enclosure 2 does not include the financial statements of constituent institutions other than the University of Maryland, College Park.

- 3. Pursuant to 10 CFR 50.33(f) (2), "The applicant shall submit estimates for total annual operating costs for each of the first five years of operation of the facility." Since the information included in the applicant's April 27, 2000, and May 12, 2000, submittals (the application) is outdated, please provide the estimated operating costs for each of the fiscal years (FY) 2011 through FY2015 (the first five-year period after the projected license renewal date). Also, please state the University's primary source(s) of funding to cover the operating costs for the above FYs.*

Response: The University updates the information included in its April 27, 2000, and May 12, 2000, submittals of the 2000 Safety Analysis Report ("SAR") as follows:

Revised Section 15.1 FINANCIAL ABILITY TO OPERATE A NON-POWER REACTOR

The estimated operating costs for each of the fiscal years (FY) 2011 through FY2015 (the first five-year period after the projected license renewal date) are presented in revised Table 15.1, attached at Enclosure 3. As shown in that table, the annual operating costs for the MUTR fall within one of three main categories of expenses: personnel, maintenance, and miscellaneous. Building and maintenance expenses for other infrastructure fall within the budget of the University Department of Facilities Management and, as a result, those expenses are not included in Revised Table 15.1. In addition, waste disposal and health physics activities are performed by and included in the budget of the University Department of Environmental Safety. Hence, those expenses are also not included in revised Table 15.1. The calculations apply the Implicit Price Deflator for the Gross Domestic Product (IPD for GDP) of 2.7% as published in the Survey of current Business by the U.S. Department of Commerce.

Revised Table 15.2, attached at Enclosure 3, depicts the University's primary sources of funding to cover the estimated annual operating costs for the first 5 years after the projected license renewal date. The State of Maryland, the largest source of funding, provides salary support. The second largest source of operational funds is generated by fees received from corporations and other entities for the provision of services that use the MUTR, the Co-60 irradiator or electron beam accelerator. The Federal funding in Table 15.2 represents a sum received from the NRC that is expressly designated for operating expenses.

- 4. The application states that "In 1980 the MUTR staff prepared a decommissioning plan and cost estimate." The application states that the decommissioning cost was \$2,165,272 in 2000, with the cost being adjusted using the Implicit Price Deflator from the*

U.S. Department of Commerce. Since the NRC staff needs additional information to complete its review of the MUTR application, please update the application by providing the following information:

- (a) A current cost estimate (2010 dollars) for the MUTR to meet the NRC's radiological release criteria for decommissioning the facility for unrestricted use to comply with 10 CFR 50.75(d)(2)(i). Accordingly, describe the basis on how the cost estimate was developed (e.g., confirming the basis for the 1980 cost estimate), show costs specifically broken down into the categories of labor, waste disposal, other items (such as energy, equipment, and supplies), and a contingency factor of at least 25 percent.*

The 25 percent contingency factor provides reasonable assurance for unforeseen circumstances that could increase decommissioning costs (see NUREG/CR-6477, NUREG/CR-1756, NUREG-1757, and NUREG-1713). The staff notes that the contingency factor ("Unexpected Expenses") in the applicant's 2000 cost estimate is about 13 percent. If the applicant proposes to use a contingency factor less than 25 percent, then it must provide justification that the chosen factor will provide reasonable assurance for unforeseen circumstances that could increase decommissioning costs.

Response: The University's 1980 itemized estimate of decommissioning costs was based on the decommissioning of the Diamond Ordnance Reactor Facility (DORF) that was located in Maryland in 1980 dollars. The University used the IPD for GDP to adjust the 1980 estimate to 1989 dollars in connection with the submission of its decommissioning plan to the NRC in 1990. Other factors such as comparing the MUTR with other university reactors were also considered in developing the University's decommissioning cost estimate.

The current cost estimate (2010 dollars) presented at Enclosure 4 uses a contingency factor of 25 percent.

- (b) A description of the means of adjusting the cost estimate and associated funding level periodically over the life of the facility. Since the application identified that the decommissioning cost would be adjusted using the Implicit Price Deflator, please confirm whether this will be the means of adjusting the MUTR's cost estimate and associated funding level periodically over the life of the facility. Also, please provide a detailed numerical example using the 2010 cost estimate.*

Response: The University will continue to use the IPD for GDP to adjust the decommissioning cost and associated funding level periodically over the life of the MUTR. The University's updated decommissioning estimate, presented at Enclosure 4, provides a detailed example of how the 2010 cost estimate will be adjusted for inflation using the IPD for GDP for each of the first 5 years after

decommissioning begins.

(c) Provide a detailed breakout of the total and annual MUTR SAFSTOR and DECON costs. The costs identified in the "Decommissioning Cost Summary Table" need to be updated to current dollars to reflect changes other than inflation (e.g., waste disposal, security costs, etc.) for the cost associated with the SAFSTOR option.

Response: A detailed breakout of the total and annual MUTR SAFSTOR and DECON costs is provided at Enclosure 4. Those costs have been updated from the 2000 "Decommissioning Cost Summary Table" to reflect changes other than inflation (e.g., waste disposal, security costs, etc.) for the cost associated with the SAFSTOR option.

5. *The application indicates that the University plans to use a statement of intent (S01) as the method to provide decommissioning funding assurance, as provided for by 10 CFR 50.75(e)(1)(iv) (Letter of Intent from the University to the NRC dated April 27, 2000). Where the applicant intends to use a SOI, the NRC staff must find that the applicant is a Federal, State, or local government licensee. To make this finding, the applicant must state that it is a State government organization and that the decommissioning funding obligations of the applicant are backed by the State government and also provide corroborating documentation. Further, the applicant must provide documentation verifying that the signatory of the statement of intent is authorized to execute said document that binds the University. This document may be a governing body resolution, management directives, or other form that provides an equivalent level of assurance. As the application does not include all of the above information, please submit the following:*

(a) An updated SOI which includes: the date of the submittal of the S01; the current (2010 dollars) cost estimate for decommissioning; a statement that funds for decommissioning will be obtained when necessary; typed name and title of the signatory, and the signature of the signatory; and the signatory's oath or affirmation attesting to the information.

Response: An updated SOI that contains the information described above is attached at Enclosure 5.

(b) Documentation that corroborates the statement in the application that the University is a State agency and State of Maryland government licensee under 10 CFR 50.75(e) (2) (iv).

Response: The documents attached as Enclosure 1 provide evidence of the University's status as a State agency and State of Maryland government licensee under 10 CFR 50.75(e)(2)(iv).

- (c) A statement as to whether the decommissioning funding obligations for the MUTR are backed by the State of Maryland government. The application must also present information that corroborates this statement.*

Response: The University of Maryland, as a constituent institution of the University System of Maryland, is an agency of the State of Maryland. See documents attached at Enclosure 1. Title 19 of the Education Article, Annotated Code of Maryland authorizes the University System of Maryland to issue bonds for, among other purposes, to reconstruct, maintain, repair, renovate, and/or operate auxiliary and academic facilities. See Education Article, Section 19-102(a), attached at Enclosure 6. The MUTR qualifies as an auxiliary and academic facility. See Section 19-101(e), Education Article, attached at Enclosure 6.

- (d) Documentation verifying that the signatory of the SOI is authorized to execute such a document that binds the applicant financially. For example, provide a copy of the University's governing board or equivalent resolution that shows that the signatory of the SOI has been authorized by the University to bind the University financially, at least with respect to funding the decommissioning of the MUTR, or provide a copy of an official University delegation of authority showing that the signatory of the SOI is authorized to bind the University financially, at least with respect to funding the decommissioning of the MUTR.*

Response: As a public university in the State of Maryland, the Education Article of the Annotated Code of the State of Maryland establishes the authority of officials within the University System of Maryland and the University of Maryland to enter into binding agreements. Copies of Sections 12-105 and 12-109 of the Education Article, Annotated Code of Maryland establishing this authority are attached at Enclosure 5.

In addition, the express written delegation of the President of the University of Maryland authorizing and making the University Vice President for Administrative Affairs and Chief Financial and Operations Officer responsible for identifying and obtaining funds to decommission the MUTR in a timely manner is attached to the SOI (Enclosure 5) as documentation verifying that the signatory of the SOI is authorized to execute that document that binds the University.

ENCLOSURE 1

§ 12-102. Board of Regents - Government of University; members.**(a) *University as body corporate and politic.***

- (1) There is a body corporate and politic known as the University System of Maryland.
- (2) The University is an instrumentality of the State and a public corporation.
- (3) The University is an independent unit of State government.
- (4) The exercise by the University of the powers conferred by this subtitle is the performance of an essential public function.

(b) *Government of University.*- The government of the University System of Maryland is vested in the Board of Regents of the University System of Maryland.

(c) *Composition; qualifications.*- The Board of Regents consists of 17 members as follows:

(1) (i) Except as provided in subparagraph (ii) of this paragraph, one member shall be a full-time student in good academic standing at an institution under the jurisdiction of the Board; and

(ii) A student member who is in good academic standing at the University of Maryland University College shall be exempt from the full-time student requirement in subparagraph (i) of this paragraph;

(2) One member shall be the State Secretary of Agriculture ex officio; and

(3) The remaining members of the Board shall be residents of the State and shall be appointed from the general public.

(d) *Geographic representation.*- In making appointments to the Board, the Governor shall consider representation from all parts of the State.

(e) *Appointment.*- Except for the Secretary of Agriculture, each member of the Board shall be appointed by the Governor, with the advice and consent of the Senate.

(f) *Term; vacancies.*

(1) Except for the student member, each appointed member serves for a term of 5 years from July 1 of the year of appointment and until a successor is appointed and qualifies. These members may be reappointed.

(2) The student member shall be appointed for a term of 1 year, from July 1, and may be reappointed if the student remains a student at any campus of the University System of Maryland.

(3) A member appointed to fill a vacancy in an unexpired term serves only for the remainder of that term and until a successor is appointed and qualifies.

(g) *Reappointment.*- Except for the Secretary of Agriculture, a member may not serve more than 2 consecutive full terms.

(h) *Compensation.*- Each member of the Board:

(1) Serves without compensation; and

(2) Is entitled to reimbursement for expenses in accordance with the Standard State Travel Regulations.

[1988, ch. 246, § 2; 1994, ch. 3, § 5; 1997, ch. 114, § 1; 1999, ch. 515, § 1; ch. 614; 2004, ch. 239; 2005, ch. 25, § 1.]

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§ 10-209. University System of Maryland.

(a) *Provision of continuum of educational services.*- The University System of Maryland shall provide through its various campuses and programs a continuum of educational services, including undergraduate education, graduate education, professional programs, and research.

(b) *Goal.*- The goal of the University System of Maryland is to achieve and sustain national eminence with each component fulfilling a distinct and complementary mission.

(c) *Duties.*- The University System of Maryland shall:

(1) Promote excellence at each campus, in accordance with the skills of the faculty, the needs of the region, and the academic programs offered;

(2) Develop a mission for each campus which builds upon the unique strength of the campus and embodies a diversity of programs;

(3) Recruit and retain nationally and internationally prominent and diverse faculty members;

(4) Actively pursue research funding and private support;

(5) Promote economic development by creating a well educated work force through undergraduate, graduate, and professional education, targeted research, education extension services, and technical assistance;

(6) Increase access for economically disadvantaged and minority students;

(7) Stimulate outreach to the community and the State through close relationships with public elementary and secondary schools, business and industry, and governmental agencies;

(8) Encourage collaboration among institutions for the benefit of the students; and

(9) Address and respond to continuing higher education needs in order to maintain an educated work force in the State.

(d) *Chancellor.*-

(1) The Board of Regents of the University System of Maryland shall appoint a Chancellor who shall be the Chief Executive Officer of the University System of Maryland and the Chief of Staff for the Board. The Chancellor and the staff of the Board shall serve as coordinators and system planners for the University.

(2) The Chancellor shall:

(i) Advise the Board of Regents on systemwide policy;

(ii) Conduct systemwide planning;

(iii) Coordinate and arbitrate among the institutions and centers of the University;

(iv) Assist the institutions in achieving performance goals in accordance with the Accountability Reporting Program; and

(v) Provide technical assistance to institutions and centers such as legal and financial services.

(e) *Presidents.*- Each campus of the University System of Maryland shall have a president who is the chief executive officer of the institution.

(f) *College Park campus.*- The University System of Maryland shall:

(1) Maintain and enhance the College Park campus as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge;

(2) Admit as freshmen to the College Park campus highly qualified students who have academic profiles that suggest exceptional ability;

(3) Provide access to the upper division undergraduate level of the College Park campus for students who have excelled in completing lower division study; and

(4) Provide the College Park campus with the level of operating funding and facilities necessary to place it among the upper echelon of its peer institutions.

(g) *Higher Education Center for Research and Graduate and Professional Study; Baltimore area schools.*- The University System of Maryland shall maintain and enhance a coordinated Higher Education Center for Research and Graduate and Professional Study, in the Baltimore area. Based on their joint graduate and research programs, the University of Maryland, Baltimore and the University of Maryland Baltimore County shall be considered a single research institution for the purposes of determining peer institutions. Funding guidelines for the professional schools of the University of Maryland, Baltimore shall be based on peer comparisons separately established for each school.

(h) *University College; campus for continuing higher education.*- The University System of Maryland may recognize University College as a campus for continuing higher education.

[1988, ch. 246, § 2; 1990, ch. 469; 1997, ch. 114, § 1; 1999, ch. 515, § 1.]

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§ 12-101. Established; purpose; definitions.

(a) *Established; purpose.* - In order to foster the development of a consolidated system of public higher education, to improve the quality of education, to extend its benefits and to encourage the economical use of the State's resources, the University System of Maryland is established in accordance with the provisions of this title.

(b) *Definitions.* -

(1) In this title the following words have the meanings indicated.

(2) "Board" or "Board of Regents" means the Board of Regents of the University System of Maryland.

(3) "Chancellor" means the Chief Executive Officer of the University System of Maryland and the Chief of Staff for the Board of Regents.

(4) "President" means the Chief Executive Officer of a constituent institution of the University System of Maryland.

(5) "Constituent institutions", "institutions", or "campuses" means the following public senior higher education institutions under the jurisdiction of the Board of Regents:

(i) University of Maryland, Baltimore;

(ii) University of Maryland Baltimore County;

(iii) University of Maryland, College Park;

(iv) University of Maryland Eastern Shore;

(v) University of Maryland University College;

(vi) Bowie State University;

(vii) Coppin State University;

(viii) Frostburg State University;

(ix) Salisbury University;

(x) Towson University; and

(xi) University of Baltimore.

(6) "Centers" or "institutes" means the following components of the System under the jurisdiction of the Board of Regents:

(i) University of Maryland Center for Environmental Science;

(ii) Cooperative Extension Service and the Agricultural Experiment Station;

(iii) Statewide Medical Education and Training System;

(iv) Fire and Rescue Institute; and

(v) Any other center, component, or institute established and operated by the System in accordance with its mission.

(7) "University" or "University of Maryland" or "University of Maryland System" means the University System of Maryland.

(8) "Computer-based instructional technology" means computer hardware or software used by faculty and students in the delivery of the instructional program.

(9) "Technology" means the latest state-of-the-art technology products and services, including:

- (i) Copper and fiber optic transmission;
- (ii) Computer;
- (iii) Video and audio laser and CD-ROM discs;
- (iv) Video and audio tapes or other technologies; and
- (v) Technology used for on-line learning.

[1988, ch. 246, §§ 2, 4; 1989, ch. 5, §§ 1, 9; 1994, ch. 420; 1997, ch. 114, § 1; 2001, ch. 225; 2004, ch. 63; 2005, ch. 25, § 13; ch. 304; 2006, ch. 44, § 6.]

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ENCLOSURE 2

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data

For the Years Ended June 30, 2009 and 2008, together with
Report of Independent Public Accountants

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Abrams, Foster, Nole & Williams, P.A.

Certified Public Accountants

2 Hamill Road, Suite 241
West Quadrangle
Baltimore, MD 21210-1886
(410) 433-6830 / Fax (410) 433-6871

Member: American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Regents
University System of Maryland

We have audited the accompanying financial statements of the University System of Maryland (the System), a component unit of the State of Maryland, and its discretely presented component units as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express opinions on these financial statements based on our audits. We only audited the component unit financial statements of Coppin State College Development Foundation, Inc. and Bowie State University Foundation, Inc. We did not audit the other component unit financial statements. The component units we did not audit represent 99 percent, 98 percent and 92 percent, respectively, of total assets, net assets, and unrestricted revenues of the total component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and of its discretely presented component units as of June 30, 2009 and 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental data as described in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland
October 27, 2009

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2009 AND 2008

The management of the University System of Maryland (the System), provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2009 and 2008.

Financial Highlights

- Unrestricted net assets increased by \$35,081,617 for the year ended June 30, 2009, compared to an increase of \$136,908,894 for the year ended June 30, 2008.
- State appropriations for the System increased by 2.6% for the year ended June 30, 2009, to \$1,030,646,420. For the year ended June 30, 2008, State appropriations increased by 7.6% from the amount received in the year ended June 30, 2007.
- Tuition and fees, after deducting Scholarship allowances, increased by \$34,759,266, or 3.7% for the year ended June 30, 2009. During the year ended June 30, 2008, net Tuition and fees increased by more than 8.1%, or \$70,534,382.
- Investment losses on Endowment assets amounted to \$60,818,099, or a loss of 24.4%, for the year ended June 30, 2009. For the year ended June 30, 2008, investment income on Endowment assets was \$1,156,585, representing a return of 0.5%.

Overview of the Financial Statements

The System's financial statements consist of three basic financial statements and the notes that provide information on the accounting alternatives used, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The *Balance Sheet* presents information on the System's assets, liabilities and net assets, all as of the end of the reporting period. Net assets represents the difference between assets and liabilities, and is detailed into classifications that help readers understand the constraints that the System must consider in making decisions on expending assets. Over time, changes in net assets can help in understanding whether the financial condition of the System is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information on the changes in net assets during the year. All changes in net assets are reported as soon as the underlying event takes place, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used at year-end).

The *Statement of Cash Flows* presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the amounts reported at the end of the preceding year, to the amounts reported in the Balance Sheet as of the end of the current year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System's financial statements include all accounts and balances of the System (considered the primary government, in accounting terms), as well as 16 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 16 component units, three are considered major component units due to their significance in terms of size, while the rest are considered non-major component units.

The emphasis of this Management's Discussion and Analysis is on the System itself. Reference should be made to the separately audited financial statements of the component units for additional information.

Financial Analysis

As of June 30, 2009, the System's financial health remains strong, with assets exceeding liabilities by \$3,925,233,508, shown on the Balance Sheet as total net assets. This compares with total net assets of \$3,741,283,144 as of June 30, 2008. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2009, total net assets increased by \$183,950,364. Net assets invested in capital assets, net of related debt, increased by \$197,336,347, while unrestricted net assets increased \$35,081,617, and restricted net asset categories decreased by \$48,467,600.

Unrestricted net assets represent the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. The \$35,081,617 increase in unrestricted net assets for the year ended June 30, 2009 is attributable to continuing institutional efforts to limit expenditures, the effects of a state-wide furlough plan requiring System employees to take unpaid leave, revenues from enrollment growth beyond that anticipated, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements. These factors were offset by mid-year reductions in State Appropriations of \$29,000,000, investment losses on the unrestricted net asset portion of endowment funds, and planned spending on acquisitions of buildings and renovations using cash balances.

As of June 30, 2008, the System's assets exceeded liabilities by \$3,741,283,144. This compares with total net assets of \$3,424,332,174 as of June 30, 2007.

For the year ended June 30, 2008, total net assets increased by \$316,950,970. Net assets invested in capital assets, net of related debt, increased by \$199,326,790, while unrestricted net assets increased \$136,908,894, and restricted net asset categories decreased by \$19,284,714.

The \$136,908,894 increase in unrestricted net assets for the year ended June 30, 2008 is attributable to continuing institutional efforts to limit expenditures, revenues from enrollment growth beyond that anticipated, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2009, 2008 and 2007.

Condensed Balance Sheet
June 30, 2009, 2008 and 2007

	2009	2008	2007
Current and other assets	\$1,864,752,849	\$1,814,836,997	\$1,596,331,019
Capital assets, net	3,670,605,826	3,434,909,097	3,248,364,874
Total assets	\$5,535,358,675	\$5,249,746,094	\$4,844,695,893
Debt and obligations under capital lease agreements	\$1,028,523,582	\$969,923,078	\$954,846,383
Other liabilities	581,601,585	538,539,872	465,517,336
Total liabilities	1,610,125,167	1,508,462,950	1,420,363,719
Net assets:			
Invested in capital assets, net of related debt	2,791,037,963	2,593,701,616	2,394,374,826
Restricted	235,394,237	283,861,837	303,146,551
Unrestricted	898,801,308	863,719,691	726,810,797
Total net assets	3,925,233,508	3,741,283,144	3,424,332,174
Net assets and liabilities	\$5,535,358,675	\$5,249,746,094	\$4,844,695,893

The table below presents summary-level information on revenues, expenses, and other changes in the System's net assets for the years ended June 30, 2009, 2008 and 2007.

Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2009, 2008 and 2007

	2009	2008	2007
Operating revenues	\$2,699,475,176	\$2,600,733,089	\$2,441,077,210
Operating expenses	3,789,619,283	3,589,864,275	3,320,914,383
Operating loss	(1,090,144,107)	(989,131,186)	(879,837,173)
State appropriations	1,030,646,420	1,004,067,729	933,537,277
Other nonoperating revenues (expenses), gains and (losses), net	59,064,245	135,092,362	113,770,882
Total nonoperating revenues and expenses	1,089,710,665	1,139,160,091	1,047,308,159
Income (loss) before other revenues and expenses	(433,442)	150,028,905	167,470,986
Other revenues and (expenses)	184,383,806	166,922,065	179,135,398
Increase in net assets	183,950,364	316,950,970	346,606,384
Net assets, beginning of year	3,741,283,144	3,424,332,174	3,077,725,790
Net assets, end of year	\$3,925,233,508	\$3,741,283,144	\$3,424,332,174

The System's operating revenues arise from activities associated with its core mission; education, research, and public service.

For the years ended June 30, 2009, 2008 and 2007, operating revenues, which under the definitions used by Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below:

	2009		2008		2007	
	\$	%	\$	%	\$	%
Tuition and fees	\$978,593,022	36.2%	\$943,833,756	36.2%	\$873,299,374	35.8%
Contracts and grants	986,249,638	36.5	936,506,855	36.1	915,160,680	37.5
Sales and services of educational departments	225,933,669	8.4	224,755,063	8.6	193,763,649	7.9
Auxiliary enterprises	455,462,962	16.9	434,309,237	16.7	404,857,492	16.6
Other operating	53,235,885	2.0	61,328,178	2.4	53,996,015	2.2
Total	\$2,699,475,176	100.0%	\$2,600,733,089	100.0%	\$2,441,077,210	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2008 and 2007 for graduate and non-resident undergraduate students, as well as modest enrollment increases in both years, most notably at the University of Maryland College Park, and the University of Maryland University College. Fee increases for residence halls and dining facilities and enrollment increases account for the increase in revenues from auxiliary enterprise activities.

For the years ended June 30, 2009, 2008 and 2007, operating expenses are detailed below:

	2009		2008		2007	
	\$	%	\$	%	\$	%
Instruction	\$990,476,197	26.1%	\$951,367,571	26.5%	\$890,577,102	26.8%
Research	869,719,538	23.0	838,754,387	23.4	761,371,454	22.9
Public service	139,414,385	3.7	136,357,718	3.8	126,113,115	3.8
Academic support	338,282,723	8.9	318,240,451	8.9	287,337,936	8.7
Student services	169,092,865	4.5	154,969,079	4.3	143,441,415	4.3
Institutional support	334,740,258	8.8	326,342,237	9.1	317,336,126	9.6
Operation and maintenance of plant	307,014,037	8.1	272,127,045	7.6	261,288,566	7.9
Scholarships and fellowships	81,691,427	2.2	75,884,153	2.1	63,141,801	1.9
Auxiliary enterprises	429,082,134	11.3	404,597,108	11.2	369,809,173	11.1
Hospital	130,105,719	3.4	111,224,526	3.1	100,497,695	3.0
Total	\$3,789,619,283	100.0%	\$3,589,864,275	100.0%	\$3,320,914,383	100.0%

Operating expenses are detailed by (1) employee costs, (2) payments to suppliers, contractors and other, and (3) depreciation expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses.

For the year ended June 30, 2009, increases in employee payments account for largest component of the overall increase in operating expenses of almost \$200 million over the year ended June 30, 2008, the largest portion relating to Instruction programs.

For the year ended June 30, 2008, increases in payments to suppliers, contractors and other payments account for largest component of the overall increase in operating expenses over the year ended June 30, 2007. Payments to suppliers, contractors and other increased by more than 16% over the year ended June 30, 2007, with the largest increase associated with research activities.

For the year ended June 30, 2007, increases in employee costs, most significantly in the instruction, academic support, and institutional support program categories, account for most of the overall increase in operating expenses over the year ended June 30, 2006.

Capital Asset and Debt Administration

The System added \$456,846,565 in new capital assets during the year ended June 30, 2009. Of these additions, \$177,717,059 was funded through the use of State of Maryland debt proceeds or cash balances, \$118,378,403 was funded from the proceeds of System debt obligations, and the balance of \$160,751,103 was purchased using System cash balances or received as donations.

During the year ended June 30, 2009, several significant projects were completed and placed in service, including the first phase of a \$73 million new College of Liberal Arts at Towson University and a \$73 million new Health and Human Services building at Coppin State University.

The System added \$374,613,248 in new capital assets during the year ended June 30, 2008. Of these additions, \$156,128,731 was funded through the use of State of Maryland debt proceeds or cash balances, \$75,932,467 was funded from the proceeds of System debt obligations, and the balance of \$142,552,050 was purchased using System cash balances or received as donations.

During the year ended June 30, 2008, several significant projects were completed and placed in service, including a \$66 million new Teacher Education and Technology Center at Salisbury University and a \$21 million addition to Van Munching Hall at University of Maryland, College Park.

The System added \$337,946,003 in new capital assets during the year ended June 30, 2007. Of these additions, \$147,870,968 was funded through the use of State of Maryland debt proceeds or cash balances, \$44,334,947 was funded from the proceeds of System debt obligations, and the balance of \$145,740,088 was purchased using System cash balances or received as donations.

During the year ended June 30, 2007, several significant projects were completed and placed in service, including a \$72 million Biosciences Research building at the University of Maryland College Park, a \$21 million Center for Business and Graduate Studies at Bowie State University, and the third academic building at the Universities at Shady Grove, the System's first gold LEED certified building.

These facilities are but a small sample of the important investments in upgrading the System's academic and research facilities, as well as transforming campuses into learning communities.

The System has financed equipment and personal property acquisitions through the use of \$65,000,000 of proceeds of multiannual rate reset securities known as the Revolving Loan Program originally issued in 2003 as auction rate reset securities. In April, 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate which is determined annually as a result of an auction process. The securities were successfully remarketed in May 2009 at an annual interest rate of 0.55% for the coming year.

On June 26, 2008, the System issued \$90,000,000 of 2008 Series A Revenue Bonds to fund construction, renewal and replacement, and acquisition projects previously authorized by the Board of Regents.

On July 3, 2008, the System issued \$29,070,000 of 2008 Refunding Series B Revenue Bonds to refinance \$28,880,000 of previously issued revenue bonds. The refinancing will reduce future principal and interest payments by \$1,018,772, in present value.

On June 26, 2009, the System issued \$100,000,000 of 2009 Series A and B Revenue Bonds to fund construction, renewal and replacement, and acquisition projects previously authorized by the Board of Regents.

On July 6, 2009, the System issued \$31,275,000 of 2009 Refunding Series C Revenue Bonds to refinance \$31,750,000 of previously issued revenue bonds. The refinancing will reduce future principal and interest payments by \$1,813,416, in present value.

On October 7, 2009, the System issued \$56,045,000 of 2009 Refunding Series D Revenue Bonds to refinance \$55,355,000 of previously issued revenue bonds. The refinancing will reduce future principal and interest payments by \$4,014,543, in present value.

The System continually pursues opportunities to reduce its overall effective cost of capital financing, and as conditions in the financial markets allow, refinances previously issued debt with new debt at lower interest costs.

During the year ended June 30, 2007, the System refinanced \$75,630,000 of previously issued Revenue Bonds through the use of \$75,935,000 of 2007 Series A Revenue Bonds issued in April 2007. The refinancing resulted in a reduction in future principal and interest payments by more than \$3,674,057, in present value.

Economic Factors and Next Year's Budget and Rates

Enrollment demand, availability of funding for contracts and grants, and the State of Maryland support through both operating and capital appropriations are the three most significant drivers of the System's revenue base.

Across all student categories, enrollment is expected to continue to increase over the next ten years, with more than 19% more students anticipated by the end of fiscal year 2017. Projections for fiscal year 2010 reflect an expected increase of approximately 3,000 students, or just under 3% growth in full-time equivalent enrollment. During the past four years, the System has held resident tuition levels constant, improving the System's institutions relative affordability with their regional peers. Improving access through moderating tuition increases and improving financial aid will enhance prospects for attaining the enrollment levels projected.

The Federal American Recovery and Reinvestment Act has provided a large amount of new and additional funding for contract and grant work at the System's institutions. Several System institutions have successfully developed research capabilities and expertise in areas of national importance and have experienced increases in contract and grant awards. Combined with geographical proximity to Federal agencies and complementary private enterprises, the System is well positioned for further growth in research activities, particularly in the health sciences and defense-related fields.

The economy of the State of Maryland is experiencing many of the same effects, if not in the same magnitude, that the rest of the nation is undergoing as a result of the current financial crisis. The impact of the recession, and its impact on state government receipts, is expected to extend beyond fiscal year 2010 and into the next. The state government closely monitors revenue receipts and revises projections on a quarterly basis. Projected revenues for fiscal year 2010 are lower than budgeted, and the Governor and top state officials have acted to curtail spending by state agencies, including the System and the rest of public higher education. Until projected revenues begin to stabilize at levels sufficient to fund state operations, there will be additional actions taken to further limit spending. As an economic engine for the entire state and region, the System would advocate a minimization of the impact that any additional actions taken by the state on funding provided to higher education.

Personnel costs account for more than two-thirds of the System's noncapital spending. Healthcare costs and the adoption of a state-wide funding strategy for providing for retiree's healthcare costs are significant drivers of the System's future spending levels. As enrollment continues to increase, it is reasonable to expect that additional faculty and support staff will be required to maintain the current level of educational quality.

Requests for Information

This financial report is intended to provide a general overview of the System's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Vice Chancellor for Administration and Finance and Chief Financial Officer, 3300 Metzert Road, Adelphi, MD 20783.

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEET
JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,153,676,011	\$1,043,292,959
Accounts receivable, net	288,998,397	303,491,112
Notes receivable, current portion	8,479,028	10,275,611
Inventories	10,950,211	10,184,405
Prepaid expenses and deferred charges	6,751,655	8,308,004
Total current assets	1,468,855,302	1,375,552,091
Noncurrent assets:		
Restricted cash and cash equivalents	166,662,229	69,421,800
Endowment investments	164,158,008	235,610,436
Restricted investments		73,584,640
Other investments	3,403,621	
Notes receivable, net	61,673,689	60,668,030
Capital assets, net	3,670,605,826	3,434,909,097
Total noncurrent assets	4,066,503,373	3,874,194,003
Total assets	\$5,535,358,675	\$5,249,746,094
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$208,227,636	\$197,780,783
Accrued workers' compensation, current portion	4,321,244	4,273,350
Accrued vacation costs, current portion	87,702,506	78,385,354
Revenue bonds and notes payable, current portion	74,176,912	71,150,061
Obligations under capital lease agreements, current portion	242,999	227,420
Deferred revenue	173,876,635	156,022,021
Total current liabilities	548,547,932	507,838,989
Noncurrent liabilities:		
Accrued workers' compensation	23,557,756	23,296,650
Accrued vacation costs	83,915,808	78,781,714
Revenue bonds and notes payable	950,293,975	894,492,901
Obligations under capital lease agreements	3,809,696	4,052,696
Total noncurrent liabilities	1,061,577,235	1,000,623,961
Total liabilities	1,610,125,167	1,508,462,950
NET ASSETS		
Unrestricted	898,801,308	863,719,691
Invested in capital assets, net	2,791,037,963	2,593,701,616
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,711,366	11,551,546
Research	3,644,007	3,643,427
Other	14,624,805	14,679,579
Expendable:		
Scholarships and fellowships	34,530,816	51,580,740
Research	63,516,484	83,365,637
Loans	73,801,432	72,270,813
Capital projects	11,180,480	10,287,441
Other	22,384,847	36,482,654
Total net assets	3,925,233,508	3,741,283,144
Total liabilities and net assets	\$5,535,358,675	\$5,249,746,094

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See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2009

Major Component Units-----

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
ASSETS					
Current assets					
Cash	\$1,007,000	\$13,838,259	\$671,968	\$25,501,058	\$41,018,285
Accounts receivable, net	18,503,000	25,767,271	7,998,490	8,031,593	60,300,354
Other assets	334,000	285,646		574,608	1,194,254
Total current assets	19,844,000	39,891,176	8,670,458	34,107,259	102,512,893
Investments					
Endowment investments	164,270,000	166,175,746	65,743,232	105,954,354	502,143,332
Other investments	236,366,000	43,361,921	43,587,036	21,715,678	345,030,635
Total Investments	400,636,000	209,537,667	109,330,268	127,670,032	847,173,967
Other assets					
Accounts receivable, net	11,242,000	40,662,738	17,509,661	2,842,303	72,256,702
Capital assets, net	9,524,000	4,613,346		14,788,922	28,926,268
Assets held for sale	3,000				3,000
Other assets	1,352,000	703,757	4,486,493	8,204,393	14,746,643
Total other assets	22,121,000	45,979,841	21,996,154	25,835,618	115,932,613
Total assets	\$442,601,000	\$295,408,684	\$139,996,880	\$187,612,909	\$1,065,619,473
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$4,017,000	\$2,087,033	\$2,013,689	\$2,885,887	\$11,003,609
Long-term debt, current				8,076,666	8,076,666
Deferred income	710,000	2,909,822		7,512,179	11,132,001
Total current liabilities	4,727,000	4,996,855	2,013,689	18,474,732	30,212,276
Other liabilities					
Other payables	26,375,686	2,773,722	1,651,961	5,311,816	36,113,185
Due to primary government	163,698,314				163,698,314
Long-term debt, noncurrent				518,644	518,644
Total other liabilities	190,074,000	2,773,722	1,651,961	5,830,460	200,330,143
Total liabilities	194,801,000	7,770,577	3,665,650	24,305,192	230,542,419
NET ASSETS					
Unrestricted	43,259,000	(6,851,185)	9,956,259	13,353,959	59,718,033
Temporarily restricted:					
Scholarships & fellowships	18,519,000	23,986,689	3,800,909	5,332,048	51,638,646
Research	10,089,000	4,206,778	8,953,943	43,383	23,293,104
Other	32,088,000	76,583,636	32,507,078	46,517,421	187,696,135
Permanently restricted:					
Scholarships & fellowships	76,927,000	60,029,473	21,555,818	44,255,817	202,768,108
Research	2,151,000	930,348	680,917	563,614	4,325,879
Other	64,767,000	128,752,368	58,876,306	53,241,475	305,637,149
Total net assets	247,800,000	287,638,107	136,331,230	163,307,717	835,077,054
Total liabilities & net assets	\$442,601,000	\$295,408,684	\$139,996,880	\$187,612,909	\$1,065,619,473

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2008**

Major Component Units

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
ASSETS					
Current assets					
Cash	\$468,000	\$9,421,017	\$235,227	\$19,374,541	\$29,498,785
Accounts receivable, net	17,601,000	24,275,642	7,496,792	13,007,686	62,381,120
Other assets	890,000	112,858		482,387	1,485,245
Total current assets	18,959,000	33,809,517	7,732,019	32,864,614	93,365,150
Investments					
Endowment investments	240,626,000	221,484,844	85,136,154	141,787,496	689,034,494
Other investments	312,147,000	48,254,228	46,735,003	24,142,119	431,278,350
Total investments	552,773,000	269,739,072	131,871,157	165,929,615	1,120,312,844
Other assets					
Accounts receivable, net	14,474,000	51,645,625	16,698,328	253,716	83,071,669
Capital assets, net	8,878,000			10,169,617	19,047,617
Assets held for sale	550,000				550,000
Other assets	946,000		5,507,319	6,551,631	13,004,950
Total other assets	24,848,000	51,645,625	22,205,647	16,974,964	115,674,236
Total assets	\$596,580,000	\$355,194,214	\$161,808,823	\$215,769,193	\$1,329,352,230
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$4,844,000	\$1,332,269	\$2,090,275	\$5,575,708	\$13,842,252
Long-term debt, current				147,090	147,090
Deferred income	667,000	1,384,681		7,144,542	9,196,223
Total current liabilities	5,511,000	2,716,950	2,090,275	12,867,340	23,185,565
Other liabilities					
Other payables	35,437,380	2,985,877	1,721,470	7,014,442	47,159,169
Due to primary government	235,460,620				235,460,620
Long-term debt, noncurrent				3,338,136	3,338,136
Total other liabilities	270,898,000	2,985,877	1,721,470	10,352,578	285,957,925
Total liabilities	276,409,000	5,702,827	3,811,745	23,219,918	309,143,490
NET ASSETS					
Unrestricted	60,692,000	6,057,197	18,788,552	30,778,837	116,316,586
Temporarily restricted:					
Scholarships & fellowships	12,816,000	38,540,822	5,992,563	6,562,623	63,912,008
Research	10,235,000	5,011,583	8,665,601	32,961	23,945,145
Other	39,239,000	115,280,724	39,889,104	47,738,569	242,147,397
Permanently restricted:					
Scholarships & fellowships	101,260,000	56,802,348	20,332,405	42,361,056	220,755,809
Research	1,812,000	929,248	1,026,651	783,236	4,551,135
Other	94,117,000	126,869,465	63,302,202	64,291,993	348,580,660
Total net assets	320,171,000	349,491,387	157,997,078	192,549,275	1,020,208,740
Total liabilities & net assets	\$596,580,000	\$355,194,214	\$161,808,823	\$215,769,193	\$1,329,352,230

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	Year ended June 30,			2008
	2009			
OPERATING REVENUES:				
Tuition and fees	\$1,159,112,031			\$1,106,084,114
Less: scholarship allowances	(180,519,009)	\$978,593,022		(162,250,358)
Federal grants and contracts		630,387,749		619,885,691
State and local grants and contracts		168,307,537		163,501,622
Nongovernmental grants and contracts		187,554,352		153,119,542
Sales and services of educational departments		225,933,669		224,755,063
Auxiliary enterprises:				
Residential facilities	113,072,929			109,751,346
Less: scholarship allowances	(9,115,404)	103,957,525		(8,875,708)
Dining facilities	99,538,769			94,270,116
Less: scholarship allowances	(5,447,317)	94,091,452		(4,978,581)
Intercollegiate athletics	85,320,822			77,630,990
Less: scholarship allowances	(5,156,269)	80,164,553		(3,663,418)
Bookstores	31,846,386			33,128,509
Less: scholarship allowances	(98,546)	31,747,840		(131,309)
Parking facilities		35,010,918		33,639,938
Other auxiliary enterprises revenues	110,531,880			103,568,051
Less: scholarship allowances	(41,206)	110,490,674		(30,697)
Other operating revenues		53,235,885		61,328,178
Total operating revenues		2,699,475,176		2,600,733,089
OPERATING EXPENSES:				
Instruction		990,476,197		951,367,571
Research		869,719,538		838,754,387
Public service		139,414,385		136,357,718
Academic support		338,282,723		318,240,451
Student services		169,092,865		154,969,079
Institutional support		334,740,258		326,342,237
Operation and maintenance of plant		307,014,037		272,127,045
Scholarships and fellowships		81,691,427		75,884,153
Auxiliary enterprises:				
Residential facilities		100,877,698		97,170,953
Dining facilities		90,013,785		87,420,855
Intercollegiate athletics		86,565,937		76,998,136
Bookstores		30,187,635		29,037,473
Parking facilities		20,319,515		25,559,508
Other auxiliary enterprises expenses		101,117,564		88,410,183
Hospital		130,105,719		111,224,526
Total operating expenses		3,789,619,283		3,589,864,275
Operating loss		(1,090,144,107)		(989,131,186)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		1,030,646,420		1,004,067,729
Pell grants		68,800,766		58,133,643
Gifts		45,275,319		49,847,581
Investment income (loss)	(14,400,849)			61,644,195
Less: Investment expense	(588,656)	(14,989,505)		(688,401)
Interest on indebtedness		(36,119,957)		(39,304,438)
Other revenues, (expenses), gains and (losses)		(3,902,378)		5,459,782
Total nonoperating revenue (expenses)		1,089,710,665		1,139,160,091
Income (loss) before other revenues (expenses)		(433,442)		150,028,905
OTHER REVENUES (EXPENSES):				
Capital appropriations		177,717,059		156,128,731
Capital gifts and grants		6,346,528		10,661,485
Additions to permanent endowments		320,219		131,849
Total other revenues (expenses)		184,383,806		166,922,065
Increase in net assets		183,950,364		316,950,970
Net assets - beginning of year		3,741,283,144		3,424,332,174
Net assets - end of year		\$3,925,233,508		\$3,741,283,144

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2009**

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$4,175,000	\$3,995,000	\$4,709,520	\$9,308,055	\$22,187,575
Investment income (loss)	(17,347,000)	(14,777,409)	(7,773,705)	(15,657,308)	(55,555,422)
Other income	4,901,000	1,465,643	145,778	5,100,124	11,612,545
Assets released from restrictions	27,153,000	36,171,019	11,954,586	16,195,128	91,473,733
Total revenues	18,882,000	26,854,253	9,036,179	14,945,999	69,718,431
Expenses					
Program	28,714,000	37,205,342	15,935,269	26,673,702	108,528,313
General & administrative	5,418,000	982,978	1,356,337	3,782,215	11,539,530
Fundraising	2,183,000	729,823	635,101	1,045,928	4,593,852
Other expense		844,492		869,033	1,713,525
Total expenses	36,315,000	39,762,635	17,926,707	32,370,878	126,375,220
Transfer per Board resolution			58,235		58,235
Change in unrestricted net assets	(17,433,000)	(12,908,382)	(8,832,293)	(17,424,879)	(56,598,554)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	14,476,000	25,414,811	11,958,421	16,305,178	68,154,410
Investment income (loss)	9,231,000	(43,392,343)	(19,618,249)	(12,446,059)	(66,225,651)
Other income		144,751		2,591,721	2,736,472
Assets released from restrictions	(25,284,000)	(36,223,245)	(11,954,586)	(8,892,141)	(82,353,972)
Transfer per Board resolution	(17,000)		479,660		462,660
Change in temporarily restricted net assets	(1,594,000)	(54,056,026)	(19,134,754)	(2,441,301)	(77,226,081)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	8,357,000	5,204,243	5,949,074	5,775,454	25,285,771
Investment income (loss)	(59,172,000)			(7,963,583)	(67,135,583)
Other income (loss)		(145,341)		115,738	(29,603)
Assets released from restrictions	(1,869,000)	52,226		(7,302,987)	(9,119,761)
Transfer per Board resolution	(660,000)		352,125		(307,875)
Change in permanently restricted net assets	(53,344,000)	5,111,128	6,301,199	(9,375,378)	(51,307,051)
Total change in net assets	(72,371,000)	(61,853,280)	(21,665,848)	(29,241,558)	(185,131,686)
Net assets beginning of year	320,171,000	349,491,387	157,997,078	192,549,275	1,020,208,740
Net assets end of year	\$247,800,000	\$287,638,107	\$136,331,230	\$163,307,717	\$835,077,054

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2008**

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$2,834,000	\$5,000	\$6,847,158	\$10,378,002	\$20,064,160
Investment income (loss)	779,000	5,121,468	2,420,696	(372,596)	7,948,568
Other income	4,944,000	726,361	398,600	5,563,468	11,632,429
Assets released from restrictions	21,930,000	45,959,523	13,200,294	14,703,734	95,793,551
Total revenues	30,487,000	51,812,352	22,866,748	30,272,608	135,438,708
Expenses					
Program	24,966,000	49,821,706	21,343,738	25,153,420	121,284,864
General & administrative	5,076,000	805,655	1,071,213	5,114,879	12,067,747
Fundraising	2,965,000	637,520	737,884	1,146,798	5,487,202
Other expense				1,071,463	1,071,463
Total expenses	33,007,000	51,264,881	23,152,835	32,486,560	139,911,276
Transfer per Board Resolution	(1,043,000)		26,010		(1,016,990)
Change in unrestricted net assets	(3,563,000)	547,471	(260,077)	(2,213,952)	(5,489,558)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	17,402,000	47,851,452	13,417,389	12,268,763	90,939,604
Investment income (loss)	7,762,000	(5,044,322)	(4,899,481)	1,165,084	(1,016,719)
Other income (loss)		(190,211)		2,514,495	2,324,284
Assets released from restrictions	(21,930,000)	(46,244,083)	(13,200,294)	(13,150,298)	(94,524,675)
Transfer per Board resolution	(1,410,000)	7,838	2,779,494		1,377,332
Change in temporarily restricted net assets	1,824,000	(3,619,326)	(1,902,892)	2,798,044	(900,174)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	7,944,000	17,640,545	14,343,024	4,847,887	44,775,456
Investment income (loss)	(4,619,000)		4,520,915	(7,260,592)	(7,358,677)
Other income (loss)		(199,852)		134,894	(64,958)
Assets released from restrictions		284,560		(1,553,436)	(1,268,876)
Transfer per Board resolution	(1,972,000)	25,450	1,561,167		(385,383)
Change in permanently restricted net assets	1,353,000	17,750,703	20,425,106	(3,831,247)	35,697,562
Total change in net assets	(386,000)	14,678,848	18,262,137	(3,247,155)	29,307,830
Net assets beginning of year	320,557,000	334,812,539	139,734,941	195,796,430	990,900,910
Net assets end of year	\$320,171,000	\$349,491,387	\$157,997,078	\$192,549,275	\$1,020,208,740

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008**

	Year ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$988,318,677	\$940,916,273
Research contracts and grants	1,008,176,629	944,425,624
Payments to employees	(2,458,616,248)	(2,306,247,050)
Payments to suppliers and contractors	(1,106,883,928)	(1,056,596,974)
Loans issued to students	(7,459,605)	(13,623,908)
Collections of loans to students	8,376,984	14,214,864
Auxiliary enterprises:		
Residential facilities	105,376,917	104,284,200
Dining facilities	94,136,421	89,182,345
Intercollegiate athletics	79,870,086	74,054,656
Bookstores	31,949,373	32,756,991
Parking facilities	35,106,491	33,533,229
Other	111,258,875	103,002,117
Other receipts	329,760,541	336,189,511
Net cash provided (used) by operating activities	(780,628,787)	(703,908,122)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,030,646,420	1,004,067,729
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	320,219	131,849
Pell grants	68,800,766	58,133,643
Net cash provided by noncapital financing activities	1,099,767,405	1,062,333,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	161,857,161	98,322,885
Capital appropriations	177,717,059	156,128,731
Capital grants and gifts received	6,104,294	9,565,057
Proceeds from sales of capital assets	3,142,971	2,773,603
Purchases of capital assets	(447,568,756)	(371,606,873)
Principal paid on debt and capital leases	(100,477,475)	(82,406,090)
Interest paid on debt and capital leases	(39,007,878)	(40,675,883)
Net cash provided (used) by capital and related financing activities	(238,232,624)	(227,898,570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	85,438,913	12,749,940
Interest on investments	46,374,052	61,452,289
Investment expense	(588,656)	(685,977)
Purchases of investments	(4,506,822)	(75,215,578)
Net cash provided (used) by investing activities	126,717,487	(1,699,326)
Net increase in cash	207,623,481	128,827,203
Cash and cash equivalents - beginning of the year	1,112,714,759	983,887,556
Cash and cash equivalents - end of the year:	\$1,320,338,240	\$1,112,714,759
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$1,090,144,107)	(\$989,131,186)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	198,413,483	179,295,569
Gifts and Other revenues, (expenses), gains, and (losses)	41,372,941	55,307,363
Changes in assets and liabilities:		
Accounts receivables, net	14,492,715	(24,519,923)
Inventories	(765,806)	(1,356,967)
Prepaid expenses and deferred charges	1,556,349	(1,356,429)
Notes receivable	790,924	414,033
Accounts payable and accrued liabilities	21,039,854	41,144,636
Deferred revenue	17,854,614	22,957,359
Accrued vacation	14,451,246	12,755,423
Accrued workers' compensation	309,000	582,000
Net cash used by operating activities	(780,628,787)	(703,908,122)

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

ORGANIZATION AND PURPOSE

The University System of Maryland (the System) is a component unit of the State of Maryland (the State) and is governed by its Board of Regents (the Board).

The System comprises eleven degree-granting institutions, two research entities and an administrative unit. Its degree-granting institutions provide a full range of undergraduate, graduate, professional and continuing education opportunities for students. Its research and public service entities conduct basic and applied research, and transfer new technology to constituencies. The administrative unit includes the System Chancellor and staff who serve as support to the Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the System are summarized below.

Reporting Entity - The financial statements of the System include all funds and organizations included in the legal entity encompassed by the System, and other legally separate entities for which the System is financially accountable or which otherwise meet the criteria established in *Governmental Accounting Standards Board (GASB) Statement #14, The Financial Reporting Entity*, and *GASB Statement #39, Determining Whether Certain Organizations Are Component Units*. Amounts held in System accounts on behalf of separately organized entities are included as assets, with a corresponding liability reflected.

The System has recognized, as affiliated foundations, sixteen organizations created and operated in support of the interests of the System or any of the institutions that comprise the System. Each of these affiliated foundations are considered to (1) receive or hold economic resources that are to be used for the benefit of the System or its institutions, (2) receive or hold economic resources which the System or its institutions are entitled to or otherwise have the ability to access, and (3) are significant to the financial statements of the System or the institutions with which the foundation is affiliated. As a result, each of the sixteen affiliated foundations meet the criteria for inclusion in the financial reporting entity. Based on the criteria in *GASB Statement #14, The Financial Reporting Entity*, each of the affiliated foundations are shown in a discrete presentation.

The University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are considered major component units due to the significance of the financial statement amounts to the System and its financial statements.

The following affiliated foundations are considered nonmajor component units:

- Medical Alumni Association of the University of Maryland, Inc.
- The Robert H. Smith School of Business Foundation, Inc.
- M Club Foundation, University of Maryland, Inc.
- The Maryland 4-H Foundation, Inc.

University Research Corporation International, Inc.
Bowie State University Foundation, Inc.
The Maryland Center @ Bowie State University, Inc.
Towson University Foundation, Inc.
Frostburg State University Foundation, Inc.
Coppin State University Development Foundation, Inc.
University of Baltimore Foundation, Inc. and University Properties, Inc.
Salisbury University Foundation, Inc.
University of Maryland, Baltimore County Research Park Corporation, Inc.

During the years ended June 30, 2009 and 2008, the foundations distributed approximately \$78,000,000 and \$79,000,000, respectively, to the System including its institutions for both restricted and unrestricted purposes.

All of the System's component units are nongovernmental entities that prepare financial statements using the principals and accounting standards promulgated by the Financial Accounting Standards Board (FASB).

Complete financial statements of the affiliated foundations may be requested from the System's Office of the Comptroller at 3300 Metzert Road, Adelphi, MD 20783.

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements with the State. The expenditures relating to these activities are reported within the hospital functional category. The revenues derived from these activities are reported primarily as contract and grant revenues.

Measurement Focus and Basis of Accounting - For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Application of Accounting Standards - The System has the option to apply all FASB pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of the GASB. The System has elected to not apply FASB pronouncements issued after November 30, 1989.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Operating and Nonoperating Revenues and Expenses - Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System's mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenues and expenses. *GASB Statement #34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* specifically defines State appropriations as nonoperating revenues.

Cash and Cash Equivalents - Cash and cash equivalents include demand deposits with financial institutions, as well as highly liquid investments that are both readily convertible to known amounts of cash and are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Only investments with an original maturity of three months or less satisfy the criteria for cash equivalents.

Inventories - Inventories are valued at cost, determined under the first-in, first-out method, which is not in excess of net realizable value.

Capital Assets - Property, plant, equipment, and books and materials which are part of a catalogued library, are stated principally at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

Generally, the cost of all capital assets other than land, certain inexhaustible improvements to land, and collections of works of art are assigned to expense over a set of useful lives specific to the type of asset, using a straight-line method of depreciation. The range of useful lives used for the major categories of capital assets is:

Infrastructure and land improvements	20 - 25 years
Buildings and improvements	20 - 40 years
Contents	3 - 15 years

Depreciation expense is assigned to program expense based on the nature and use of the capital asset.

Reclassifications – Certain amounts for the year ended June 30, 2008 have been reclassified to conform with the presentation for the year ended June 30, 2009.

Pending change in accounting principles – In June 2007, *GASB Statement #51, Accounting and Financial Reporting for Intangible Assets*, was issued. This accounting standard establishes accounting and financial reporting requirements for intangible assets such as easements, patents and trademarks, and computer software.

In June 2008, *GASB Statement #53, Accounting and Financial Reporting for Derivative Instruments*, was issued. This accounting standard establishes recognition, measurement, and disclosure requirements for derivative instruments held by state and local governments, including public higher education institutions.

The System is in the process of assessing the impact of these new accounting standards and will present its financial statements for the year ended June 30, 2010 in accordance with *GASB Statements #51 and #53*.

1. CASH AND INVESTMENTS

Cash and cash equivalents

As of June 30, unrestricted cash and cash equivalents consist of the following:

	<u>2009</u>	<u>2008</u>
Cash and short-term investments on deposit with the State Treasurer	\$1,115,319,022	\$1,008,837,395
Demand and time deposits	38,356,989	34,455,564
Total	<u>\$1,153,676,011</u>	<u>\$1,043,292,959</u>

The System does not have a formal policy addressing custodial credit risk.

As of June 30, 2009, and 2008, the carrying amount of the System's demand and time deposits was \$38,356,989 and \$34,455,564, as compared to bank balances of \$43,118,250 and \$38,537,478, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$16,465,520 and \$14,014,021 was covered by Federal, private or foreign national government depository insurance, or was collateralized by a pledge of United States Treasury obligations held by the System's agents in the name of the System, and \$26,652,730 and \$24,523,457 was uninsured and uncollateralized as of June 30, 2009 and 2008, respectively.

The Annotated Code of Maryland requires the System to maintain its cash balances on deposit with the State Treasurer, except for demand and time deposit accounts established to satisfy urgent cash requirements, assets associated with endowment funds or proceeds of System financing arrangements. The State Treasurer maintains State funds on a pooled basis in accordance with the Annotated Code of Maryland.

Money market accounts used for unrestricted cash and cash equivalents are not rated by rating agencies.

The System has entered into agreements with trustees for the benefit and security of registered holders of certain debt obligations issued by the System. These agreements permit the System to invest amounts maintained in trust funds in:

- United States Treasury and agency obligations.
- Deposits, having a maturity of no more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.
- Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of no more than 270 days.
- Repurchase agreements.
- Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

As of June 30, restricted cash and cash equivalents includes:

	2009	2008
Money market accounts –		
Endowment funds uninvested cash	\$47,280	\$364,041
Money market accounts – unspent proceeds of debt	166,614,949	69,057,759
Total	<u>\$166,662,229</u>	<u>\$69,421,800</u>

Unspent proceeds and other restricted debt-related trust account balances and endowment funds uninvested cash balances are maintained in money market accounts rated AAA or equivalent by rating agencies.

Investments

In July 2005, the System transferred title to its endowment investments, approximately \$197 million in fair market value at the time of the transfer, to the University System of Maryland Foundation, Inc., in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc. According to the terms of the agreement, the System is to pay a fee to the University System of Maryland Foundation, Inc., on an annual basis that amounts to 0.25% of the fair value of the assets invested on behalf of the System. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the University System of Maryland Foundation, Inc., to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied.

Investments in the University System of Maryland Foundation, Inc. are accounted for as an open-ended mutual fund. Asset values, investment gains and losses, and other portfolio-wide transactions are allocated based on the number of units or shares that each fund has relative to the total number of shares or units. Assets associated with the System's investments are reported as Endowment Investments on the Balance Sheet of the University System of Maryland, and Investments on the Balance Sheet of the University System of Maryland Foundation, Inc., with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

The System discloses investment risks, below, in accordance with *GASB Statement #40, Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, which defines these risks as follows:

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The System has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the System's name.

Endowment investments managed by the University System of Maryland Foundation, Inc. are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

None of the System's restricted investments are exposed to custodial credit risk.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System is exposed to credit risk on its Endowment investments managed by the University System of Maryland Foundation, Inc.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The System is not exposed to any material amount of foreign currency risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in the securities of a single issuer.

As of June 30, 2008, the System had the following investments, which individually represent 5% or more of total investments:

	2008	
	Fair value	Portion of total
Federal Home Loan Mortgage Corporation	\$51,467,616	17%

Endowment investments

As of June 30, endowment investments consist of the following, stated at fair value:

	<u>2009</u>	<u>2008</u>
Corporate debt	\$17,625	\$17,625
Corporate equities	442,068	132,191
Assets invested with University System of Maryland Foundation, Inc.	<u>163,698,315</u>	<u>235,460,620</u>
Total	<u>\$164,158,008</u>	<u>\$235,610,436</u>

Assets associated with endowment funds are invested in accordance with the terms of donor agreements in those instances where such agreements place constraints on allowable investments.

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.75% of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board. Net appreciation on investments of the endowment funds approximates \$112,834,000 and \$185,799,000 as of June 30, 2009 and 2008, respectively. Reinvestments of net appreciation are considered to be subject to the same restrictions as the original gift amounts, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform Management of Institutional Funds Act governs the use of net appreciation, both realized and unrealized, of endowment investments. This law allows a governing board to appropriate for expenditure only those amounts in excess of the historic gift amount that are prudent, taking into consideration long and short term needs of the institution in carrying out its educational, religious, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Other investments

Other investments include an partnership interest in a real estate partnership formed to facilitate the long-term development of a parcel of land owned by the University of Maryland College Park. The carrying value of Other investments is assessed on an annual basis by reference to the recorded value of university's partnership interest.

Restricted investments

Restricted investments represent unspent proceeds and other debt-related trust account balances invested in U.S. government and agency obligations.

As of June 30, 2008 restricted investments consist of:

	Fair value	Investment maturities	
		Less than 1 year	1 to 5 years
U.S. government and agency obligations	\$73,584,640	\$51,345,858	\$22,238,782

Allocation of investment income

Investment income is assigned to the accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the years ended June 30, 2009 and 2008, investment income attributed to unrestricted funds and restricted funds was:

	2009	2008
Unrestricted funds	\$24,239,002	\$54,412,637
Restricted funds	(38,639,851)	7,231,558
Total investment income	(\$14,400,849)	\$61,644,195

Major component units

The University System of Maryland Foundation, Inc. invests funds on behalf of the System and several other System component units. Almost all of the amounts reported as investments by the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are included in the investments reported by the University System of Maryland Foundation, Inc.

As of June 30, 2009 and 2008, major component unit investments, recorded at fair value, are:

	2009	2008
Money market funds and short-term investments	\$91,922,350	\$42,900,833
Corporate and foreign bonds	40,287,579	22,569,612
Equities	9,024,690	59,343,378
U.S. Treasury notes and bonds	18,739,938	68,851,703
U.S. Agencies	5,285,870	
Collateral mortgage obligations and asset-backed securities	10,794,264	6,154,853
Absolute return and market neutral funds	171,362,707	247,523,336
Long and short equity hedge funds	201,208,053	287,110,442
Private capital	83,348,641	82,640,999
Real estate	87,529,843	137,288,073
Total	\$719,503,935	\$954,383,229

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

2. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2009 and 2008:

	June 30, 2007			June 30, 2008			June 30, 2009
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets being depreciated:							
Infrastructure & Land Improvements	\$221,771,471	\$18,352,452	\$1,400,000	\$238,723,923	\$36,898,772		\$275,622,695
Buildings & Improvements	3,801,948,629	185,115,578	6,654,519	3,980,409,688	225,247,646	\$29,937,176	4,175,720,158
Contents	891,877,063	76,967,999	23,502,175	945,342,887	86,743,723	32,771,508	999,315,102
Buildings recorded under capital lease agreements	4,136,104			4,136,104			4,136,104
Total capital assets being depreciated	4,919,733,267	280,436,029	31,556,694	5,168,612,602	348,890,141	62,708,684	5,454,794,059
Less accumulated depreciation for:							
Infrastructure & Land Improvements	107,563,114	9,810,406	1,400,000	115,973,520	12,028,122		128,001,642
Buildings & Improvements	1,353,975,210	104,484,615	656,635	1,457,803,190	114,747,693	15,530,785	1,557,020,098
Contents	600,249,729	64,862,673	20,763,018	644,349,384	71,499,793	30,164,721	685,684,456
Buildings recorded under capital lease agreements	2,343,875	137,875		2,481,750	137,875		2,619,625
Total accumulated depreciation	2,064,131,928	179,295,569	22,819,653	2,220,607,844	198,413,483	45,695,506	2,373,325,821
Total capital assets being depreciated, net	2,855,601,339	101,140,460	8,737,041	2,948,004,758	150,476,658	17,013,178	3,081,468,238
Capital assets not being depreciated:							
Land	113,156,720	4,536,137		117,692,857	8,239,473	5,721,341	120,210,989
Contents	12,723,933	1,794,130	36,415	14,481,648	639,035	1,834	15,118,849
Construction in progress	266,882,882	273,853,542	186,006,590	354,729,834	334,843,279	235,765,363	453,807,750
Total capital assets not being depreciated	392,763,535	280,183,809	186,043,005	486,904,339	343,721,787	241,488,538	589,137,588
Capital assets, net	\$3,248,364,874	\$381,324,269	\$194,780,046	\$3,434,909,097	\$494,198,445	\$258,501,716	\$3,670,605,826

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the years ended June 30, 2009 and 2008, was \$37,637,579 and \$40,345,429, respectively. Interest expense of \$1,517,622 and \$1,040,991 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2009 and 2008, respectively. The remaining \$36,119,957 and \$39,304,438 is reported as Interest on indebtedness for the years ended June 30, 2009 and 2008, respectively.

3. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable as of June 30, 2009 and 2008, were comprised of:

	<u>2009</u>	<u>2008</u>
Tuition and fees	\$85,365,477	\$85,352,830
Contracts and grants	212,024,429	198,732,483
Other	8,259,140	33,833,099
	<hr/>	
Subtotal	305,649,046	317,918,412
Allowance for doubtful accounts	(16,650,649)	(14,427,300)
	<hr/>	
Accounts receivable, net	<u>\$288,998,397</u>	<u>\$303,491,112</u>

Notes receivable as of June 30, 2009 and 2008, were comprised of:

	<u>2009</u>	<u>2008</u>
Student loans	\$76,930,523	\$77,315,902
Business development loans	5,847,547	6,073,497
	<hr/>	
Subtotal	82,778,070	83,389,399
Allowance for doubtful notes	(12,625,353)	(12,445,758)
	<hr/>	
Notes receivable, net	<u>\$70,152,717</u>	<u>\$70,943,641</u>

Accounts payable and accrued liabilities as of June 30, 2009 and 2008, were comprised of:

	<u>2009</u>	<u>2008</u>
Payroll and benefits	\$86,560,724	\$75,624,363
Suppliers and contractors	100,339,937	99,187,890
Accrued interest payable	8,957,825	9,131,489
Other	12,369,150	13,837,041
	<hr/>	
Accounts payable and accrued liabilities	<u>\$208,227,636</u>	<u>\$197,780,783</u>

Major component units

Accounts receivable include unconditional promises of contributions pledged to the affiliated foundations. Promised contributions are recorded at a discounted value that reflects the time value of money.

As of June 30, 2009 and 2008, contributions receivable are due as follows:

University System of Maryland Foundation, Inc.

Due	Discount rates	2009	2008
Within one year	not applicable	\$9,304,000	\$9,809,000
Two to five years	5.75%	11,105,000	14,740,000
More than five years	6.75%	581,000	623,000
Subtotal		20,990,000	25,172,000
Pledge discount		(1,500,000)	(1,532,000)
Net contributions receivable		\$19,490,000	\$23,640,000

University of Maryland, College Park Foundation, Inc.

Due	Discount rates	2009	2008
Within one year	not applicable	\$26,942,544	\$24,883,762
Two to five years	4.97%	41,663,137	50,707,368
More than five years	7.15%	5,361,017	7,126,974
Subtotal		73,966,698	82,718,104
Allowance for doubtful accounts		(3,296,095)	(2,928,995)
Pledge discount		(4,274,580)	(4,990,665)
Net contributions receivable		\$66,396,023	\$74,798,444

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2009	2008
Within one year	Not applicable	\$8,331,819	\$7,732,701
Two to five years	3.06%	15,686,936	15,272,121
More than five years	4.59%	4,734,900	4,380,138
Subtotal		28,753,655	27,384,960
Allowance for doubtful accounts		(2,726,183)	(789,658)
Pledge discount		(542,815)	(2,601,428)
Net contributions receivable		\$25,484,657	\$23,993,874

4. REVENUE BONDS AND NOTES PAYABLE

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$1,050,000,000.

Revenue bonds and notes payable consist of the following as of June 30, 2009 and 2008:

	2009	2008
Revenue Bonds, net	\$928,682,539	\$896,388,914
Revolving Loan Program Bonds	50,000,000	50,000,000
Certificates of Participation	7,900,000	9,400,000
Other	37,888,348	9,854,048
	<hr/>	<hr/>
Revenue bonds and notes payable, net	\$1,024,470,887	\$965,642,962

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2009, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	Interest Rates	Maturity Dates	Principal Outstanding
1997 Series A	5.0%	2010	\$3,850,000
1999 Series A	4.0% - 4.5%	2009-2019	37,000,000
2000 Series A	5.0% - 5.2%	2009-2011	12,515,000
2001 Series A	4.2% - 4.7%	2010-2016	27,135,000
2001 Series B	3.6% - 4.6%	2010-2022	42,505,000
2002 Series A	4.0% - 5.2%	2010-2020	67,185,000
2003 Series A & B	3.7% - 5.0%	2010-2024	137,165,000
2004 Series A & B	4.2% - 6.0%	2010-2024	54,210,000
2005 Series A	3.0% - 5.0%	2010-2025	152,985,000
2006 Series A	4.0% - 5.0%	2010-2026	74,925,000
2007 Refunding Series A	4.0% - 5.0%	2010-2023	75,535,000
2008 Series A	4.0% - 5.0%	2010-2028	87,700,000
2008 Refunding Series B	3.0% - 4.5%	2009-2016	28,850,000
2009 Series A & B	3.0% - 6.0%	2010-2029	100,000,000
			<hr/>
			901,560,000
Unamortized discounts, premiums and refunding adjustments			27,122,539
			<hr/>
Revenue bonds, net			\$928,682,539

Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum annual debt service on Revenue Bonds.

Revenue Bonds issued during the years ended June 30, 2009 and 2008, including the results of any advance refunding of previously-issued debt, are as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred amount on refunding	Economic gain or (loss)
2008 Series A	6/26/2008	\$90,000,000	\$2,322,885				
2008 Refunding Series B	7/3/2008	29,070,000	621,088	\$28,880,000	\$1,418,297	\$798,464	\$1,018,772
2009 Series A & B	6/26/2009	100,000,000	3,970,203				

As of June 30, 2009, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$127,215,000.

As of June 30, 2009 and 2008, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$123,497,801 and \$120,641,804, respectively.

Revolving Loan Program Bonds

Revolving Loan Program Bonds include debt issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of the debt, dated April 1, 1995.

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using rate of interest determined through a weekly auction process. In April, 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate which is determined annually as a result of an auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to an alternative rate at the option of the System.

As of June 30, 2009 and 2008, cash and cash equivalents in the amount of \$18,748,485 and \$21,712,982, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

Certificates of Participation

The System issued \$17,800,000 of variable rate Certificates of Participation on October 30, 2000 to finance the construction of an addition to the School of Business at the University of Maryland, College Park. Payments of principal are made annually on June 1 through June 1, 2015. Interest is payable semiannually on December 1 and June 1. Interest charges are determined on a weekly basis by a remarketing agent, using the lowest rate that would permit the sale of the Certificates at par plus accrued interest. The System has the option of converting the Certificates to a daily rate, a multi-annual rate, a commercial paper rate, or a fixed rate.

Other

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, a marine research vessel and other improvements designed to enhance energy efficiency savings.

The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

Future principal and interest payments are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2010	\$71,595,000	\$39,957,602	\$2,600,856	\$3,573,175	\$117,726,633
2011	68,240,000	38,031,593	2,743,699	3,442,631	112,457,923
2012	65,435,000	35,137,880	3,427,692	5,559,173	109,559,745
2013	59,395,000	32,452,536	5,037,790	3,936,186	100,821,512
2014	54,295,000	29,777,262	4,079,640	3,726,587	91,878,489
2015 – 2019	288,450,000	106,804,973	14,893,785	16,750,135	426,898,893
2020 – 2024	215,000,000	42,974,269	63,004,886	8,433,133	329,412,288
2025 – 2029	79,150,000	8,280,323	-	-	87,430,323
Total	\$901,560,000	\$333,416,438	\$95,788,348	\$45,421,020	\$1,376,185,806

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

5. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2009 and 2008, were as follows:

	June 30, 2007			June 30, 2008			June 30, 2009	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$144,411,645	\$92,851,292	\$80,095,869	\$157,167,068	\$104,045,770	\$89,594,524	\$171,618,314	\$87,702,506
Accrued workers' compensation	26,988,000	5,111,169	4,529,169	27,570,000	4,767,123	4,458,123	27,879,000	4,321,244
Revenue bonds and notes payable, net	950,353,426	92,322,885	77,033,349	965,642,962	161,857,161	103,029,236	1,024,470,887	74,176,912
Obligations under capital lease agreements	4,492,957		212,841	4,280,116		227,421	4,052,695	242,999
Total long-term liabilities	\$1,126,246,028	\$190,285,346	\$161,871,228	\$1,154,660,146	\$270,670,054	\$197,309,304	\$1,228,020,896	\$166,443,661

6. OPERATING EXPENSES BY OBJECT

The System reports Operating Expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses for the years ended June 30, 2009 and 2008, by grouping of object classification are:

	2009				2008			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$858,783,698	\$99,591,586	\$32,100,913	\$990,476,197	\$817,612,799	\$106,706,712	\$27,048,060	\$951,367,571
Research	524,540,334	320,685,629	24,493,575	869,719,538	502,705,447	312,273,516	23,775,424	838,754,387
Public service	79,952,043	56,616,159	2,846,183	139,414,385	77,397,122	56,239,079	2,721,517	136,357,718
Academic support	228,093,237	83,632,445	26,557,041	338,282,723	213,152,553	80,052,057	25,035,841	318,240,451
Student services	110,306,037	55,323,940	3,462,888	169,092,865	100,764,780	51,132,833	3,071,466	154,969,079
Institutional support	276,761,399	40,250,507	17,728,352	334,740,258	258,252,019	50,921,956	17,168,262	326,342,237
Operation and maintenance of plant	109,491,652	156,459,966	41,062,419	307,014,037	98,434,745	140,641,163	33,051,137	272,127,045
Scholarships and fellowships	5,997,495	75,568,527	125,405	81,691,427	5,744,053	70,061,461	78,639	75,884,153
Auxiliary enterprises:								
Residential facilities	37,009,273	47,390,743	16,477,682	100,877,698	33,784,972	49,164,164	14,221,817	97,170,953
Dining facilities	29,187,328	56,824,107	4,002,350	90,013,785	28,561,835	55,161,147	3,697,873	87,420,855
Intercollegiate athletics	41,261,309	39,516,348	5,788,280	86,565,937	36,891,273	34,965,997	5,140,866	76,998,136
Bookstores	4,216,825	25,829,522	141,288	30,187,635	4,178,879	24,728,548	130,046	29,037,473
Parking facilities	8,711,020	8,010,487	3,598,008	20,319,515	8,420,727	13,582,666	3,556,115	25,559,508
Other auxiliary enterprises	42,936,241	38,175,764	20,005,559	101,117,564	38,797,711	29,042,877	20,569,595	88,410,183
Hospital	126,746,561	3,335,618	23,540	130,105,719	110,204,394	991,221	28,911	111,224,526
Total	\$2,483,994,452	\$1,107,211,348	\$198,413,483	\$3,789,619,283	\$2,334,903,309	\$1,075,665,397	\$179,295,569	\$3,589,864,275

7. LEASES

Obligations under capital leases agreements

The System leases a facility for the use of the University of Maryland Biotechnology Institute under an agreement recorded as a capital lease. The obligation is recorded at the present value of future minimum lease payments using a discount rate of 6.8%.

Future minimum payments on obligations under capital lease agreements are as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2010	\$511,986
2011	511,986
2012	511,986
2013	511,986
2014	511,986
2015 – 2019	2,559,930
2020 – 2021	<u>767,978</u>
Total future lease payments	5,887,838
Less: Interest component	<u>(1,835,143)</u>
Obligations under capital lease agreements	<u><u>\$4,052,695</u></u>

Operating leases

The System and its constituent units lease facilities and equipment under agreements reported as operating leases. Many of the leases provide for an optional extension of the terms of the agreements and increases in payment amounts based on changes in indices such as the Consumer Price Index.

Future minimum payments on operating leases with an initial or remaining noncancelable term in excess of one year are as follows:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2010	\$13,218,805
2011	10,346,802
2012	8,673,742
2013	7,459,757
2014	7,094,106
2015 – 2019	26,257,739
2020 – 2024	13,783,736
2025 - 2029	<u>93,775</u>
Total	<u><u>\$86,928,462</u></u>

Operating lease expenditures for the years ended June 30, 2009 and 2008, were \$20,252,111 and \$16,196,174, respectively.

The System has entered into lease agreements with developers at seven of its institutions. These agreements provide the developers the use of System land for periods of 30 to 40 years. In each agreement, the developer will construct and manage the properties to provide housing services to students. Historical cost values of the disparate tracts of land leased to developers for use in providing student housing have not been calculated as each individual tract is a small portion of land acquired at varying points in time for institutional use and purposes.

8. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, MD 21404.

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2009 and 2008. The amounts contributed for the years ended June 30, 2009 and 2008, were \$24,346,800 and \$63,872, respectively.

9. RETIREMENT AND PENSION PLANS

Most System employees participate in the State Retirement and Pension System of Maryland (the State System), which is an agent, multiple-employer public employee retirement system. While the State System is an agent, multiple-employer public employee retirement system, the System accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the System, and the only obligation to the plan is its required annual contributions.

The State System includes four pension and retirement plans that System employees participate in:

- Teachers Retirement Systems
- Teachers Pension Systems
- Employees Retirement Systems
- Employees Pension Systems

The State System prepares a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System at 120 East Baltimore Street, Suite 1600, Baltimore, MD 21202.

System employees may alternatively elect to participate in an optional retirement program.

State Systems

Plan Description

The State System are defined benefit plans with unfunded accrued actuarial liabilities. The State System, which are administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity.

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Retirement allowances are computed using both the highest three years' average final salary (AFS) and the actual number of years of accumulated creditable service. Pension allowances are computed using both the highest three consecutive years' AFS and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

Funding Policy

The System's required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the State System, all benefits of the State System are funded in advance. The aggregate entry age normal cost method is the actuarial cost method used.

Both the System and covered employees are required by State statute to contribute to the State System. The contribution from the employees is 5% for participants in the State System retirement plans (with a 5% limit on the annual cost of living allowance and 7% for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index); and 2% for participants in the State System pension plans. Contributions are deducted from participant's salary and wage payments and are remitted to the State System on a regular, periodic basis.

The System made its required contributions during the years ended June 30, 2009, 2008, and 2007 of \$56,298,536, \$53,366,248, and \$40,168,172, respectively.

Optional Retirement Program

Some employees participate in the optional retirement programs, which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of three vendors. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment.

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The System's contribution along with that of the employee is immediately and fully vested.

The contributions for the year ended June 30, 2009 were \$124,674,313, which consisted of \$64,117,243 from the System and \$60,557,070 from employees. The contributions for the year ended June 30, 2008 were \$122,576,897, which consisted of \$60,933,753 from the System and \$61,643,144 from employees from employees

Major component units

The University System of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University System of Maryland Foundation, Inc. contributes 7.25% of the employee's compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2009 and 2008 was approximately \$234,017 and \$183,019, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2009 is \$230,539,000, of which \$75,799,000 is to be funded from Revenue Bond proceeds, \$96,728,000 is to be derived from State appropriations and grants, and \$58,012,000 to be provided from System funds.

11. CONTINGENT LIABILITIES

The University of Maryland College Park has entered into future purchase commitments for natural gas, as a means of hedging its risk against fluctuations in price of an important fuel commodity. As of June 30, 2009 and 2008, the institution had entered into open contracts for the purchase of \$1,997,395 and \$17,728,110, respectively, of natural gas, to be delivered monthly through May 2011.

The System is involved in a number of legal actions that arise in the normal course of its operations. In the opinion of management, based on the advice of the State Attorney General, such actions, as well as any exposure to unasserted claims, will not have a material adverse effect on the System's financial position.

12. RISK MANAGEMENT

The System participates in State-wide self-insurance programs for many forms of risk of loss, including general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities, as well as certain employee health benefit programs.

The System remits premiums to the State, to cover costs of claims servicing and claims payments. The premiums are based on a percentage of annual payroll or are based on average loss experience, taking into account recent trends in actual claims experience, and providing for catastrophic losses.

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2009 and 2008. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2009, 2008, or 2007.

As of June 30, 2009 and 2008, the System has recorded \$27,879,000 and \$27,570,000 in liabilities associated with workers' compensation, respectively.

13. SUBSEQUENT EVENTS

Advance Refunding of Revenue Bonds

On July 6, 2009, the System issued \$31,275,000 of 2009 Refunding Series C University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2009 Series C bonds consist of serial bonds maturing through the year ended June 30, 2020 with stated rates of interest from 2.5% to 4%, and were issued at an aggregate premium of \$1,493,008. The proceeds of the 2009 Series C bonds are to be used to advance refund \$3,850,000 of the 1997 Series A bonds, \$23,525,000 of the 1999 Series A bonds, and \$4,375,000 of the 2000 Series A bonds. The 2009 Series C bonds advance refunding will reduce future debt service by \$2,224,761 and result in an economic gain of \$1,813,416.

On October 7, 2009, the System issued \$56,045,000 of 2009 Refunding Series D University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2009 Series D bonds consist of serial bonds maturing through the year ended June 30, 2022 with stated rates of interest from 2% to 4%, and were issued at an aggregate premium of \$3,899,582. The proceeds of the 2009 Series D bonds are to be used to advance refund \$16,510,000 of the 2001 Series A bonds, \$16,410,000 of the 2001 Series B bonds, \$6,595,000 of the 2002 Series A bonds, and \$15,840,000 of the 2003 Series A bonds. The 2009 Series D bonds advance refunding will reduce future debt service by \$4,507,626 and result in an economic gain of \$4,014,543.

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 2009 AND 2008

	June 30,			
	2009		2008	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$478,783,937	\$19,494,992	\$439,972,010	\$16,354,772
Accounts receivable, net	78,177,452	31,391,205	86,812,160	33,038,023
Notes receivable, current portion	1,093,975		1,565,751	
Inventories	3,061,615		2,327,209	
Prepaid expenses, deferred charges and other assets	1,057,766	537,870	1,390,311	164,094
Inter-institutional balances	274,915		340,547	
Total current assets	562,449,660	51,424,067	532,407,988	49,556,889
Noncurrent assets:				
Restricted cash and cash equivalents	20,974,212		987,647	
Accounts receivable, net		43,291,590		53,729,463
Endowment investments	85,021,264	252,606,905	122,325,590	332,300,370
Other investments	3,403,621	68,983,779		80,056,692
Notes receivable, net	9,363,421		10,162,180	
Other assets		740,416		28,472
Capital assets, net	1,248,947,086	8,195,646	1,193,290,150	3,056,990
Total noncurrent assets	1,367,709,604	373,818,336	1,326,765,567	469,171,987
Total assets	\$1,930,159,264	\$425,242,403	\$1,859,173,555	\$518,728,876
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$69,847,703	\$4,941,567	\$60,474,879	\$5,454,577
Accrued workers' compensation, current portion	1,743,285		1,768,860	
Accrued vacation costs, current portion	26,560,413		23,316,381	
Revenue bonds and notes payable, current portion	28,759,523		26,650,979	
Deferred revenue	64,594,864	4,898,944	62,591,561	2,967,811
Total current liabilities	191,505,788	9,840,511	174,802,660	8,422,388
Noncurrent liabilities:				
Accrued workers' compensation	9,503,715		9,643,140	
Accrued vacation costs	30,016,900		29,876,385	
Other payables		2,773,722		2,985,877
Revenue bonds and notes payable	310,618,220		293,375,479	
Total noncurrent liabilities	350,138,835	2,773,722	332,895,004	2,985,877
Total liabilities	541,644,623	12,614,233	507,697,664	11,408,265
NET ASSETS				
Unrestricted	365,744,036	31,688,369	350,949,157	49,405,161
Invested in capital assets, net	923,988,168		873,263,692	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,145,155	92,064,217	5,004,089	97,926,542
Research	3,499,567	1,826,090	3,498,987	1,665,146
Other	3,617,009	156,912,658	3,614,094	166,737,965
Expendable:				
Scholarships and fellowships	9,227,593	31,549,574	15,725,457	45,185,788
Research	58,021,078	8,326,976	75,996,434	10,318,327
Loans	11,487,748		11,483,508	
Capital projects	1,233,373		706,861	
Other	6,550,914	90,260,286	11,233,612	136,081,682
Total net assets	1,388,514,641	412,628,170	1,351,475,891	507,320,611
Total liabilities and net assets	\$1,930,159,264	\$425,242,403	\$1,859,173,555	\$518,728,876

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	Year ended June 30,			
	2009		2008	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$400,798,751		\$383,365,409	
Less: scholarship allowances	(55,558,759)	\$345,239,992	(51,295,594)	\$332,069,815
Federal grants and contracts		275,448,433		254,496,414
State and local grants and contracts		53,648,935		52,534,528
Nongovernmental grants and contracts		56,344,727		59,858,016
Sales and services of educational departments		29,294,471		34,617,612
Auxiliary enterprises:				
Residential facilities	45,478,715		46,016,905	
Less: scholarship allowances	(4,653,149)	40,825,566	(4,920,287)	41,096,618
Dining facilities	43,145,686		43,168,517	
Less: scholarship allowances	(2,277,856)	40,867,830	(2,468,209)	40,700,308
Intercollegiate athletics		48,718,716		43,150,989
Parking facilities		11,855,477		13,495,031
Other auxiliary enterprises revenues		40,822,743		39,406,057
Other operating revenues		29,036,281		37,261,722
Total operating revenues		972,103,151		948,687,110
OPERATING EXPENSES:				
Instruction		387,144,662		370,135,341
Research		332,635,016		322,103,154
Public service		77,895,385		71,265,506
Academic support		130,610,680		125,038,129
Student services		44,511,161		42,815,898
Institutional support		75,151,132		78,140,591
Operation and maintenance of plant		107,060,558		102,136,037
Scholarships and fellowships		37,153,037		33,427,571
Auxiliary enterprises:				
Residential facilities		53,220,258		50,479,163
Dining facilities		41,340,711		42,295,233
Intercollegiate athletics		51,574,705		46,871,506
Parking facilities		8,256,276		9,914,053
Other auxiliary enterprises expenses		46,157,292		38,683,714
Total operating expenses		1,392,710,873		1,333,305,896
Operating income (loss)		(420,607,722)		(384,618,786)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		398,627,225		396,173,691
Pell grants		13,727,260		11,796,727
Gifts		21,502,554	\$47,092,443	25,490,761
Investment income (loss)	(12,123,443)		(86,222,011)	25,545,556
Less: Investment expense	(266,693)	(12,390,136)	(358,994)	25,186,562
Interest on indebtedness		(12,901,923)		(14,643,733)
Other revenues (expenses), gains and (losses)		464,202		5,830
Other affiliated foundation revenue			4,899,446	5,176,425
Other affiliated foundation expense			(60,462,319)	(71,549,241)
Transfers (to) from other University System of Maryland institutions		8,207,482		7,438,158
Total nonoperating revenues (expenses)		417,236,664	(94,692,441)	451,447,996
Income (loss) before other revenues (expenses)		(3,371,058)	(94,692,441)	66,829,210
OTHER REVENUES (EXPENSES):				
Capital appropriations		34,919,235		20,561,086
Capital gifts and grants		5,346,012		9,329,524
Additions to permanent endowments		144,561		89,480
Total other revenues (expenses)		40,409,808		29,980,090
Increase (decrease) in net assets		37,038,750	(94,692,441)	96,809,300
Net assets - beginning of year		1,351,475,891	507,320,611	1,254,666,591
Net assets - end of year		\$1,388,514,641	\$412,628,170	\$1,351,475,891
			\$507,320,611	

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008**

	Year ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$344,520,866	\$332,401,688
Research contracts and grants	394,796,269	363,306,487
Payments to employees	(924,867,039)	(864,379,467)
Payments to suppliers and contractors	(385,995,995)	(386,081,962)
Loans issued to students	(191,185)	(2,333,819)
Collections of loans to students	1,461,720	2,511,451
Auxiliary enterprises:		
Residential facilities	42,257,372	41,985,090
Dining facilities	40,867,830	40,700,308
Intercollegiate athletics	48,718,716	43,150,989
Parking facilities	11,855,477	13,495,031
Other	40,822,743	39,406,057
Other receipts	80,283,280	92,624,893
Net cash provided (used) by operating activities	(305,469,946)	(283,213,254)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	398,627,225	396,173,691
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	144,561	89,480
Pell grants	13,727,260	11,796,727
Net cash provided (used) by noncapital financing activities	412,499,046	408,059,898
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	28,346,711	
Capital appropriations	34,919,235	20,561,086
Capital grants and gifts received	5,346,012	9,329,524
Proceeds from sales of capital assets	1,468,281	2,526,765
Purchases of capital assets	(125,940,197)	(89,110,402)
Principal paid on debt and capital leases	(38,251,270)	(26,885,477)
Interest paid on debt and capital leases	(14,086,773)	(15,093,129)
Transfers (to) from other University System of Maryland institutions	38,456,824	7,914,862
Net cash provided (used) by capital and related financing activities	(69,741,177)	(90,756,771)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	5,870,966	6,222,985
Interest on investments	19,726,689	25,294,446
Investment expense	(266,693)	(358,994)
Purchases of investments	(3,820,393)	(339,480)
Net cash provided (used) by investing activities	21,510,569	30,818,957
Net increase in cash	58,798,492	64,908,830
Cash and cash equivalents - beginning of the year	440,959,657	376,050,827
Cash and cash equivalents - end of the year	\$499,758,149	\$440,959,657

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTAL DATA YEARS ENDED JUNE 30, 2009 AND 2008

ACCOUNTING AND REPORTING PRACTICES

Supplemental data reporting units

University System of Maryland Office (System Office), composed of the offices of the Chancellor and Vice Chancellors and their respective staffs, provides central executive and administrative services and supports and coordinates the efforts of the entire System. The expenses incurred in connection with these activities have not been allocated to the other units of the System and accordingly have been included in the financial records of the System Office.

Facilities maintenance expenses

Certain expenses for facilities management for the System Office and the University of Maryland University College are included in the financial records of University of Maryland, College Park.

System-wide financing arrangements

The System constructs, acquires, and renovates plant facilities using the proceeds of Revenue Bonds and other financing arrangements. The proceeds of System-wide financing arrangements are used in accordance with Board authorizations, which specify the projects for which the funds are to be used. Unexpended proceeds and a proportionate share of the outstanding debt obligation are reported on the financial records of the System Office.

Institutions are obligated to provide a proportionate share of the principal and interest payments attributable to auxiliary enterprises projects financed using the proceeds of System-wide financing arrangements. Currently, each instructional institution, with the exception of the University of Maryland University College, provides a portion of the debt service attributable to academic facilities. To the extent that an instructional institution provides (or receives) resources for debt service for academic facilities (and the proportionate share of the outstanding debt obligation) recorded on another System institution or unit, such amounts are reported as a Transfer To / (From) Other University System of Maryland Institutions on the Statement of Revenues, Expenses, and Changes in Net Assets.

ENCLOSURE 3

Revised Table 15.1: Summary of Estimated Annual MUTR Operating Costs over Five Years

Table 15.1: Summary of MUTR Operating Costs

Category	Subcategory	Cost				
		5 year projection†				
		Year 1	Year 2	Year 3	Year 4	Year 5
Personnel	Salaries (% FTE Funded)					
	1. Reactor Director (50% of \$153,592)	\$76,796	\$78,869	\$80,999	\$83,186	\$85,432
	2. Radiation Facilities Coordinator (50% of \$82,076)	\$41,038	\$42,146	\$43,284	\$44,453	\$45,653
	3. Licensed Reactor Operator (Grad Student) (100% of \$32.6K)	\$32,600	\$33,480	\$34,384	\$35,313	\$36,266
	Total Salary Funding	\$150,434	\$154,496	\$158,667	\$162,951	\$167,351
	Fringe Benefits (30 % of Salary)	\$45,130	\$46,349	\$47,600	\$48,885	\$50,205
	Total Personnel Funding	\$195,564	\$200,844	\$206,267	\$211,836	\$217,556
Maintenance	Water Handling System	\$1,250	\$1,284	\$1,318	\$1,354	\$1,391
	Reactor Controls and Instrumentation	\$7,500	\$7,703	\$7,910	\$8,124	\$8,343
	Experimental Facilities	\$5,000	\$5,135	\$5,274	\$5,416	\$5,562
	Total Maintenance	\$13,750	\$14,121	\$14,503	\$14,894	\$15,296
Miscellaneous	Supplies, Communications, Etc.	\$5,000	\$5,135	\$5,274	\$5,416	\$5,562
	Total Costs	\$214,314	\$220,101	\$226,043	\$232,147	\$238,415
Projected 5 year total costs		\$1,131,019				

Revised Table 15.2: Summary of Expected Annual MUTR Funding Sources over Five Years

Table 15.2: Summary of MUTR Funding Sources

Category	Subcategory	Support				
		5 year projection†				
		Year 1	Year 2	Year 3	Year 4	Year 5
State of Maryland	Salaries (% FTE Funded)					
	1. Reactor Director (50% of \$153,592)*	\$76,796	\$78,869	\$80,999	\$83,186	\$85,432
	2. Radiation Facilities Coordinator (50% of \$82,076)**	\$41,038	\$42,146	\$43,284	\$44,453	\$45,653
	Total Salary Funding	\$117,834	\$121,016	\$124,283	\$127,639	\$131,085
		Fringe Benefits (30 % of Salary)	\$35,350	\$36,305	\$37,285	\$38,292
	Total Personnel Funding	\$153,184	\$157,320	\$161,568	\$165,930	\$170,410
Federal		\$5,000	\$5,135	\$5,274	\$5,416	\$5,562
Private Sector & Other**	Support from Co-60 Irradiator and electron beam Accel.	\$60,000	\$61,620	\$63,284	\$64,992	\$66,747
	Total Funding	\$218,184	\$224,075	\$230,125	\$236,339	\$242,720
	Projected Total Funding	\$1,151,443				

† Costs are increased by 2.7% per year

* The Reactor director is typically tenured faculty member and their University contract is traditionally 75%/25% with 75% supported by the State of Maryland and 25% from research contracts. There is neither a reduction in teaching expectation nor is there a contribution towards the director's summer salary (25%) in consideration of being reactor director. This is typical for tenured faculty in the College of Engineering at the University of Maryland.

** Funding for reactor operation and maintenance are generated from the Co-60 irradiator and electron beam accelerator

ENCLOSURE 4

Estimated Decommissioning Costs for MUTR

Item	1980 Cost	2000 Cost	2010 Cost	2011	2012	2013	2014	2015
Cooldown and Preparation:								
Insurance	\$7,000/yr for 5 years	\$13048/yr for five years	\$16,571	\$17,018	\$17,478	\$17,950	\$18,434	\$18,932
Reactor Director ¹	\$26,000/yr for first 2 years	\$50,000/yr for five years	\$77,000	\$79,079	\$81,214	\$83,407	\$85,659	\$87,972
Manager+other staff ¹	\$30,000/yr for 3 years	\$25,000/yr for five years	\$90,000	\$92,430	\$94,926	\$97,489	\$100,121	\$102,824
Technician ¹	\$5,000/yr for 5 years	\$10,000/yr for five years	Combined with Manager	Combined with Manager	Combined with Manager	Combined with Manager	Combined with Manager	Combined with Manager
Benefits @ 30%			\$50,100	\$51,453	\$52,842	\$54,269	\$55,734	\$57,239
Security, Communications, and other Misc. Expenses ¹			\$20,000	\$20,540	\$21,095	\$21,664	\$22,249	\$22,850
	\$200/yr for 5 years	\$1,500/yr for five years						
Total for 5 years	\$203,000	\$347,744	\$253,671	\$260,520	\$267,554	\$274,778	\$282,197	\$289,816
External Contract for decommissioning the facility			\$1,294,000	\$1,328,938	\$1,364,819	\$1,401,669	\$1,439,515	\$1,478,381
Outside Consultant Site Characterization and Site Preparation			\$63,000	\$64,701	\$66,448	\$68,242	\$70,085	\$71,977
ALARA Allowance			\$10,000	\$10,270	\$10,547	\$10,832	\$11,125	\$11,425
Contingency Fee (25 %)			\$405,168	\$416,107	\$427,342	\$438,880	\$450,730	\$462,900
Total	\$1,186,000	\$2,165,272	2,025,839	\$2,080,536	\$2,136,711	\$2,194,402	\$2,253,651	\$2,314,499

Includes an updated estimate of personnel costs and a 27% increase in costs as indicated by the Implicit Price Deflator as issued by the U.S. department of Commerce.

Total cost assuming start date of 01JUL11 and completion date of 30JUN16

\$10,979,800

Cost Estimation for SAFSTOR for MUTR

Item	1980 Cost	2000 Cost	2010 Cost	2011	2012
Cooldown and Preparation:					
Insurance	\$7,000/yr for 5 years	\$13048/yr for five years	\$16,571	\$17,018	\$17,478
Reactor Director ¹	\$26,000/yr for first 2 years	\$50,000/yr for five years	\$77,000	\$79,079	\$81,214
Manager+other staff ¹	\$30,000/yr for 3 years	\$25,000/yr for five years	\$90,000	\$92,430	\$94,926
Technician ¹	\$5,000/yr for 5 years	\$10,000/yr for five years	Combined with Manager	Combined with Manager	Combined with Manager
Benefits ²			\$50,100	\$51,453	\$52,842
Security, Communications, and other Misc. Expenses ¹	\$200/yr for 5 years	\$1,500/yr for five years	\$20,000	\$20,540.0	\$21,095
Total	\$203,000	\$347,744	\$253,671	\$260,520	\$267,554
Dismantling	\$600,000	\$1,118,478	\$250,000	\$256,750	\$263,682
Packaging and Shipping of	\$50,000	\$93,206	\$50,000	\$0	\$0
Final Report and Surveys	\$175,000	\$326,222	\$5,000	\$5,135	\$5,274
Unexpected Expenses	\$150,000	\$279,619	\$139,668	\$130,601	\$134,128
Total	\$1,186,000	\$2,165,272	\$698,339	\$653,006	\$670,638

Includes an updated estimate of personel costs and a 2.7% annual increase in costs as indicated by the Implicit Price Deflator as issued by the U.S. department of Commerce.

Item	2013	2014	2015	
Cooldown and Preparation:				
Insurance	\$17,950	\$18,434	\$18,932	13048
Reactor Director ¹	\$83,407	\$85,659	\$87,972	50000
Manager+other staff ¹	\$97,489	\$100,121	\$102,824	25000
Technician ¹	Combined with Manager	Combined with Manager	Combined with Manager	10000
Benefits ²	\$54,269	\$55,734	\$57,239	
Security, Communications, and other Misc. Expenses ¹	\$21,664	\$22,249	\$22,850	
Total	\$274,778	\$282,197	\$289,816	
Dismantling	\$270,802	\$278,113	\$285,622	\$1,118,478
Packaging and Shipping of Waste	\$0	\$0	\$0	\$93,206
Final Report and Surveys	\$5,416	\$5,562	\$5,712	\$326,222
Unexpected Expenses	\$135,631	\$139,293	\$143,054	\$81,555.50
Total	\$678,155	\$696,465	\$715,270	\$3,413,534

² benefits are calculated at 30% of gross salary.

ENCLOSURE 5



UNIVERSITY OF MARYLAND

OFFICE OF THE VICE PRESIDENT
FOR ADMINISTRATIVE AFFAIRS

U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

1132 Main Administration Building
College Park, Maryland 20742-5035
301.405.1105 TEL 301.314.9659 FAX
www.adminaffairs.umd.edu

Reference: NRC Request for Additional Financial Information, Docket No. 50-166, for the Maryland University Training and Research Reactor (MUTR). University of Maryland, Application for Renewal of Facility Operating License No. R-70

STATEMENT OF INTENT

As Vice President for Administrative Affairs and Chief Administrative and Finance Officer of the University of Maryland, I, Ann G. Wylie, exercise express authority and responsibility to request from the State of Maryland through the Board of Regents for the University System of Maryland funds for decommissioning activities associated with operations authorized by U.S. Nuclear Regulatory Commission Facility Operating License No. R-70, further identified above. This authority and responsibility has been delegated to me by the President of the University of Maryland, who has delegated authority from the Board of Regents for the University System of Maryland to undertake such actions as are needed to manage the University. Within this authority, I intend to request that funds be made available when necessary to cover the cost to decommission the Maryland University Training Reactor located on the campus of the University of Maryland, College Park. The cost, in 2010 dollars, to decommission the MUTR is estimated at **\$10,979,800**. I intend to request and obtain these funds sufficiently in advance of decommissioning to prevent delay of directed actions.

Sections 12-104, 12-105 and 12-109 of the Education Article of the Annotated Code of the State of Maryland and President C.D. Mote's express written delegation of authority to the University's Vice President for Administrative Affairs and Chief Administrative and Finance Officer to request funds for the decommissioning of MUTR are attached as evidence that I am authorized to represent and bind the University in this matter. The University is authorized to submit this SOI as evidence of the University's commitment to request special funding for decommissioning the MUTR based on the University's status as a constituent institution of the University System of Maryland, itself a public agency and instrumentality of the State of Maryland.

I, Ann G. Wylie, Vice President for Administrative Affairs and Chief Administrative and Finance Officer of the University of Maryland, do hereby affirm that the content of the Statement of Intent is true and accurate.

May 27, 2010
Date

Ann G. Wylie
Dr. Ann G. Wyle
Vice President for Administrator Affairs
Chief Administrative and Finance Officer

Subscribed and sworn to before me this 27 day of may 2010.

Notary Public: Elaine M. Leclercq

My Commission Expires: May 8, 2014

ELAINE M. LECLERCQ
NOTARY PUBLIC
PRINCE GEORGE'S COUNTY
MARYLAND
MY COMMISSION EXPIRES MAY 8, 2014



UNIVERSITY OF MARYLAND

OFFICE OF THE PRESIDENT

2101 Main Administration Building
College Park, Maryland 20742
301.405.4945 TEL 301.314.9395 FAX

DELEGATION OF AUTHORITY OF THE PRESIDENT OF THE UNIVERSITY OF MARYLAND TO THE VICE PRESIDENT FOR ADMINISTRATIVE AFFAIRS TO REQUEST FUNDS FOR THE DECOMMISSIONING OF THE MARYLAND UNIVERSITY TRAINING REACTOR WHEN NECESSARY

WHEREAS, the United States Nuclear Regulatory Commission has issued the University of Maryland, College Park, the University System of Maryland U.S. Nuclear Regulatory Commission Facility Operating License No. R-70 ("License") for the Maryland University Training Reactor ("MUTR"); and

WHEREAS, as a requirement of seeking a renewal of the License, the University of Maryland is obligated to provide financial assurance that, when necessary, it will request and obtain funds for decommissioning the MUTR; and

WHEREAS, the Statement of Intent must aver that its signatory has authority to request and obtain funds for decommissioning the MUTR and document the signatory's authority; and

WHEREAS, the Board of Regents has delegated to the President of the University of Maryland pursuant to Title 12, section 104(k) (1) (ii) of the Education Article, Annotated Code of Maryland, the authority needed to manage the University of Maryland, including authority to make and implement policies promoting the mission of that institution, including the authority to establish policies appropriate to the institution's mission, size, location, and financial resources; and

WHEREAS, the President desires to delegate to the Vice President for Administrative Affairs and Chief Administrative and Finance Officer of the University of Maryland, express authority and responsibility for MUTR decommissioning finances,

NOW, THEREFORE, I hereby delegate authority and responsibility to the Vice President of Administrative Affairs and Chief Administrative and Finance Officer of the University express authority and responsibility to identify and obligate funds for decommissioning the MUTR when necessary.

THIS DELEGATION shall remain in effect until withdrawn.

C. D. Mote, Jr., President
University of Maryland, College Park

5/26/10

Date

§ 12-104. Board of Regents - General powers and duties.

(a) *In general.*- In addition to any other powers granted and duties imposed by this title, and subject to the provisions of Title 11 of this article and any other restriction imposed by law by specific reference to the University System of Maryland, or by any trust agreement involving a pledge of property or money, the Board of Regents has the powers and duties set forth in this section.

(b) *Exercise of corporate powers.*- In addition to the powers set forth elsewhere in this title, the University may:

(1) Exercise all the corporate powers granted Maryland corporations under the Maryland General Corporation Law;

(2) Adopt and alter an official seal;

(3) Sue and be sued, complain, and defend in all courts;

(4) Maintain an office at the place the Board of Regents may designate;

(5) Enter into contracts of any kind, and execute all instruments necessary or convenient with respect to its carrying out the powers in this subtitle to accomplish the purposes of the University;

(6) Subject to the provisions of subsection (h) of this section, acquire, hold, lease, use, encumber, transfer, exchange, or dispose of real and personal property;

(7) Borrow money from any source to acquire personal property as provided in § 12-105(c) of this subtitle; and

(8) In addition to the powers set forth in Title 19 of this article and subject to the approval of the Board of Public Works, borrow money from any source for any corporate purpose, including working capital for its operations, reserve funds or interest, and mortgage, pledge, or otherwise encumber the property or funds of the University, and contract with or engage the services of any person in connection with any financing, including financial institutions, issuers of credit, or insurers.

(c) *Management of System.*- The Board of Regents:

(1) Is responsible for the management of the University System of Maryland and has all the powers, rights, and privileges that go with that responsibility, including the power to conduct or maintain any institutions, schools, or departments in the University at the locations the Board determines;

(2) Shall consult with the presidents in developing policies, guidelines, and plans for the University System of Maryland; and

(3) May not be superseded in its authority by any other State agency or office in managing the affairs of the University System of Maryland or of any constituent institutions and centers under the Board's jurisdiction.

(d) *Powers under acts of incorporation and charters.*- In addition to the powers conferred on it by this title, the Board has all the powers conferred on it by:

(1) The act of incorporation of the Maryland College of Agriculture;

(2) The Charter of the University of Maryland; and

(3) The charter of any constituent institution.

(e) *Gifts, grants, etc.-*

(1) The Board may:

(i) Apply for, accept, and spend any gift or grant from the federal government, any foundation, or any other person; and

(ii) Maintain and manage gift and endowment funds.

(2) On or before November 1 each year, the Board shall submit to the Governor, the Comptroller, the State Treasurer, and, in accordance with § 2-1246 of the State Government Article, the General Assembly, an annual investment performance report comparing the various components of the University's gift and endowment investment portfolio to appropriate benchmarks.

(f) *Establishment, consolidation, etc., of institutions and branches; name changes.-*

(1) The Board may establish new institutions, regional higher education centers, and branches subject to:

(i) The concurrence of the Maryland Higher Education Commission; and

(ii) The approval of the Governor and the General Assembly.

(2) Without the approval of the Governor and the General Assembly, the Board may not change the name of any constituent institution.

(3) Subject to the approval of the Governor and the General Assembly, the Board may merge, consolidate, or close any constituent institution.

(4) In its discretion, the Board may establish, merge, consolidate, or close any center or institute.

(g) *Sale or exchange of property.-*

(1) With the approval of the Board of Public Works, the Board of Regents may sell or exchange any part of its properties.

(2) Money received from the sale of property may be used, if approved by the Board of Public Works, only to purchase or improve property and facilities. This money may not be applied to the Annuity Bond Fund Account.

(h) *Acquisition of real property interests.-* With the approval of the Board of Public Works, the Board of Regents may acquire by purchase or exchange, any real property or interests in real property.

(i) *Applicability of Tort Claims Act; immunities.-*

(1) Title 12, Subtitle 1 of the State Government Article ("Maryland Tort Claims Act") applies to claims or actions against the University System of Maryland and its employees.

(2) Subject to all exclusions and limitations in that subtitle, the immunity of the University System of Maryland is waived to the extent of any applicable liability insurance purchased by the University or the State Treasurer.

(3) Nothing in this subsection shall be construed to waive or abrogate sovereign immunity with respect to any claim that is not covered by or exceeds the limits of an insurance policy.

(4) Nothing in this subsection shall be construed to waive or abrogate the immunity of the University System of Maryland under the Eleventh Amendment to the United States Constitution.

(j) *Establishment of rules, regulations, and policies; applicability of Administrative Procedure Act.*-

(1) Subject to Title 10, Subtitle 5 of the State Government Article ("Open Meetings" Law), the Board may make rules and regulations, and prescribe policies and procedures, for the management, maintenance, operation, and control of the University System of Maryland.

(2) Except with respect to grievance appeals under Title 13, Subtitle 2 of this article, Title 10, Subtitles 1 and 2 of the State Government Article ("Administrative Procedure Act") are not applicable to the University.

(k) *Delegation of duties; policies and guidelines for effective management.*-

(1) Except as provided in subsections (f) and (g) of this section, the Board:

(i) May delegate any part of its authority over the affairs of the University to the Chancellor or the presidents, or to any advisory bodies that the Board establishes under § 12-201 of this title; and

(ii) Consistent with the goals, objectives, and priorities of the Board of Regents and its legal responsibility for the efficient management of the University, shall delegate to the president of each constituent institution authority needed to manage that institution, including authority to make and implement policies promoting the mission of that institution, including the authority to establish policies appropriate to the institution's mission, size, location, and financial resources.

(2) Any delegation of authority may be modified or rescinded by the Board of Regents at any time in whole or in part.

(3) The Board of Regents shall develop policies and guidelines that:

(i) Provide direction to the presidents of the constituent institutions on compliance with applicable law and policy;

(ii) Establish and monitor high standards of operation, including meeting appropriate quality benchmarks, using resources wisely and efficiently, managing personnel equitably, adhering to institutional mission, and meeting the educational needs of the students; and

(iii) Hold each president accountable for meeting the objectives in the institution's performance accountability plan developed in accordance with Title 11, Subtitle 3 of this article.

(l) *Annual position accountability report.*- By September 1 of each year, the Board shall submit an annual position accountability report to the Department of Budget and Management, Department of Legislative Services, the Maryland Higher Education Commission, and, in accordance with § 2-1246 of the State Government Article, the General Assembly, reporting the total positions created and the cost and the funding source for any positions created by the University in the previous fiscal year.

(m) *Distribution of strategic incentive funds.*- The Board of Regents shall distribute appropriated strategic incentive funds to constituent institutions to encourage attainment of their approved mission.

(n) *Working relationships with boards of visitors.*-

(1) The Board of Regents and the Chancellor are encouraged to meet periodically with the boards of visitors of the constituent institutions to develop close working relationships.

(2) To the extent possible and appropriate, the Board of Regents should include members of boards of visitors actively in all searches for campus presidents and invite members of boards of visitors to

participate in meetings of the Board of Regents and its committees.

[1988, ch. 246, § 2; 1989, ch. 5, § 1; 1990, ch. 244; 1995, ch. 345, § 1; 1996, ch. 10, § 1; ch. 349, § 13; 1997, ch. 114, § 1; ch. 635, § 9; ch. 636, § 9; 1999, ch. 515, § 1; 2000, ch. 542; 2004, chs. 239, 485; 2005, ch. 25, § 1; 2006, ch. 44, § 6.]

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§ 12-105. Fiscal matters.**(a) *Funding; budgets.***

(1) In consultation with the institutions and the Chancellor, the Board shall:

(i) Establish standards for funding based on differences in the size and mission of the constituent institutions;

(ii) Review, modify, as necessary, and approve consolidated budget requests for appropriations for the University System of Maryland with respect to:

1. The operating budget; and

2. The capital budget; and

(iii) Submit these requests for appropriations organized by constituent institutions to the Commission, Governor, and General Assembly.

(2) After the Board submits the requests for appropriations to the Commission, Governor, and General Assembly, on a date set by the Governor, the President of the University of Maryland, College Park shall have the opportunity to meet with the Governor to present the institution's annual budget request and proposals for capital projects for the next fiscal year to:

(i) Discuss how the requests for appropriations submitted by the Board impacts the mission of the University of Maryland, College Park as the State's flagship institution; and

(ii) Recommend that the Governor approve or enhance the requests for appropriations submitted by the Board.

(b) *Ownership of property.*

(1) The title to any land acquired by the University System of Maryland shall be in the State of Maryland for the use of the University System of Maryland.

(2) All property of the University is the property of the State.

(c) *Authority to borrow.*

(1) The Board may borrow money to acquire interests in personal property, including fixtures, for the University System of Maryland, on such terms and conditions as the Board considers proper.

(2) Such borrowing may be secured by the personal property acquired or revenues derived from such property.

(3) (i) Such borrowing does not create or constitute any indebtedness or obligation of the State or any political subdivision of the State other than the University.

(ii) Such borrowing does not constitute a debt or obligation contracted by the General Assembly or pledge the faith and credit of the State within the meaning of Article III, § 34 of the Maryland Constitution.

(d) *Income.*

- (1) All income of the University shall be deposited:
- (i) In the State Treasury; or
 - (ii) As the State Treasurer directs.
- (2) By an approved budget amendment, the University may spend, or encumber, within the fiscal year in which they are received, revenues received in excess of those estimated for any fiscal year.
- (3) All unexpended or unencumbered balances of the University's revenues:
- (i) Shall be reported to the Comptroller at the end of the fiscal year for which the appropriation was made;
 - (ii) Do not revert to the general treasury of the State at the end of each fiscal year; and
 - (iii) Shall be available for expenditure through an appropriation contained in a budget bill or through an approved budget amendment.
- (4) The provisions of this subsection may not be interpreted in any way that would diminish the authority of the Board of Regents under § 12-104(c) of this subtitle.
- (5) The interest or other income from the investment of any funds of the University shall be credited to the University, provided that any interest estimated to be earned on the State appropriation must be offset by an equivalent reduction in State General Fund support, and such amount will be reported annually, subject to § 2-1246 of the State Government Article, to the General Assembly.
- (e) *Information.*- The University shall provide the Board of Public Works, and any member of the General Assembly, with any information on any phase of operation of the University that may be requested.
- (f) *Audit.*- The Legislative Auditor shall audit all expenditures and accounts of the University System of Maryland, in accordance with §§ 2-1220 through 2-1227 of the State Government Article.
- (g) *Use of statewide Financial Management Information System.*-
- (1) Notwithstanding any other provision of law, and except as provided in paragraph (2) of this subsection, the University shall use the statewide Financial Management Information System as administered by the Executive Branch as its accounting, budgeting, personnel, and payroll system.
 - (2) The University may use an internal Financial Management Information System software program and State-approved interfaces for its accounting, budgeting, personnel, and payroll systems.

[1988, ch. 246, § 2; 1991, ch. 55, § 6; 1994, ch. 662, § 6; 1995, ch. 345, § 1; 1997, ch. 114, § 1; ch. 635, § 9; ch. 636, § 9; 1999, ch. 515, § 1; 2001, ch. 29, § 6; 2003, ch. 21, § 7; 2006, ch. 231.]

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§ 12-109. Presidents of constituent institutions; boards of visitors.

- (a) *Presidents - Appointment.*- In consultation with the Chancellor and after a thorough search, the Board of Regents shall appoint a qualified person as president of each constituent institution.
- (b) *Presidents - Compensation.*- The president of each constituent institution is entitled to the compensation established by the Board of Regents.
- (c) *Presidents - Term.*- The president of each constituent institution serves at the pleasure of the Board of Regents.
- (d) *Presidents - Responsibilities generally.*- The president of each constituent institution shall:
- (1) Serve as the chief executive officer of the institution;
 - (2) Be responsible and accountable to the Board for the discipline and successful conduct of the institution and supervision of each of its departments; and
 - (3) Take every initiative in:
 - (i) Implementing the policies of the Board and the constituent institution; and
 - (ii) Promoting the institution's development and efficiency.
- (e) *Presidents - Powers and duties.*- Subject to the authority and applicable regulations and policies of the Board of Regents, each president shall:
- (1) Develop a plan of institutional mission in accordance with Title 11, Subtitle 3 of this article;
 - (2) Have the authority to develop new academic programs and curtail or eliminate existing programs in accordance with the procedures set forth in §§ 11-206 and 11-206.1 of this article;
 - (3) Formulate operating and capital budget requests designed to further the mission of the institution;
 - (4) Appoint, promote, fix salaries, grant tenure, assign duties, and terminate personnel;
 - (5) Subject to the provisions of subsection (g) of this section, have authority to create any position within existing funds available to the University, to the extent the cost of the position, including the cost of any fringe benefits, is funded from existing funds;
 - (6) Establish admissions standards;
 - (7) Set tuition and fees;
 - (8) Administer financial aid;
 - (9) Enter into contracts and cooperative agreements;
 - (10) Have the authority to accept gifts and grants and maintain and manage endowment income;
 - (11) Have the authority to recommend change in the name or status of the institution;
 - (12) Regulate and administer athletic and student activities;

(13) In compliance with State, federal, and Board mandates and policies, oversee affirmative action and equal employment opportunities;

(14) Establish organizations for the administration of campus alumni affairs;

(15) Be responsible for all academic matters;

(16) Have the authority to establish and appoint an institutional board to:

(i) Provide advice to the president;

(ii) Assist in community relations;

(iii) Assist in institutional development; or

(iv) Provide any other assistance requested by the president;

(17) Establish traffic regulations for the campus;

(18) Designate one or more representatives to participate as a party in collective bargaining on behalf of the institution in accordance with Title 3 of the State Personnel and Pensions Article; and

(19) Perform any other duties assigned by the Board.

(f) *Boards of visitors.* -

(1) The institutional boards established under subsection (e)(16) of this section shall be known as boards of visitors. Each board shall submit a report by October 1 of each year to:

(i) The Governor;

(ii) The Chairman of the Board of Regents of the University System of Maryland;

(iii) The Secretary of the Maryland Higher Education Commission; and

(iv) The presiding officers of the Maryland General Assembly.

(2) Except as provided in paragraph (3) of this subsection, each report submitted under paragraph (1) of this subsection shall include the comments of the appropriate board on the institution's progress toward meeting its goals consistent with its mission.

(3) The report of the University of Maryland, College Park Board of Visitors shall include:

(i) The Board of Visitors' evaluation of the status of the effort by the University System of Maryland and the State in meeting the requirements of the Maryland Charter for Higher Education set forth in § 10-209 of this article which require the University System of Maryland to:

1. Provide the College Park campus with the level of operating funding and facilities necessary to place it among the upper echelon of its peer institutions;

2. Maintain and enhance the College Park campus as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge;

3. Admit as freshmen to the College Park campus highly qualified students who have academic profiles that suggest exceptional ability; and

4. Provide access to the upper division undergraduate level of the College Park campus for students who have excelled in completing lower division study;

- (ii) A status report on the University's effort to achieve national eminence;
 - (iii) A status report on success in attaining federal research grants, private gifts, and other sources of nonstate revenue; and
 - (iv) Other matters in support of institutional priorities as determined by the Board of Visitors.
- (4) The institutional boards of visitors are encouraged to meet periodically with the Chancellor and Board of Regents to develop close working relationships.
- (g) *Construction of subsection (e)(5).*- Subsection (e)(5) of this section may not be construed to require any additional State General Fund support.

[1988, ch. 246, § 2; 1994, ch. 199; 1995, ch. 3, § 22; ch. 345, § 1; 1996, ch. 10, § 1; 1997, ch. 114, § 1; 1998, ch. 21, § 1; 1999, ch. 515, §§ 1, 2; 2001, ch. 341; 2004, ch. 239; 2006, ch. 44, § 6; 2007, ch. 5.]

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ENCLOSURE 6

§ 19-101. Definitions.

(a) *In general.*- In this title the following words have the meanings indicated.

(b) *Academic facility; academic facilities.*-

(1) "Academic facility" and "academic facilities" mean any facility or facilities, now existing or hereafter constructed or acquired, which are used primarily for the instruction of students of a system.

(2) "Academic facility" and "academic facilities" also mean any facility or facilities related, required, useful, or incidental for the operation or activities of a system which are not auxiliary facilities.

(c) *Academic fees.*-

(1) "Academic fees" means tuition, student fees, and activity fees.

(2) "Academic fees" does not include:

(i) An appropriation of State funds; or

(ii) Any revenues from contracts, grants, or gifts received or to be received by a system, other than contracts for tuition, student fees, or activity fees.

(d) *Auxiliary facilities fees.*- "Auxiliary facilities fees" means income, fees, rents, charges, and revenues arising from the use of any auxiliary facilities.

(e) *Auxiliary facility; auxiliary facilities.*- "Auxiliary facility" and "auxiliary facilities" mean any facility or facilities, now existing or hereafter constructed or acquired, which furnish a service to students, faculty, or staff at a system and which generate income, fees, rents, charges, and revenues arising from the use of the facility or facilities to support any project costs; such facilities shall include (but shall not be limited by type or class or otherwise to) housing facilities, eating facilities, recreational facilities, campus infirmaries, parking facilities, athletic facilities, student union or activity facilities, research facilities, laboratory facilities, testing facilities, and any related or incidental facility or any combination of such facilities.

(f) *Board.*- "Board" means the Board of Regents of the University System of Maryland, the Board of Regents of Morgan State University, the Board of Trustees of St. Mary's College of Maryland, or the Board of Trustees of Baltimore City Community College.

(g) *Bonds.*- "Bonds" means revenue bonds, certificates, notes, demand notes, commercial paper, or other evidences of indebtedness and shall also include bond anticipation notes.

(h) *Capital lease.*- "Capital lease" means any lease financing of real property which by generally accepted accounting principles is defined as a capital lease. For the purposes of this title, real property does not include fixtures.

(i) *Costs.*- "Costs" as applied to any project means all costs in respect of the project, including (without limitation):

(1) The cost of acquisition, construction, reconstruction, equipping, maintenance, repair, renovation, and operation;

- (2) The cost of acquisition of all land, rights-of-way, property rights, easements, and interests acquired by a system;
- (3) The cost of all machinery and equipment;
- (4) Financing charges and interest prior to and during construction and for 1 year after completion of construction;
- (5) The cost of architectural, engineering, and legal expenses, plans, specifications, feasibility studies, surveys, estimates of costs and revenue, and other expenses necessary or desirable for determining the feasibility or practicability of construction of any project;
- (6) Reserves for the payment of debt service, operating reserves, and repair and replacement funds; and
- (7) Administrative expenses, and other expenses necessary or allocable to any project, the financing or refinancing of any project, the issuance of bonds, and the placing of any project in operation.
- (j) *Project; projects.*- "Project" or "projects" means the acquisition, construction, reconstruction, related demolition, equipment, maintenance, repair, renovation, financing, and refinancing of 1 or more auxiliary or academic facilities.
- (k) *Resolution.*- "Resolution" means a resolution adopted by a majority of the members of the Board of Regents of the University System of Maryland, the Board of Regents of Morgan State University, the Board of Trustees of St. Mary's College of Maryland, or the Board of Trustees of Baltimore City Community College.
- (l) *State.*- "State" means the State of Maryland.
- (m) *System.*- "System" means the University System of Maryland, Morgan State University, St. Mary's College of Maryland, or Baltimore City Community College.

[1988, ch. 246, § 2; 1989, ch. 93; 1991, ch. 610; 1992, ch. 208; 1997, ch. 114, § 1; 2003, ch. 21, § 7.]

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§ 19-102. Powers and duties of system generally.

(a) *In general.*- In order to provide auxiliary and academic facilities a system may:

(1) Acquire, construct, reconstruct, equip, maintain, repair, renovate, and operate auxiliary and academic facilities at any of its campuses or locations, now existing or hereafter acquired;

(2) (i) Issue bonds for the purpose of financing or refinancing all or any part of the costs of any 1 or more projects of a system, including any project previously financed by a system or any predecessor; or

(ii) Issue bonds for the purpose of acquiring any auxiliary facility or academic facility previously financed through a capital lease with a system or any predecessor;

(3) Establish 1 or more trust funds for the deposit of the proceeds of the bonds of any issue and retain the interest revenue or other investment income thereon to be applied to the costs of any project, but shall maintain separate accounts within any such trust funds for auxiliary facilities and for academic facilities;

(4) Fix, revise, charge, and collect auxiliary facilities fees and academic fees and pledge all or any part of such auxiliary facilities fees and academic fees as security for bonds issued for auxiliary and academic facilities by a system;

(5) Establish 1 or more trust funds for the deposit of any auxiliary facilities fees and academic fees which may be imposed pursuant to this subtitle, and retain the interest revenue or other investment income thereon, for the purpose of acquiring, constructing, reconstructing, renovating, equipping, maintaining, repairing, and operating auxiliary and academic facilities;

(6) Acquire, hold, and dispose of real and personal property in the exercise of its powers and the performance of its duties under this title;

(7) Enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this title, and employ consulting engineers, architects, attorneys, construction and financial experts, and other employees and agents as may be necessary, and fix their compensation;

(8) Receive and accept from the United States of America or any agency thereof grants and loans for the purpose of financing or refinancing all or any part of the costs of any 1 or more projects, and receive and accept aid or contributions from any sources of money, property, labor, or other things of value, to be held, used, and applied for the purposes for which such grants and contributions were made; and

(9) Do all acts and things necessary or convenient to carry out the powers expressly granted by the provisions of this title.

(b) *Pledge of revenues.*- A system may not pledge all or any part of the revenues received from:

(1) A State appropriation;

(2) Contracts, grants, or gifts received or to be received by a system, other than contracts for tuition, student fees, activity fees, or auxiliary facilities fees; or

(3) Any other source not expressly authorized by the General Assembly.

(c) *Bonds - Amounts; additional restrictions on uses.*-

(1) The aggregate principal amount of bonds outstanding and the present value of capital lease payments, less the amount of any reserve fund or sinking fund requirement established for the bonds or capital leases, may not exceed, as of the date of issue of the bonds, the following:

- (i) \$1,050,000,000 for the University System of Maryland;
- (ii) \$88,000,000 for Morgan State University;
- (iii) \$60,000,000 for St. Mary's College of Maryland; and
- (iv) \$65,000,000 for Baltimore City Community College.

(2) Bonds outstanding do not include:

(i) Bonds previously issued by a system or any predecessor that are to be refunded, but only:

- 1. To the extent of any outstanding principal on the bonds that are being refunded; and
- 2. If an escrow or other similar arrangement has been made and held by the State Treasurer, a bank, or a trust company for the payment of such bonds, whether or not redeemed; or

(ii) Borrowings pursuant to § 12-105(c) of this article, except to the extent that such borrowings are subject to a financing agreement the term of which is for more than 5 years for the acquisition of the personal property.

(d) *Bonds - Purpose; approval; refinancing bonds; maturity.-*

(1) A system may not issue bonds for the purpose of financing all or any part of the costs of any academic facility or facilities until the General Assembly has approved in an act the:

- (i) Project or projects for any academic facility or facilities; and
- (ii) Maximum principal amount of bonds a system may issue in connection with such project or projects for any academic facility or facilities.

(2) The General Assembly's approval shall expressly authorize the project or projects for any academic facility or facilities and the maximum principal amount of bonds a system may issue in connection with such project or projects for the academic facility or facilities.

(3) Without the approval of the General Assembly, a system may issue bonds to refinance all or any part of the costs of any project for any academic facility or facilities for which a system previously issued bonds under the authority of this section.

(4) (i) Any bonds issued under the requirements of this subsection shall mature at such times not exceeding the useful life of the project for which the bonds are issued, but not later than 21 years after their respective dates of issue, as may be determined by a system.

(ii) Any bonds issued in accordance with paragraph (3) of this subsection shall mature at such times as may be determined by a system, but not later than 21 years after the date of issue of the bonds that were originally issued for the academic facility or facilities authorized under the requirements of this subsection.

(e) *Records; reports.-*

(1) A system shall maintain records identifying the sources and amounts of payments used to support:

- (i) The auxiliary facilities; and

(ii) The academic facilities authorized under the requirements of this subtitle.

(2) A system shall report:

(i) By September 1 to the Board of Public Works and, subject to § 2-1246 of the State Government Article, to the Department of Legislative Services, the information for the prior fiscal year required under paragraph (1) of this subsection; and

(ii) By December 1, subject to § 2-1246 of the State Government Article, to the Department of Legislative Services, the anticipated sources and amounts of payments required for the next fiscal year for:

1. Auxiliary facilities; and

2. Academic facilities authorized under the requirements of this subtitle.

[1988, ch. 246, § 2; 1989, ch. 5, § 1; ch. 93; 1990, ch. 121; 1991, ch. 55, § 6; ch. 610; 1992, ch. 208; 1992, 1st Sp. Sess., ch. 5; 1993, ch. 377; 1994, chs. 411, 447; 1995, ch. 433; 1997, ch. 114, § 1; ch. 635, § 9; ch. 636, § 9; 1998, ch. 426, § 1; 1999, ch. 607; 2000, ch. 685; 2001, ch. 316; 2002, ch. 393; 2004, ch. 533; 2006, chs. 230, 415; 2009, ch. 213.]

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