



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: University of Maryland, Baltimore: Establishment of Affiliated Business Entity to Implement and Support International Programs

COMMITTEE: Finance (Executive Session)

DATE OF COMMITTEE MEETING: October 1, 2009

SUMMARY: The University of Maryland, Baltimore ("UMB") requests Board recognition of a tax-exempt corporation to be established in Maryland as an affiliated business entity of USM as described in Section 12-113, Education Article. The corporation, Maryland Global Initiatives Corporation ("Maryland Global"), will act on behalf of UMB to support grant and contract work and academic affiliations and experiences carried out in other countries.

At UMB, there is rapidly increasing interest in international health, research and public service. Students and faculty seek overseas training and research sites. Grant and contract programs requiring performance at international locations are increasing due to success in obtaining awards from sponsors with international public health goals. Last year, the Board of Regents approved recognition of a corporation previously established in Nigeria. UMB now recognizes that its activities in at least nine other countries currently require the support of an affiliate qualified to be a registered business in those countries. In some cases, the proposed U.S. corporation, Maryland Global, may be able to register to do business in foreign countries and carry out employment and business functions adequate for UMB's requirements. In other cases, it will be necessary for Maryland Global to establish a foreign corporation which also would be an affiliate of UMB.

UMB and State of Maryland administrative, human resources and financial systems are not intended to support and are not adaptable to operations in foreign countries. Affiliates which are not State entities can adopt business models appropriate to overseas operations necessary for effective performance of committed work, and for competitive proposals to secure funding for the work. Affiliates would be subrecipients of UMB's grant and contract support. Also, the in-country resources of affiliates could be used to support student and faculty activities that do not have specific grant and contract support.

Maryland Global would be a tax-exempt business entity. When practical and consistent with local law, it would establish as subsidiaries additional tax-exempt business entities. The UMB President will approve the appointment or election of the board of directors of Maryland Global. It would have a minimum of three board members, including senior UMB personnel having knowledge of relevant financial management issues and federal grant rules. For additional affiliates created to deal with local or regional needs, specific sponsored project requirements, or subparts of the UMB international health programs (e.g., student research overseas, support for independent faculty research overseas), board membership may vary, as determined by the board of Maryland Global and approved by the President.

UMB has determined that the recognition of Maryland Global as an affiliated business entity of USM is necessary to maintain a close relationship with Maryland Global, to provide campus oversight needed to assure compliance with terms of grants and contracts applicable state and federal law and USM and UMB policies.

UMB will have the ability to require an annual audit of the books and records of Maryland Global and its subsidiaries. These audits should be conducted by the USM auditors if feasible, and otherwise by qualified auditors with a presence in foreign countries as required to audit effectively.

ALTERNATIVE(S): No acceptable alternatives have been identified. In the past, UMB often has employed the model of having an in-country non-profit or university serve as a subcontractor. In many parts of the world, especially the underdeveloped nations, no appropriate subcontractors can be identified.

FISCAL IMPACT: Most costs of the projects undertaken by Maryland Global and its subsidiaries will be direct costs under grants and contracts. UMB will pay any legal costs and filing fees associated with establishment of Maryland Global and its annual audits. To the extent that any ongoing costs are not allowable as project direct costs, they will be paid from other campus resources, which may include donations to the University of Maryland Baltimore Foundation to support international programs.

CHANCELLOR'S RECOMMENDATION: That the Board of Regents (1) delegate to the Chancellor authority to recognize Maryland Global Initiatives Corporation as an affiliated business entity of USM, as described in Section 12-113 of the Education Article, following its incorporation and the appointment of its board of directors by the President of UMB, (2) delegate to the Chancellor the authority to recognize subsidiaries and affiliates of Maryland Global Initiatives Corporation as affiliated business entities of USM, and (3) confirm that, except in cases when Board of Regents approval is required by law or USM policy, the President of UMB is authorized to establish policies concerning legal and business relationships between UMB and Maryland Global and its affiliates, and take other actions required consistent with the guidelines and objectives described in this agenda item.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923



OFFICE OF THE CHANCELLOR

October 27, 2009



I, C,

1807
University of Maryland,
Baltimore

1856
University of Maryland,
College Park

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Bowie State University

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Towson University

1886
University of Maryland
Eastern Shore

1898
Frostburg State University

1900
Coppin State University

1925
Salisbury University

1925
University of Baltimore

1925
University of Maryland
Center for Environmental
Science

1947
University of Maryland
University College

1966
University of Maryland,
Baltimore County

1985
University of Maryland
Biotechnology Institute

Dr. David J. Ramsay
President
University of Maryland, Baltimore
520 W. Lombard Street
Baltimore, MD 21201

Dear David:

This is to officially inform you that the Board of Regents, meeting in executive session on Friday, October 23, 2009 at University of Maryland, Baltimore, approved the following for the University of Maryland, Baltimore:

(1) Delegate to the Chancellor authority to recognize Maryland Global Initiatives Corporation as an affiliated business entity of University System of Maryland (USM), as described in Section 12-113 of the Education Article, following its incorporation and the appointment of its board of directors by the President of University of Maryland, Baltimore (UMB); (2) delegate to the Chancellor the authority to recognize subsidiaries of Maryland Global Initiatives Corporation as affiliated business entities of USM; and, (3) confirm that, except in cases when Board of Regents approval is required by law or USM policy, the President of UMB is authorized to establish policies concerning legal and business relationships between UMB and Maryland Global and its affiliates, and take other actions as required. The President of UMB shall report annually on the appointment/reappointment of the board of directors.

The Finance Committee, meeting on October 1, 2009, recommended approval.

Sincerely yours,

William E. Kirwan
Chancellor

WEK/sjj

cc: Joseph Vivona
Mark Beck
James Salt
Janice Doyle