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**TOPIC:** University of Maryland, College Park: Laboratory for Physical Sciences Lease Extension

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** September 12, 2013

**SUMMARY:** Over a period of fifty years, the Federal Government and the University of Maryland, College Park have developed an effective and mutually beneficial joint research program in the physical sciences. This research has been conducted over the last twenty years in a facility, known as the Laboratory for Physical Sciences (LPS), constructed by the University for this purpose. The LPS is located on Greenmead Drive in College Park.

The University and the Federal Government entered into a 20-year lease dated September 30, 1992. The lease will expire on September 30, 2013. This is a request to extend the lease.

The University requests approval from the Board of Regents to execute a lease term extension that would consist of a one-year initial term and 9 one-year renewal options with the last option ending September 30, 2023.

**LESSEE:** The Federal Government

**ALTERNATIVE(S):** The only alternative would be not to extend the lease. This would require the Federal Government to find another location for its programs. Doing so would jeopardize the cooperative relationship the University has with the LPS specifically and the Federal Government generally. It is important for the University to maintain its research relationship with the LPS.

**FISCAL IMPACT:** The rent for the 67,465 square foot facility will be \$1,169,843 per year, escalating 2% annually. In addition, the Federal Government will pay for facilities renewal (capital repairs), operating expenses and a 3% management fee to UMCP estimated to total \$660,495 for the first lease year. Subsequent expenses will be based on actual costs.

The University recovered its investment in the building over the term of the initial lease. Rents and fees received under the lease will provide additional funds available for operations and facility renewal.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, College Park to execute a lease extension with the Federal Government under the terms described above and delegate to the Chancellor the authority to finalize all agreements pursuant to the University System of Maryland Policy on Acquisition, Disposition and Leasing Real Property.

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COMMITTEE RECOMMENDATION: Recommend approval

DATE: 9/12/13

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BOARD ACTION:

DATE:

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

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# OUTLYING PROPERTIES



