



TOPIC: Coppin State University: Sale of Property Known as the Hebrew Orphan Asylum to The Coppin Heights Community Development Corporation

COMMITTEE: Finance

DATE OF MEETING: September 11, 2014

SUMMARY: In 2003, Coppin State University (CSU) acquired the 7.3 acre Lutheran Hospital property located on Rayner Avenue in Baltimore City approximately 1.5 miles from the campus. The property consists of four parcels of land the largest of which, approximately 5.8 acres, and was improved by the then closed and abandoned Lutheran Hospital. Since its acquisition, the hospital building has been razed and the site cleared. The remaining three parcels total approximately 1.5 acres. The largest of these three is approximately 1.1 acres and is the location of the Hebrew Orphan Asylum (2700 Rayner Avenue) now a shell and in deteriorated condition. The remaining two parcels are located at 2800-2804 Rayner Avenue and Lot 72. They are each approximately 0.2 acres. The University proposes to sell these three parcels (Asylum Lots) to The Coppin Heights Community Development Corporation ("CHCDC") for the development of a community health center. The University would retain ownership of the adjacent 5.8 acre parcel located at 731 Ashburton Avenue for future use. (See attachments)

BUYER: The Coppin Heights Community Development Corporation, 2500 W. North Ave., Baltimore

The University has been in negotiations with the CHCDC and its legal representative DLA Piper for the sale of the Asylum Lots. The intent of the CHCDC is to restore the Asylum building and lease it to Total Health Care, Inc., an established provider of health care in the Baltimore region. The CHCDC estimates that it will spend approximately \$12,400,000 for the restoration that it intends to complete by December 2015.

The University is requesting Board of Regents approval to complete negotiations and execute necessary documents to sell the property to the CHCDC under the following conditions:

- Confirmation from the CHCDC that it agrees to acquire the property for \$135,000 as provided in the draft Agreement of Sale. The University has acquired two appraisals one valuing the property at \$121,500 and the other at \$122,000.
- Confirmation that the CHCDC has met all the conditions of the Separation Agreement between the CSU Foundation and the CHCDC including confirmation from the IRS of its 501(c)(3) status, amended articles of incorporation and by-laws. The CHCDC has been closely associated with the CSU Foundation. It is desirable that the CHCDC sever its present tie to the CSU Foundation. Doing so will ensure that there is an appropriate legal separation between the development project and the University and System thereby avoiding any debt exposure, implied financial commitments or other liabilities for the project. The intent is that separation would be complete prior to sale of the property.
- Although there is agreement that Covenants, Conditions and Restrictions related to the use of the property will not be included in the Deed that will transfer to the CHCDC, it is important to

the University and the System that CHCDC's development of the property is consistent with its proposed plans for a community health care facility. Therefore, the University is negotiating that a covenant to that effect will be included in the agreement of sale. Even without covenants, however, residential zoning and historical register listings could also be a control on development and uses.

In order to dispose of State owned property, the University must engage in a specific process of reviews and approvals. This is conducted through the Maryland Department of Planning Clearinghouse for Intergovernmental Review. This process includes agency review and comment (DGS, DNR, MDE, and MHT); Board of Public Works (BPW) approval to declare the property surplus to the University's needs, followed by a 45-day legislative budget committee review and comment period. This must be completed prior to requesting BPW approval to sell the property. This process can take up to four months or longer. Coppin will begin this process with the Board's approval to sell the property to the CHCDC.

ALTERNATIVES: Coppin does not have plans to develop this property for University use. Failing a transfer to the CHCDC, the Asylum Lots could be placed on the market. The University believes the sale of the property to the CHCDC for the development of a community health center represents the best alternative for CSU and the community.

If the University is unable to successfully negotiate the sale of the property with the CHCDC, the University seeks Board approval to continue with the Clearinghouse process and market the property for sale to an alternative interested party. Prior to entering into any subsequent agreement CSU would return to the Board for its approval.

FISCAL IMPACT: The University expects to receive fair value based on appraisals for the Asylum Lots as well as a repayment of the costs of due diligence. Other than modest closing costs, the sale of the Asylum Lots will have no financial impact on the University. CSU will be relieved of the on-going maintenance costs including cleaning the property of wholesale dumping of trash and other debris, lawn care and snow and ice removal.

The USM, its constituent institutions, and the Board of Regents will not be a party to any financings or other undertaking to raise funds for the development of the sold property.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents authorize Coppin State University to sell the Asylum Lots, as described above, to The Coppin Heights Community Development Corporation for the purpose of developing a community health care facility; and, delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required for the disposition, consistent with applicable University System of Maryland regulations and policies and the terms described above. If this transaction cannot be successfully completed, the Clearinghouse process would continue anticipating marketing the property to find an alternative purchaser. In such an event, CSU shall return to the Board for approval prior to any such transaction is executed. The University shall continue to work with the USM Office of the COO/VCAF and the Office of the Attorney General throughout the document development and disposition processes.

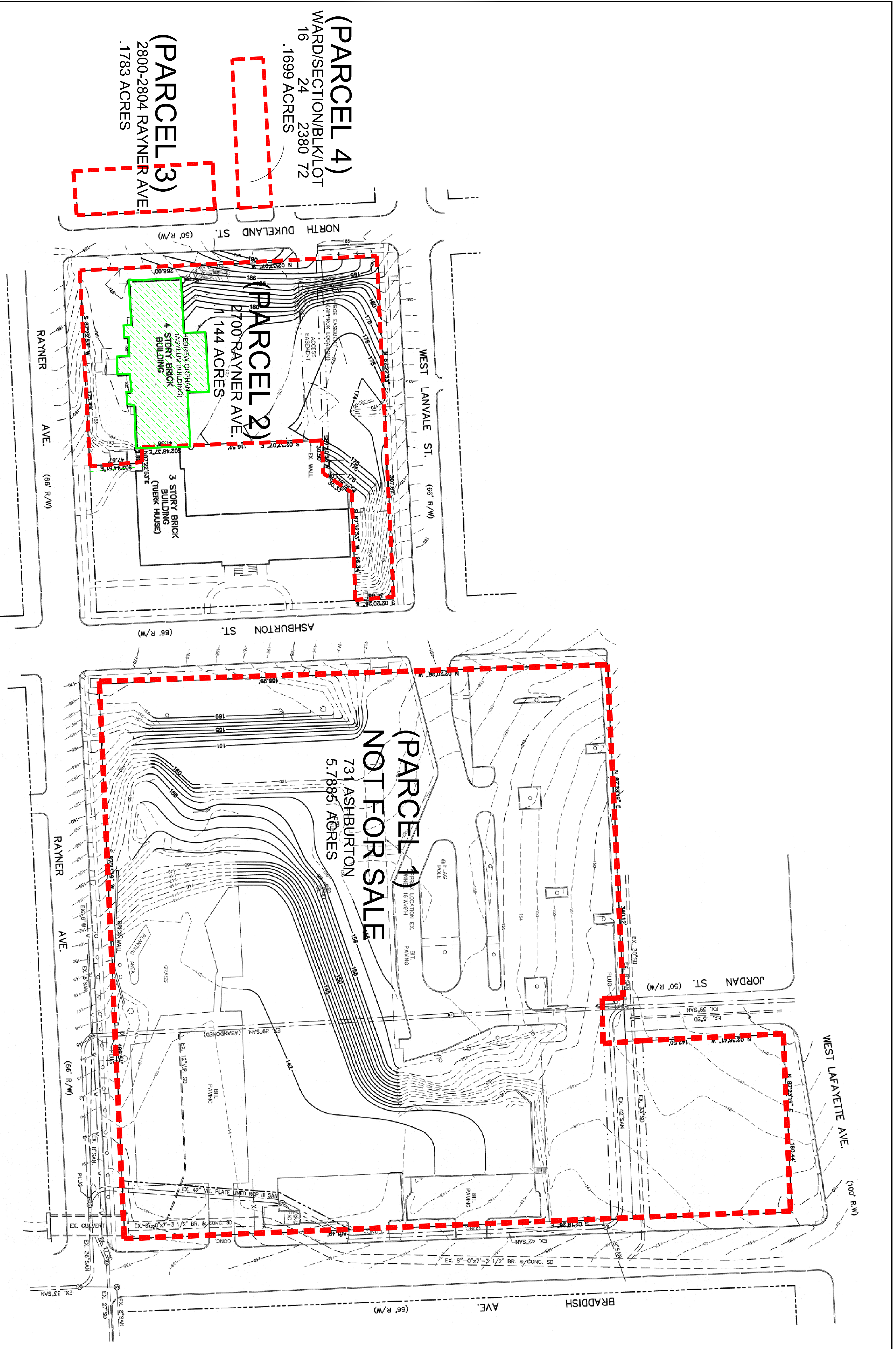
COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 9/11/14

BOARD ACTION:

DATE:

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



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