



**TOPIC:** University of Maryland Eastern Shore: Leasing of Off-Campus Student Housing

**COMMITTEE:** Finance

**DATE OF MEETING:** June 11, 2015

**SUMMARY:** The University of Maryland Eastern Shore (UMES) requests Board of Regents approval to lease 403 beds in two off-campus apartment buildings located in Princess Anne, Maryland for the academic years 2015-2016 and 2016-2017.

Arden's Run (295 beds) and Talons Square (108 beds) are both located on UMES Boulevard, an approximate 10 minute walk to campus. The University currently has 1,803 beds on the campus that are reserved for returning students.

<b><u>LESSORS:</u></b>	Arden's Run	Talons Square
	UMES Blvd. LLC DBA	Talons Village LLC
	Blair Rinnier	Eric Davis

UMES projects undergraduate headcount enrollment to be 3,703 for Fall 2015, 3,840 for Fall 2016 and 3,982 for Fall 2017.

The UMES campus is located within a rural setting which creates a challenge to attracting and keeping students not living in the surrounding communities. This challenge is greater still when student demand for on-campus housing exceeds availability. Arden's Run and Talons Square represent a solution to this challenge until such time as UMES can construct sufficient beds on the campus to meet demand.

The facilities offer amenities that students look for in student housing including high-speed internet, single room accommodations, private laundry and cable television service. The units are furnished, include kitchens, 4-5 bedrooms and the lease payments include utilities. An Area Director with many years of college housing experience manages the units, with support from resident assistants and student staff.

It is important that a stable off-campus lease option be secured to provide nearby access to housing for UMES students who require housing. Therefore, UMES is requesting Board approval of a base lease term of two years, with one two-year renewal option for the apartments.

**ALTERNATIVES:** Until such time as the University can finance the construction of additional on-campus housing, the proposed lease arrangement is the most cost effective option to meet the housing needs of its students.

**FISCAL IMPACT:** The lease for Arden's Run has an estimated annual cost of \$1,587,395. The lease for Talons Square has an annual cost of \$581,148. Over the two-year base lease period, the total cost would be \$4,337,086. The University is invoiced once per semester.

The University anticipates the one 2-year renewal option if executed would increase lease payments by 3.5% to 6% depending on any adjustment of rates for on-campus housing. The lease payments made to the lessor are tied to the cost of on-campus student housing. Increases in the lease payments for Arden's Run and Talons Square would be reflected in a change in rates for on-campus housing.

The Director of Residence Life negotiates the lease amounts with the lessor prior to the execution of the annual lease agreement. The lease agreement covers the duration of an academic year (mid-August through the end of May). The University does not have a lease obligation for the 403 beds for the time between semesters.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend the Board of Regents approve for the University of Maryland Eastern Shore to lease the Arden's Run and Talons Square apartments to provide off-campus housing under a 2-year lease with one 2-year renewal option; and, authorize the Chancellor to execute, after appropriate legal review, all documentation required consistent with the University System of Maryland Policy, "Acquisition and Disposition of Real Property." UMES will return to the Board for approval prior to the execution of the renewal option.

The University of Maryland Eastern Shore shall continue to work with the USM Office of the Chief Operating Officer/Vice Chancellor for Administration and Finance during the leasing process.

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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SUBMITTED BY: Joseph F. Vivona

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