

**TOPIC:** University of Maryland, Baltimore: Sale of the Donaldson Brown Center

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** June 8, 2017

**SUMMARY:** UMB is seeking approval to sell the Donaldson Brown Center located at 200 Mount Ararat Farm Road in Cecil County to Susquehanna, LLC or its assigns.

The Donaldson Brown Center consists of 23.43 acres (1,020,611 SF) and is improved with a 28,384 SF two story plus attic mansion constructed in 1938, a 10,456 SF carriage house and a freestanding 3,934 SF greenhouse. The property was donated to the University of Maryland in 1965. UMB has operated the property as a conference center. The structures are in fair condition, but require substantial investment to remain useful. The conference center operation has never been able to attain continuous, high levels of utilization.

There is a Donaldson Brown Center endowment fund of approximately \$2 million, which is a part of the USM Common Trust Fund. The annual income from this fund is used for maintenance and repairs on the property.

A Request for Expressions of Interest for the acquisition or ground lease and development of the Donaldson Brown Center was issued on August 29, 2016. A Selection Committee (whose members included the Cecil County Economic Development Officer) selected Susquehanna, LLC as the preferred developer.

The Buyer intends to develop the Donaldson Brown Center into a first-class conference center and boutique resort with ancillary commercial space and recreational and educational amenities. Any changes to the intended uses will be subject to the approval of UMB. The deed will include prohibited uses such as anything harmful to the reputation or educational mission of UMB, sale of products or services of a sexual nature, or the sale of tobacco. Further, as a condition of sale the Buyer will provide to UMB details of the proposed development, to include the project concept, anticipated benefits to and possible uses by the neighboring communities and a proposed construction schedule.

The Buyer will have up to one year to obtain necessary permits and approvals for the development of the property (the "Entitlement Period"). (Closing is contingent on Buyer's receipt of those permits and approvals, as well as approval of the Board of Regents and Board of Public Works). During the Entitlement Period, UMB will spend up to 7% of the Donaldson Brown Center endowment to make certain repairs on the property (to be agreed to by the Buyer).

The agreed upon terms include the proposed sale of the Donaldson Brown Center to Susquehanna, LLC for the purchase price of \$2.5 million. In addition, the Buyer will reimburse UMB for the costs of the repairs spent during the Entitlement Period.

**PURCHASER/DEVELOPER:** Susquehanna, LLC (Mount Ararat): Principles: John Petro, Steve Dering,  
Linda Read  
Upper Marlboro, Maryland

<b>APPRAISALS:</b>	Valbridge Property Advisors	\$2,500,000	December 5, 2016
	Jones Realty Advisors	\$2,120,000	December 6, 2016

**SALES PRICE:** \$2,500,000

**ALTERNATIVES:** One alternative is that UMB could retain ownership and continue to operate the Donaldson Brown Center as a conference center. UMB would have to spend approximately \$6 million in needed repairs within the next few years, and continue to lose money due to low levels of utilization. A second alternative would be to mothball the facility, but this would lead to further deterioration. Finally, UMB could continue to seek a private developer partner for the conference center operation.

**FISCAL IMPACT:** UMB will receive \$2.5 million, plus reimbursement of any endowment funds used to repair the Donaldson Brown Center during the "Entitlement Period." The University will avoid costly deferred maintenance expenses. The balance of the endowment would remain in the Common Trust Fund, and its disposition would be subject to later determination.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend that the Board of Regents approve the sale of the Donaldson Brown Center located in Cecil County at 200 Mount Ararat Farm Road, Port Deposit, Maryland 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 Policy "Acquisition and Disposition of Real Property."

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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

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University of Maryland, Baltimore  
Donaldson Brown Center  
200 Mount Ararat Farm Road  
Port Deposit, Maryland

