



TOPIC: University of Maryland, Baltimore: Extension of Term of Ground Lease in the UMB BioPark for Development of a Hotel and Park

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: March 27, 2014

SUMMARY: UMB leased a 4.7 acre site to UMB Health Sciences Research Park Corporation ("RPC"), the University's affiliated business entity, for development of the BioPark, pursuant to a ground lease in 2004. The ground lease expires in fifty years, in March 2064.

RPC has been engaged in discussions with developers for the construction and operation of a hotel in the BioPark to serve the patients of the Maryland Proton Treatment Center. RPC plans to construct and operate a park adjacent to the hotel. A preliminary conceptual location drawing is attached, which shows the locations of these anticipated developments.

RPC proposes to enter into a ground sublease with a developer to sublease approximately a 0.4 acre parcel for the hotel. RPC's discussions with developers have indicated that, in order to be economically feasible and financeable, the term of a ground sublease for the hotel must be substantially longer than the 50 years currently permitted by the ground lease. Developers are requesting a term of 78 years (3 years for design/construction/delays and 75 years for operations).

UMB requests permission to extend the term of the ground lease by 28 years with respect to the 0.4 acre parcel for the construction and operation of a hotel and adjacent park.

ALTERNATIVE(S): The Board could decline to extend the term of the ground lease. This would preclude the sublease to the hotel developer, and the development of the hotel to serve the patients of the Maryland Proton Treatment Center.

FISCAL IMPACT: The University anticipates a financial return for the changes in terms of the ground lease, including the extension of time. Terms of that transaction are still being negotiated.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents authorize the University of Maryland, Baltimore to negotiate an amendment to its ground lease with the RPC for the purpose described above. The execution of the terms and conditions of any such amendment are subject to the review and approval of the Chancellor on the recommendation of the Chief Operating Officer/Vice Chancellor for Administration and Finance. The Board further delegates to the Chancellor the authority to execute, after appropriate legal review, all documentation required to amend the ground lease, consistent with the University System of Maryland Policy and Procedures on the Acquisition and Disposition of Real Property.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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