



TOPIC: University of Maryland, College Park: Acquisition of the University of Maryland University
College University Centre Property

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 19, 2014

SUMMARY: The University of Maryland, College Park (UMCP) seeks Board of Regents approval to acquire by transfer, University Centre building located at 4716 Pontiac Street in College Park, Maryland (Exhibits A-C).

This 1.5 acre property is improved by a 40,200 sq. ft. office building owned by UMUC. It is conveniently located in the U.S. Route 1 corridor, within one-half mile of the UMCP North Gate entrance. The existing improvements are 25 years old, provide approximately 13,000 sq. ft. on each of three floors and a 115 space surface parking lot. The property is well maintained and in good condition.

UMCP has periodically discussed with UMUC the possible acquisition of the University Centre property over the last several years. As UMUC began to centralize its programs at their facilities in Largo and Adelphi, the transfer of ownership of the University Centre property became feasible. UMCP recently explored an acquisition of the 156,000 sq. ft. Rivertech Building in Riverdale Park, but did not arrive at what it considered a reasonable purchase price for the property. Instead, UMCP revisited discussions with UMUC, seeking a more conservative and economical approach to its continued need for administrative office space.

The property transfer offers the two institutions a mutually beneficial arrangement. The building has recently been vacated by UMUC, offering UMCP the opportunity to immediately plan for its use and UMUC a fair market price for the property. This asset will help UMCP meet a growing demand for office space and the opportunity to consolidate "off campus" activities that require adjacency but not necessarily a physical location on the campus. The strategic location, U.S. Route 1 visibility, building condition, flexible floor plate and immediate availability of the space combine to make a purchase of this particular property a valued opportunity.

The property will continue to remain in the name of the "State of Maryland for the use of the University System of Maryland." By way of a memorandum of agreement between UMCP and UMUC and a confirmatory deed the property will transfer "to the use of the University of Maryland, College Park."

ALTERNATIVE(S): UMCP would continue to lease space in the local rental market. That space might be in the University Centre building. The University sees this acquisition as a long-term and more cost effective response to meeting its space needs than leasing.

FISCAL IMPACT: Two independent appraisals (one acquired by UMCP and other by UMUC) value the as-is market value to be between \$4.3M and \$5.37M. The parties have agreed to a \$5 million purchase price. The acquisition cost will be paid from UMCP Plant Funds via an internal use of cash with an expected repayment to the fund balance over the next seven years, consistent with the moratorium on the use of cash for capital projects.

The University estimates a savings of \$700,000 to \$800,000 annually by consolidating space it rents into the University Centre property. Verizon currently leases approximately 747 sq. ft. of space in the building. That lease will be assigned and expires September 30, 2015. It would provide UMCP with an estimated \$25,000 in revenue.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland College Park to acquire from the University of Maryland University College its property located at 4716 Pontiac Street, known as the University Centre building, for \$5 million; and, delegate to the Chancellor the authority to execute all required documentation following legal review by the Office of the Attorney General and consistent with USM Policy and Procedures for the Acquisition and Disposition of Real Property.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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

Exhibit A: Property Map

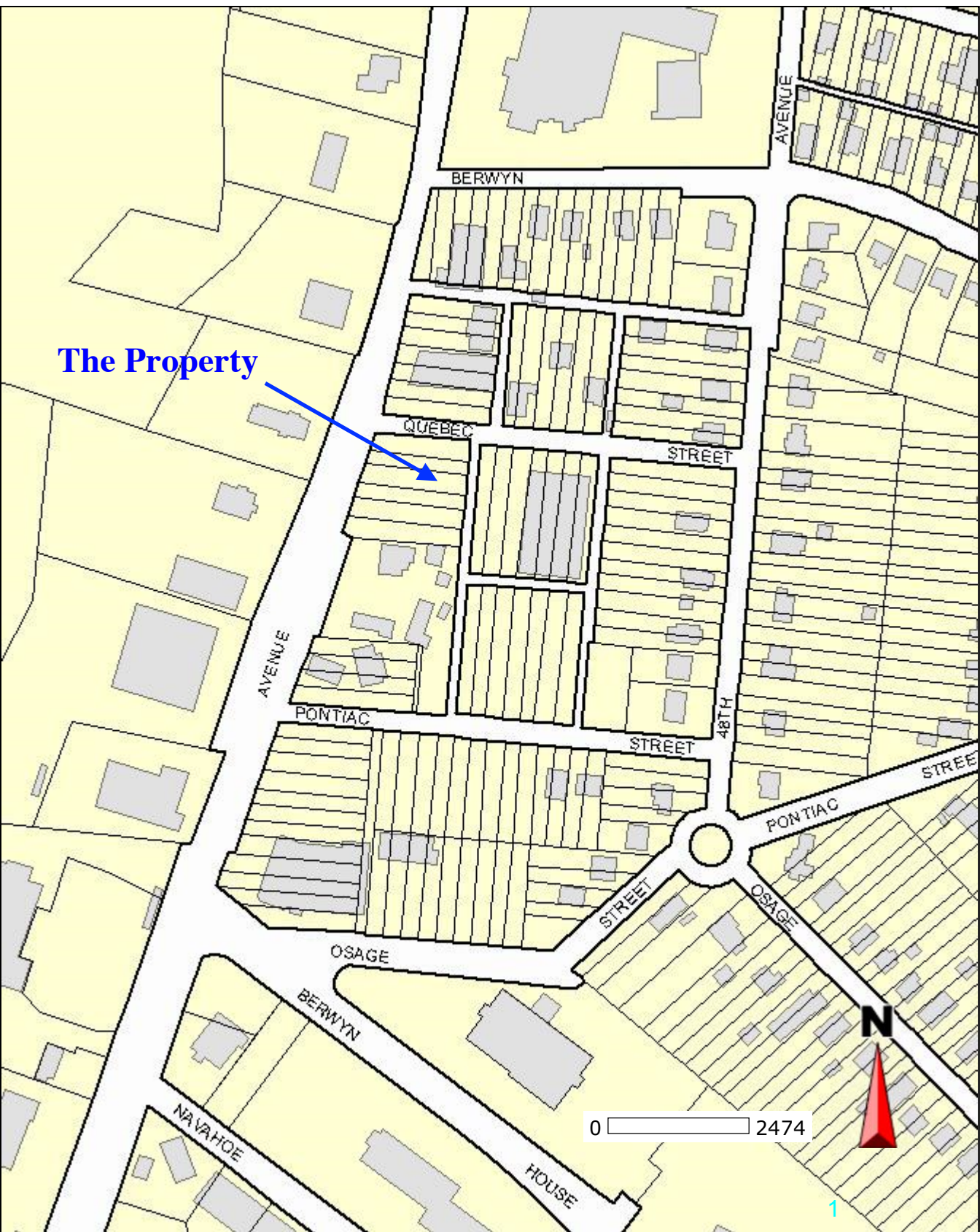


Exhibit B: Aerial Image

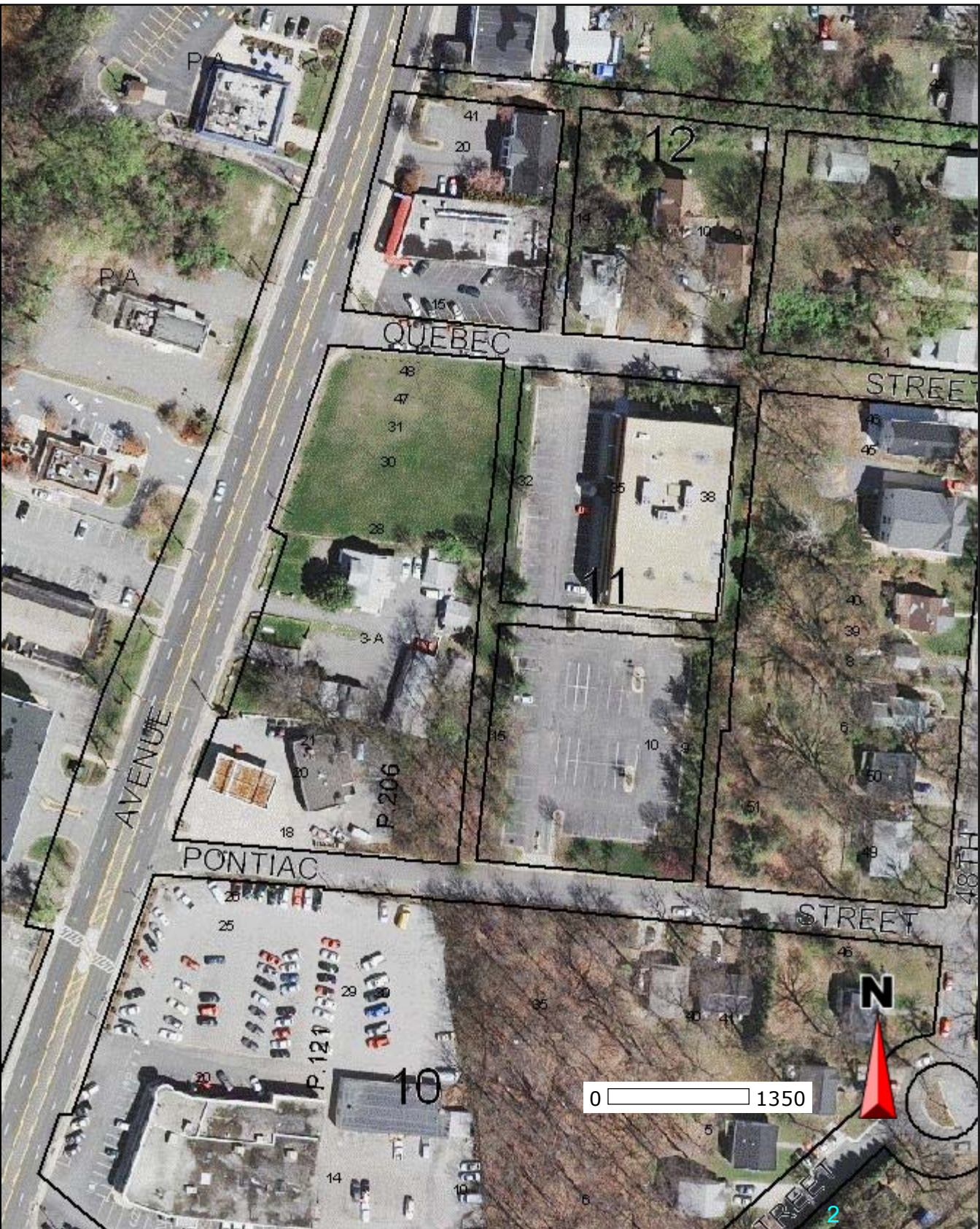


Exhibit C: West Elevation

