



TOPIC: University of Maryland Eastern Shore: Leasing Off-Campus Housing – Amendment to Prior Board of Regents Approval to Lease Off-Campus Housing at Talons Square

COMMITTEE: Finance

DATE OF MEETING: September 10, 2015

SUMMARY: At its meeting of June 19, 2015, the Board of Regents approved for the University of Maryland Eastern Shore (UMES) the lease of 403 beds in Arden's Run and Talons Square for off-campus housing for students for a period of two years for a total lease amount of \$4,337,086.

Subsequent to the Board's approval, UMES learned that demand for housing was greater than originally calculated. The University is now requesting approval to add 26 beds to the Talons Square lease for a total of 134 beds. The terms of the lease would remain the same at an annual cost of \$5,381 per bed or a total annual cost of \$721,054. These residential apartments are located on UMES Boulevard in Princess Anne, MD and within a 10 minute walk to the campus.

The University is requesting retroactive approval of this amendment. In order to ensure that these beds would be available to students by the start of the Fall 2015 semester it was necessary for UMES to complete lease negotiations with the lessor prior to the Board reconvening in September 2015. The System is supportive of this approach in order to avoid leaving students without housing. As with the terms of the original approval amenities include high speed internet, single room accommodations, private laundry and multichannel TV service. Under contract, these units are managed by a trained UMES professional who is aided by a talented student staff.

LESSOR: Talons Square
Talons Village LLC
Eric Davis

ALTERNATIVES: The only alternative to this amendment is for these 26 students to make alternative housing arrangements. The University does not believe this to be a viable option from a logistical or cost perspective. Additionally, these students expected to have housing available to them when they decided to attend UMES.

FISCAL IMPACT: The terms of the lease with Arden's Run will remain the same. The lease term will remain for two academic years (commitment for only 10 months in each academic year) increasing the total lease cost from \$581,148 to \$721,054 annually. The sum of the 2-year leases for both Arden's Run and Talon's square would increase to approximately \$4,616,898. It is expected with inflation and other economic factors, increases for ensuing years will range from 3.5% to 6% per year based on the on-campus housing fee structure and what market tolerance can absorb.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend the Board approve for the University of Maryland Eastern Shore to amend the Talons Square off-campus student housing lease as described above; 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."

COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 9/10/15

BOARD ACTION:

DATE:

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