

TOPIC: University of Maryland Eastern Shore: Amendments to the Hydroponic Greenhouse Covenant of Purpose, Use and Ownership

COMMITTEE: Finance

DATE OF MEETING: January 25, 2018

SUMMARY: The University of Maryland Eastern Shore (UMES) requests Board approval for the amendment of the Covenant of Purpose, Use and Ownership (“the Covenant”) entered between UMES and the Economic Development Administration (EDA), US Department of Commerce dated September 8, 1997 and recorded in the Deed. The Covenant was established with respect to the Hydroponic Greenhouse constructed on the UMES campus in 1997 with partial support from EDA in the amount of \$1,086,999 under a Financial Assistance Award. The Greenhouse was successfully built and remained operational until November 27, 2011. On that day, the Greenhouse was severely damaged by fire.

Since the fire, UMES has worked diligently with the University of Maryland, College Park and State of Maryland officials to develop a plan for restoration of the Greenhouse to its original form. During this process, UMES determined that the estimated cost for restoring the Greenhouse to its original form would be \$14.3 million.

The amount recovered from insurance proceeds related to the fire is \$2.6 million. An additional \$2.5 million reimbursable deductible is anticipated from the State Treasurer. Given these circumstances, UMES proposes to develop an Agricultural Research and Education Center in place of re-building the costly Greenhouse. UMES would utilize the \$2.6 million recoverable from insurance plus the deductible amount of \$2.5 million and an additional \$4.4 million from a United States Department of Agriculture (USDA) 1890 Facilities Grant Program to develop the Education Center.

The proposed Education Center would be constructed on the current footprint of the Greenhouse and would incorporate research, and education greenhouses and laboratories, faculty and staff offices, and meeting/classroom space. These facilities would be used to support, research, teaching and extension activities. These activities would also encompass support for agribusiness development in the local community.

Under the original Covenant, the Greenhouse had a useful lifespan of twenty-five (25) years. Demolition of the damaged Greenhouse required formal approval by EDA. While EDA was amenable to releasing UMES from the Covenant of Purpose after 20 years (February 1, 2017), EDA was not informed of the fire in 2011. In order to ensure UMES remains in compliance, an amended Covenant will need to extend for five (5) years and sixty three (63) days to cover the period in which the Greenhouse was not utilized without formal notification to EDA. The new Covenant will expire automatically at the end of this period.

ALTERNATIVES: If an amended Covenant of Purpose, Use and Ownership is not approved, UMES will be out of compliance and required to reimburse the grant funds to EDA.

FISCAL IMPACT: Approval of an Amended Covenant of Purpose, Use and Ownership will have no fiscal impact. The funding for the proposed new Center have been identified through the USDA 1890 Facilities Grant Program made available for land-grant institution teaching, research and extension education programs, Insurance Recovery from the damage to the hydroponic greenhouse and the reimbursible deductible from the State Treasurer. The funds are currently available to the University. There are no other anticipated capital costs associated with this development and operating costs are not expected to be significant.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend the Board approve the amended Covenant of Purpose, Use and Ownership in order to facilitate construction of a new Agricultural and Research Center at the University of Maryland, Eastern Shore.

COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 1/25/18

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

2016–2025 Master Plan Sites for New Construction & Planned Renovations

Sites for New Construction
■ New Building Site
- - - Potential Large Site
— Planned Renovation

Potential Sites for Academic New Construction

- NC2 New Frederick Douglass Library
- NC5 Pharmacy & Health Professions (Phases I & II)
- NC6 Agricultural Research and Education Center
- NC8 Academic Building
- NC9 Criminal Justice Center & Police Station
- NC12 Academic Building

Potential Sites for Residential New Construction

- NC3 Residential Dorm
- NC4 Residential Dorm(s)
- NC10 Hawk's Landing Expansion
- NC11 Residential Dorm

Potential Sites for Athletics New Construction

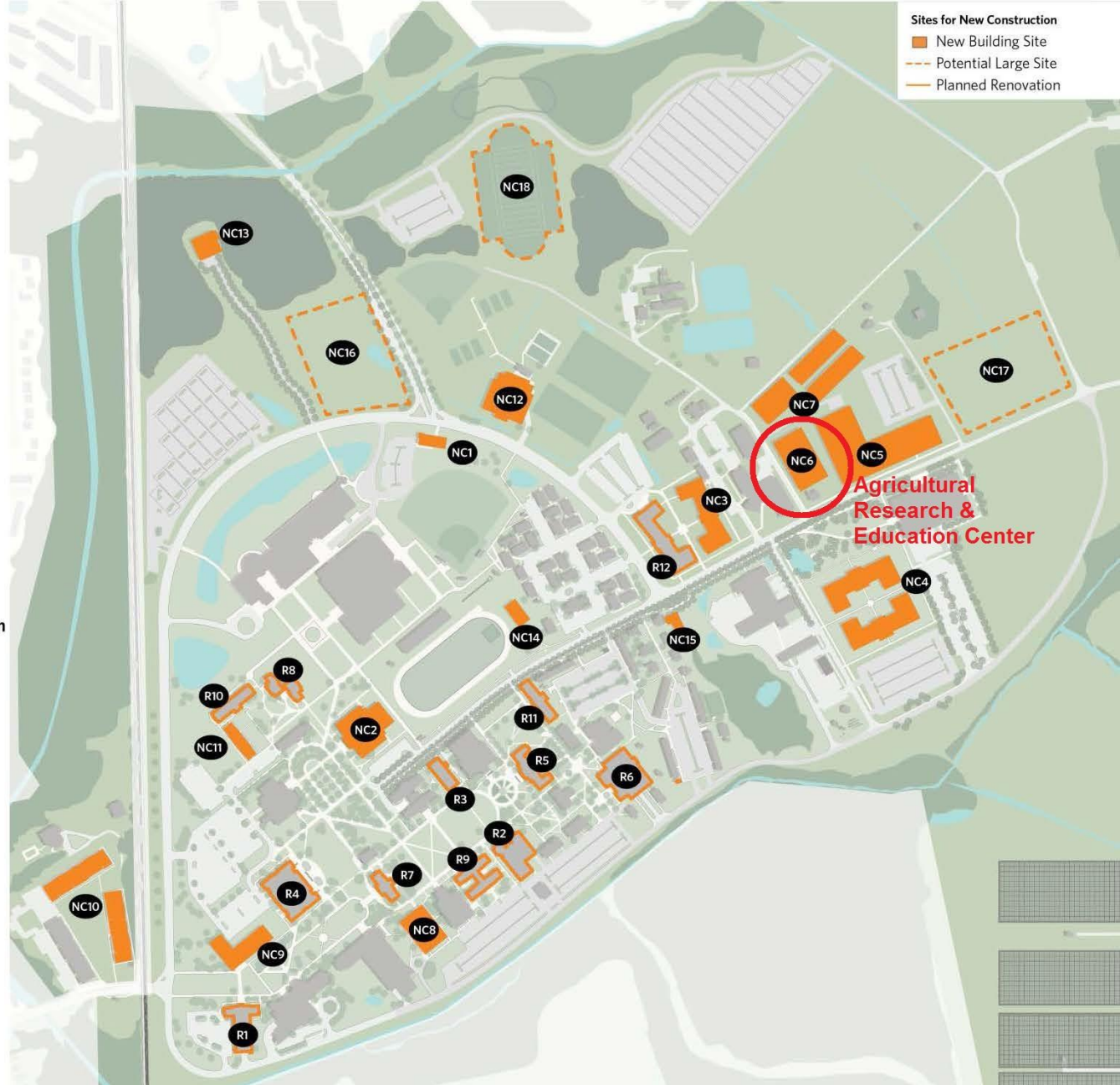
- NC12 Tawes Replacement
- NC14 Field House
- NC18 Potential Stadium Location (10,000 seat)

Potential Sites for Specialty or Support New Construction

- NC1 Welcome Center
- NC7 Farm Support (replacement facilities)
- NC13 President's House (replacement)
- NC15 Expanded WESM Radio Station
- NC16 Potential Conference Center Option
- NC17 Potential Conference Center Option

Planned Sites for Renovation

- R1 Kiah Hall Renovation
- R2 Carver Hall Renovation & Addition
- R3 Wilson Hall Renovation
- R4 Performing Arts Renovation & Addition
- R5 Trigg Hall Renovation
- R6 Arts & Technologies Building Renovation
- R7 J. T. Williams Building Renovation
- R8 Nuttle Hall Renovation
- R9 Murphy Hall & Annex Renovation
- R10 Court Plaza Renovation
- R11 Plaza Residence Renovation
- R12 University Terrace Renovation



**Agricultural
Research &
Education Center**