AGENDA ITEM SUMMARY

1. NAME OF ITEM: University of Maine Museum of Art Lease Extension, UM

2. INITIATED BY: James H. Page, Chancellor

3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

The University of Maine requests approval of an extension and expansion of the lease agreement with Eastern Maine Development Corporation, current owner of Norumbega Hall in Bangor, Maine, home of the University of Maine Museum of Art (UMMA).

This matter is before the Committee pursuant to Board of Trustee Policy 801 which requires Board or Committee approval of any lease valued at more than $100,000 or with a term of more than 5 years. The cost of this lease for base rent (exclusive of operating costs) is estimated at $1,460,739.25 for the initial 15 year term or an average of approximately $97,000 annually, which is an increase from the current below market annual base rent cost of $20,000.

Additionally, increases in facility space now are presented to the Committee for consideration per the ongoing Administrative Review in Facilities Management. The interim report, approved in concept by the Board of Trustees in March, 2014, asked the University to adopt processes such that any project which would result in any net increase in the University of Maine System’s footprint, including new leases or renewals, would be considered by the Finance, Facilities and Technology Committee of the Board of Trustees or the full Board of Trustees before being authorized. The current request involves an increase of about 2,000 square feet or 16 percent in the amount of space leased at this location. Utility costs would be expected to increase by approximately $3,200 annually.

Regarding the request, the museum in November of 2002 moved into newly renovated space in the ground floor level of Norumbega Hall in Bangor Maine. Combined, the University and the City of Bangor invested $955,000 in the renovations. The University has leased this space since July 1, 2001. The current lease expires on June 30, 2016.

UMMA has three objectives with regard to this request and its space requirements:

1. Secure long term control over UMMA’s space. UMMA is vulnerable to losing its current location, which it only controls through June 30, 2016;

2. Minimize UMMA’s occupancy costs;

3. Relocate the fine arts storage from the stream level to the top floor to ensure appropriate climate and stewardship.
UMMA is seeking to renew the lease for its current space for an additional 15 years with two additional five year options. Further UMMA wishes to secure additional fine arts storage space. This additional space will alleviate current overcrowding of the art work and allow UMMA to utilize best practices in storing the most valuable works of art by increasing art storage capacity to meet the current and future growth of the collection.

UMMA’s fine arts collection has grown significantly over recent years and will continue to grow as items are donated and acquired. Accommodating dedicated fine arts storage space and the associated common and staff space is reflected by an increase in space in this lease of 1,955 square feet. UMMA currently enjoys a below market lease rate paying approximately $20,000 annually for its space of approximately 12,212 gross square feet. This is approximately $1.65 per square foot in base rent. After careful consideration of local lease market rates and an assessment provided by Corporate Finance Associates (CFA) of Portland, Maine, a proposed term sheet was drawn up for review and approval by EMDC.

The University wishes to complete the lease agreement by July, 2014 in order to secure UMMA’s future in downtown Bangor. The Art Museum has become an important educational hub stimulating economic development, visibility, and access to the University and University faculty. Letters of support from Bangor City Councilors and City Manager Cathy Conlow were provided and are attached here for reference.

The additional cost to the University for the lease and utilities will be covered by one time funds in Fiscal Year ’15 and annually adjusted into the Art Museums’ base budget in subsequent years as required. The square footage rates as negotiated remain below market value for Class A and B space in the Bangor area.

It is expected that the University will incur a one-time cost to improve the space. The capital improvement will provide a contained environment with proper climate controls and is expected to cost approximately $210,000. This will be funded with one time funds from the University. In addition, the art museum will contribute up to $200,000 from its restricted funds to add in a rolling rack storage system. These funds have been set aside by the museum for this purpose in order to ensure proper preservation of the art work. Combined, these upgrades are intended to meet the long-term storage and stewardship needs for the growing collection.

The Finance, Facilities and Technology Committee approved this recommendation to be forwarded to the Consent Agenda for Board of Trustee approval.

5. TEXT OF PROPOSED RESOLUTION

That the Board of Trustees approve the recommendation of the Finance, Facilities and Technology Committee and authorize the University of Maine System to enter a lease for 15 years beyond its current term plus optional extensions and to expand by approximately 2,000 square feet the amount of space in its lease at Norumbega Hall in Bangor to house the University of Maine Museum of Art subject to review and approval of final terms and conditions by the Treasurer and General Counsel.

05/15/2014
Susan J. Hunter  
Senior Vice President for Academic Affairs & Provost  
5703 Alumni Hall, Room 201  
Orono, Maine 04469  

Dear Dr. Hunter,

The City would like to take the opportunity to thank you for the dynamic presence that the University of Maine Museum of Art has in Downtown Bangor. With incredible exhibitions programming, permanent collection, community outreach, and the diverse array of events you host, the Museum has been a critical piece of the Downtown arts and culture scene for many years. In addition, the Museum has contributed greatly to the current downtown revitalization efforts and our ability to increase tourism to the region. With over 13,000 visitors annually, the Museum of Art provides important cultural arts opportunities for citizens and those who visit the Bangor region.

We are aware that the Museum’s current lease will expire in 2016 and it is our hope that the Museum will remain in Downtown Bangor and continue to grow here. In 2001, the City of Bangor was pleased to collaborate with the University of Maine to move the Museum from campus to downtown. Our reputation as an arts and culture destination is a key part of our economic development efforts. Having the presence of the University of Maine Museum of Art in Downtown benefits residents, visitors, and the City is countless ways. Please know how grateful we are for your ongoing contributions to the cultural life of Bangor and the region.

Sincerely,

Catherine M. Conlow  
City Manager

CC: Paul Ferguson, President  
Janet Waldron, Vice President for Administration and Finance  
George Kinghorn, Director, Museum of Art

73 Harlow Street • Bangor, Maine 04401
Office of the City Council

April 9, 2014

Dear President Ferguson:

We, the nine members of the Bangor City Council, would like to affirm our support for the University of Maine Museum of Art and express our interest in having the Museum remain in Downtown Bangor as a cornerstone of the arts for years to come.

The City of Bangor played a pivotal role in the relocation of the Museum of Art to Downtown Bangor over twelve years ago. What a success this partnership has been! With over 14,000 visitors annually, the Museum has been a key part of the economic and cultural development of our community. The Museum is now one of our primary cultural assets and an important aspect of the quality of life for Bangor citizens and those of the surrounding communities.

We are grateful that the University of Maine has chosen to share its wonderful art collection and programming with the people of this region. The quality of artwork your museum exhibits is stimulating and rewarding for audiences young and old alike. Since attendance is free, many people have been able to enjoy the artwork and exhibits who might not otherwise have been able to.

Perhaps most importantly, locating the Museum in Downtown Bangor has served to strengthen the bonds between the University community and the City of Bangor. Too often we have functioned in separate spheres yet there are continual opportunities for collaboration and cooperative effort. The Museum is a wonderful presence for the University of Maine here in Bangor and we hope that it will remain so for many years to come.

Benjamin A. Sprague, Council Chair
Patricia A. Blanchette, Council Chair
Pauline B. Civiello, Council Chair
Joseph M. Baldacci, Councilor
Nelson E. Durgin, Councilor
James D. Gallant, Councilor
Gilbran V. Graham, Councilor
David S. Nealley, Councilor
Joshua R. Plourde, Councilor