AGENDA ITEM SUMMARY

1. NAME OF ITEM: Dow Chapel Disposal, UMA
2. INITIATED BY: James H. Page, Chancellor
3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

The University of Maine at Augusta pursuant to Trustee Policy 802 requests approval of the Board of Trustees to dispose of Dow Chapel on the Bangor campus.

Board Policy 802 states, in part, that “the University of Maine System may dispose of, lease or license use of real property when it has been determined that the action is in the best interests of the System….The planning for Disposal of Real Property shall be administered by the University System Office and presented to the Board for approval.....”

Dow Chapel is one of the former military buildings deeded to the University of Maine System in 2001 and which now comprise the UMA Bangor Campus. Built in the mid 1950's, the approximately 11,000 square foot facility has a modest second story balcony that overlooks a 4,500 square foot sanctuary. The building includes two classrooms and four offices. Pursuant to the 1971 deed restriction and upon guidance of University Counsel, Dow Chapel may only be used for religious purposes.

The University has not used the facility for a decade and has no present or anticipated future plans for the use of the facility for its own purposes. Given the deed restriction, the University has rented the building to a local church on a month-to-month basis for approximately 10 years. The current tenant has access to an adjacent parking area that is shared with the University. In light of this, the continued use of the facility for such a purpose is not expected to conflict with needs or operation of the University of Maine at Augusta’s campus in Bangor.

UMA Bangor’s current annual operating costs for the facility are estimated to be $36,000. The rent from the facility has been $21,600 annually. The Chapel is in need of major maintenance. It does not meet current accessibility standards for individuals with disabilities. Disposition of Dow Chapel will result in a decrease in UMA’s operating, deferred maintenance and depreciation budgets.
The University, since 1999, has sold or demolished 11 facilities and nearly 180,000 square feet of space on the Bangor campus and will continue to look at its space needs as it works to renovate and improve the campus to meet mission of the institution. The disposition of Dow Chapel will further reduce the square footage of the Bangor campus by 11,000 square feet or 6 percent. Dow Chapel is one of the older buildings on the Bangor campus and has been identified as one with a renovation age of greater than 50 years and a net asset value of less than 31 percent, according to Sightlines.

The University recently engaged the services of a commercial real estate appraiser to appraise Dow Chapel. The appraiser’s report, which took into account the conditions under which the building would be sold, indicated that Dow Chapel has a value of approximately $55,000. The University of Maine at Augusta would seek to dispose of the facility first by publicly advertising the sale of the building with the following conditions:

- The structure would be sold “as-is” to the highest responsible bidder.
- The purchaser must continue to use the building for religious purposes in accordance with the existing deed restrictions.
- The University and the successful bidder will negotiate a long-term lease of a parcel of land on which Dow Chapel sits. The land lease will allow the successful bidder the use of the parking lot and access to the utility lines. The lease will be subject to review and approval by University Counsel and the Treasurer.
- The University will seek first refusal, a reverter clause or other such rights to protect its interests in the event the purchaser can no longer continue to operate Dow Chapel in accordance with the deed restrictions.
- The new owner will be required to maintain the building in accordance with current building codes/standards.

If no sale satisfactory to the University resulted from this process, the University would pursue alternatives, such as listing the property in the marketplace or direct negotiations with potential buyers. If a sale still did not result, the University would seek to dispose of the facility by demolition.

5. TEXT OF PROPOSED RESOLUTION:

That the Board of Trustees authorize the disposal of Dow Chapel located on the University of Maine at Augusta campus in Bangor by sale or demolition and a long-term ground lease for sufficient property associated with the chapel to permit its reasonable use, all contingent on review and approval by the Treasurer and University Counsel of the terms and all final documents necessary to the transaction.

01/17/2013