September 5, 2018

TO: Members of the Finance/Facilities/Technology Committee

FR: Ellen N. Doughty, Clerk of the Board

RE: September 13, 2018 Finance/Facilities/Technology Committee Meeting

The Finance/Facilities/Technology Committee will meet from **9:00 am to 9:30 am on September 13, 2018.** The meeting will be located at the University of Maine System Executive Offices, Rudman Conference Room, 253 Estabrooke Hall, 15 Estabrooke Drive in Orono. In addition to the Estabrooke Hall location, the following conference call connection will also be available:

**Phone: 1-800-605-5167 code 743544#**

The meeting materials will be posted to the Diligent Board Portal as well as the Board of Trustees website (http://www.maine.edu/about-the-system/board-of-trustees/meeting-agendas/finance-facilities-committee/).

If you have questions about the meeting arrangements or accessing the meeting materials, please call me at 581-5840. If you have any questions or desire additional information about the agenda items, please call Ryan Low at 581-1541.

cc: James Page, Chancellor
    Trustees who are not members for the FFT Committee
    Presidents
    Robert Neely/Kay Kimball
    Ryan Low
    David Demers
    Tracy Elliott
    Chip Gavin
    Miriam White
University of Maine System
15 Estabrooke Drive, Orono

Directions to the UMS located on the UMaine Campus

From the South on I-95: take exit 191 to Kelly Road and turn right. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Mason Road. Estabrooke Hall is the building on the right after Lengyel.

From the North on I-95: take exit 191 to Kelly Road and turn left. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Mason Road. Estabrooke Hall is the building on the right after Lengyel.

The UMS is located on the 2nd floor of Estabrooke Hall. Enter Estabrooke Hall from the back of the building, the entrance closes to Deering Hall.
Board of Trustees

Finance, Facilities & Technology Committee

September 13, 2018, 9:00 am to 9:30 am
Rudman Conference Room, 253 Estabrooke Hall, Orono
Phone Option: 1-800-605-5167, Code 743544#

AGENDA

Tab 1 - Short-Term Housing, UMA

Action items within the Committee purview are noted in green.
Items for Committee decisions and recommendations are noted in red.
AGENDA ITEM SUMMARY

1. NAME OF ITEM: Short-Term Housing, UMA
2. INITIATED BY: Karl W. Turner, Chair
3. BOARD INFORMATION: BOARD ACTION: X
4. OUTCOME: BOARD POLICY:
   - Increase enrollment
   - Improve student success and completion
   801 - Acquisition of Real Property
5. BACKGROUND:

The University of Maine System acting through the University of Maine at Augusta (UMA) requests approval to enter a lease for a 38-bed student housing facility located at 2 Coos Lane, Hallowell, Maine. The lease costs are to be paid by the University from student housing fees from residents of the facility and from tuition revenue associated with increases in credit hours resulting from the availability of the facility.

This request is pursuant to Board of Trustee Policy 801, which requires Trustee approval for any real property lease of more than five years’ duration and $100,000 in value. The proposed lease would have a cost of approximately $1.5 million over the first five years. With optional renewals, the total cost and term could reach $5.3 million and 15 years.

This effort is consistent with the priority outcomes set forth by the Board of Trustees to increase enrollment and improve student success and completion. In particular, the lease provides student residential housing for UMA’s Augusta campus and is intended to support enrollment growth in key academic programs including Aviation, Architecture, Music and Nursing. For example, assuming a 92 percent occupancy rate with 20 percent out of state students, this initiative is projected to yield an incremental 918 credit hours and approximately $300,000 in tuition and revenue annually.

This request is also before Trustees in connection with the increase in space at UMA, albeit privately-owned leased space with termination options for the University and not an increase in permanent University-owned space. The proposed lease would involve a three-story, brick masonry, 18,000 square-foot building in a historic district.

This initiative and request to enter this lease is also further consistent with the update provided to the FFT Committee in July 2018 and the guidance provided by the FFT Committee regarding housing at UMA in April of 2017.

The lease would make available 20 furnished student residential units containing a total of 38 beds within the Stevens Building at the Stevens Commons, which is the former Stevens School Campus just off Winthrop Street in Hallowell. Thirty-two beds will be available on August 1, 2019 and the remaining beds will be move-in ready by January 1, 2020.
This student housing proposal is the result of a public, competitive solicitation (RFP2018-81) which was advertised by the University on May 24, 2018, and to which multiple responses were received. An award to Mastway Development, LLC, contingent on Trustee approval and other considerations, was issued on August 10, 2018.

This particular proposal emerged as the top-scoring proposal in that public, competitive process. The facility is in close proximity to Augusta’s I-95 interchanges and only 5 miles to the University of Maine at Augusta, with an average drive time of 10-12 minutes. The Kennebec Explorer also regularly stops within walking distance of Stevens Commons and also stops at the UMA Augusta campus.

The proposed lease would have an initial lease term of 5 years and would have a maximum estimated cost of approximately of $1.5 million over that period. Two optional renewals of 5-years each are contemplated, and the maximum cost could reach $5.3 million if both are exercised. The cost includes an $84,132 cap in annual operating costs.

The initial term of the lease before Trustees today would commence on August 1, 2019. A security deposit of $25,650 is also due upon execution of the lease. In addition to the lease commitment, the University will also invest approximately $25,000 to furnish two common rooms and a small fitness area.

If the University chooses to terminate the lease before 5 years, it would be responsible to pay a termination fee as follows: after year 1, $220,000; after year 2, $165,000; after year 3, $110,000; and, after year 4, $55,000.

A protest was received in this matter from a non-selected bidder and the University’s determination has been upheld. That determination can yet be appealed under university policy. Barring any such further appeal being received by the University within the period allotted by policy, the text of the proposed resolution is below.

While the University at this time has not executed an agreement, pending Trustee approval, the private developer of the winning proposal may submit materials to the municipal planning board as soon as September 5 or shortly thereafter in order to present the project to that board at its meeting September 19, 2018. Those steps are intended to help achieve the timeline for UMA occupancy outlined in this document.

### 6. TEXT OF PROPOSED RESOLUTION:

That the Finance/Facilities/Technology Committee forwards this item to the Consent Agenda at the September 16-17, 2018 Board of Trustees meeting for the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee to authorize the University of Maine System acting through the University of Maine at Augusta to enter a lease for student residential space with Mastway Development, LLC or its successor organization for an initial 5-year period an initial cost of approximately $1.5 million and with optional renewals for a maximum term of 15 years and cost of up to $5.3 million, subject to review and approval of the final terms and conditions by the University’s General Counsel and Treasurer.
Presentation of Stevens Commons

for University of Maine at Augusta
Introductions

• **Matt Morrill** (Mastway Development, Founder)
  • Lives in Winthrop, Wife Tammy and two children
  • Wentworth Degree in Architectural & Civil Engineering
  • Owner of Grandview Builders – Custom Home Builder for 15 years
  • Developer of Hallowell Overlook
  • Owner of Mastway Development, LLC

• **Michael Sabatini, P.E.** (Mastway Development, Member)
  • Lives in Camden, Wife Kelli and three children
  • Co-Owner of Landmark Corporation Surveyors & Engineers – 16 years
  • Project Manager of $30M worth of real estate development – 8 years

• **Traverse Fournier** (Trusted Consultant)
  • Lives in Yarmouth, Wife Sharon and two *children*
  • *Owner of Maine Street Capital– Since 2014*
  • *Combined with previous banking experience closed over $1 Billion in financing*
Stevens Commons

Agenda

1. What is the vision for Stevens Commons?
2. What is happening now?
3. Why is UMA-Housing a good fit at SC?
4. Our proposal and execution
5. Meeting Topics

Cultivating community through conservation, restoration, and partnership
Stevens Commons Vision

Public Gathering Space

Cultivating community through conservation, restoration, and partnership
Stevens Commons Vision

Public Access and Interconnectivity

Cultivating community through conservation, restoration, and partnership
Stevens Commons Vision

Onsite Amenities and Services

Cultivating community through conservation, restoration, and partnership
Stevens Commons Vision

New Housing Options in Historic Buildings

Cultivating community through conservation, restoration, and partnership
Stevens Commons Vision

Cultivating community through conservation, restoration, and partnership
Stevens Commons

What is happening now?
Stevens Commons

What is happening now?

Roadway and Infrastructure
Stevens Commons

What is happening now?

Baker Building
Stevens Commons

What is happening now?
Admin Building Restoration
Stevens Commons

What is happening now?

CHOM Elderly Affordable Housing
Stevens Commons

What is happening now?

Fire Station
Stevens Commons

What is happening now?

Farmers Market
Stevens Commons

Plans for the future?

• Additional office use in Baker and Admin
• Stevens Building Café and catering
• **Stevens Building UMA Student Housing**
• Utilize public green for events with on-site catering and boutique inn
• Multi-unit, duplex, and single family housing
• Stevens Arts and Creative Center in the Erskine Building
Why is UMA Student Housing a good fit at Stevens Commons?
Why is UMA-Housing a good fit at SC?
Near campus and Access to I-95
Less than 5 miles and a 10 minute drive
Stevens Commons

Why is UMA-Housing a good fit at SC?

Public Transportation

KVCAP

Kennebec Explorer

1.1 Finance, Facilities, Technology Committee Meeting - Short-Term Housing, UMA

24
Why is UMA-Housing a good fit at SC?

Walkability and Site Amenities:
• Retail and Restaurants just down the hill on Water Street (via sidewalks)
• Possible on site amenities, health club, spa, café, art/maker space
• On-site walking paths, preservation land, and trails to Howard Hill preserve
Stevens Building

Why is UMA-Housing a good fit at SC?

Campus Setting
Inspiration for Architecture students
Safe and Inviting place to be
Stevens Commons

Why is UMA-Housing a good fit at SC?

Satisfies a strategic plan goal

“Explore and leverage new student housing options to grow signature programs such as Architecture and Aviation as well as attract out of state and international students”
Stevens Commons

Proposal Options and Execution

1. Options 1 & 2
2. Schedule

Topics for Discussion

1. Parking
2. Heating and electric costs for each room
3. Internet / Wifi Services
4. Student Common Areas
5. Room Layouts

Cultivating community through conservation, restoration, and partnership
Options 1 & 2

Option 1 (Formal response to RFP)
• 5-Year term
• Monthly rent per bedroom $675
• Gross Lease with expense cap
• Diminishing termination fee

Option 2 (for consideration)
• 10-Year term
• Monthly rent per bedroom $625
• Gross Lease with expense cap
• No termination clause
Schedule and Execution

- Award and Lease Negotiations is important
- Design and Permitting must begin upon award
- Execution feasibility (Design Team and Self Perform early tasks)
- Phased Delivery
Parking

Parking Needed
• 1 per bed = 38 spaces
• Café 1 space/3 seats = 13 spaces
• Total 51

Parking Provided
• Total 51
# Heating and Electric Costs

**Heat and Electric Costs**  
$70/Bed/Month  
Including other expenses  
$96/Bed/Month  
$1,152/Bed/Year  
$3648/Month  
$43,736/Year  
$2,084/Year/Apartment

## Financial Details

### Option 1 - Five Year Lease

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Units</th>
<th>Monthly Per Unit Cost</th>
<th>Total Monthly Cost</th>
<th>Included in Gross Rent - University Responsibility (Yes/No)</th>
<th>Not Included in Gross Rent - University Responsibility (Yes/No)</th>
</tr>
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<tbody>
<tr>
<td>Gross Rent Amount</td>
<td>38</td>
<td>$75.00</td>
<td>$2,850.00</td>
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<td></td>
<td>0</td>
<td>$0.00</td>
<td>0.00</td>
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<tr>
<td></td>
<td>0</td>
<td>$0.00</td>
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<td>0</td>
<td>$0.00</td>
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### Administrative

<table>
<thead>
<tr>
<th>Description</th>
<th>Monthly Per Unit Cost</th>
<th>Total Monthly Cost</th>
<th>Included in Gross Rent - University Responsibility (Yes/No)</th>
<th>Not Included in Gross Rent - University Responsibility (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail/ Lease</td>
<td>$675.00</td>
<td>$26,682.00</td>
<td>Yes</td>
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</tr>
<tr>
<td>Management Fee</td>
<td>13.00</td>
<td>195.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water/Sewer</td>
<td>$6.00</td>
<td>364.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>20.00</td>
<td>760.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Heat/Hot Water</td>
<td>50.00</td>
<td>1,900.00</td>
<td>Yes</td>
<td></td>
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<tr>
<td>Information Tech</td>
<td>0.00</td>
<td>0.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Security - Card Access</td>
<td>6.00</td>
<td>60.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Internet/WIFI</td>
<td>12.00</td>
<td>456.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Basic Cable TV</td>
<td>4.00</td>
<td>224.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>35.00</td>
<td>1,233.00</td>
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### Maintenance

<table>
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<tr>
<th>Description</th>
<th>Monthly Per Unit Cost</th>
<th>Total Monthly Cost</th>
<th>Included in Gross Rent - University Responsibility (Yes/No)</th>
<th>Not Included in Gross Rent - University Responsibility (Yes/No)</th>
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</thead>
<tbody>
<tr>
<td>Building Maintenance</td>
<td>21.50</td>
<td>809.40</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Grounds Maintenance</td>
<td>5.00</td>
<td>190.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Snow Removal</td>
<td>5.50</td>
<td>390.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Trash Removal</td>
<td>1.80</td>
<td>66.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Pest Control</td>
<td>2.00</td>
<td>76.00</td>
<td>Yes</td>
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</tr>
</tbody>
</table>
Per study by ForRent.com, the average annual apartment utility costs is:

$1813/Year/Apartment

Our Proposal:

$2,084/Year/Apartment, conservatively 15% higher to account for inefficient use

Portland Student Housing:

$1,093 per Bed/Year

Our Proposal:

$1,152 per Bed/Year
Internet and Wifi Services

Per discussions with ISP, Firstlight we can provide 100 Mb/s symmetric fiber optic service for the $400/mo. We will equip the building with wifi as well as Cat6 wires in the rooms.
Student Common Areas

Student Lounge

2nd Floor
Student Common Areas

Student Lounge and Fitness Center
Room Layouts – 3rd Floor
Room Layouts – 1st Floor

<table>
<thead>
<tr>
<th>Suite Number</th>
<th>Unit Description</th>
<th>Sq.Ft</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>1 Bedroom, 1 Bath w/ Kitchen, Dining</td>
<td>720</td>
<td>1F</td>
</tr>
<tr>
<td>102</td>
<td>2 Bedroom, 1 Bath w/ Kitchen, Dining</td>
<td>970</td>
<td>1F</td>
</tr>
<tr>
<td>103</td>
<td>3 Bedroom, 1 Bath w/ Kitchen, Dining</td>
<td>1200</td>
<td>1F</td>
</tr>
</tbody>
</table>

LARGE COMMON AREAS:悲伤, STUDENT MEDIA LOUNGE, ELEVATOR, FITNESS CENTER & CAFÉ.
UMA Student Housing Suite Features

- Shared Kitchen, Living, Dining, and Bath
- Private Bedrooms
- Sun Filled Rooms
- Open Layout

Open Layout
Private Bedrooms
Shared Kitchen, Living, Dining, and Bath
Sun Filled Rooms

[Image of floor plan and interior view]
The new home of
UMA - Student Housing
## Key Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Low</th>
<th>Base</th>
<th>High</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of Beds</td>
<td>38</td>
<td>33</td>
<td>5</td>
<td>33 available in Fall 2019, remaining 5 in Spring 2020</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>92%</td>
<td></td>
<td></td>
<td>This translates to 3 empty beds not generating revenue</td>
</tr>
<tr>
<td>% Var - Instruc Cost</td>
<td>67%</td>
<td></td>
<td></td>
<td>Leverage under utilized capacity in Gen. Ed.</td>
</tr>
<tr>
<td>% Incr Credit Hrs</td>
<td>90%</td>
<td></td>
<td></td>
<td>Housing will generate strong incremental CH</td>
</tr>
<tr>
<td>% Out of State</td>
<td>20%</td>
<td></td>
<td></td>
<td>Housing will attract a component of out-of-state students</td>
</tr>
<tr>
<td>Annual CH/ Bed</td>
<td>30</td>
<td></td>
<td></td>
<td>Housing supports FT students earning 30 CH annually</td>
</tr>
<tr>
<td>Monthly Rent</td>
<td>675</td>
<td></td>
<td></td>
<td>Direct pass-through of actual rent expense</td>
</tr>
</tbody>
</table>

### Administrative Support

- **# of RA’s:** 2  
  Room for 2 RA’s is worth: $16,200
- **# Prof. Staff in Residence:** 1  
  Total compensation cost is: $60,746 plus housing worth $8,100
- **Stipends for rotating call duty:** 12,000  
  Total compensation cost is: $18,408

### Summary P&L

<table>
<thead>
<tr>
<th></th>
<th>Annual</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Revenue</td>
<td>259,200</td>
<td>32 beds generating revenue, assumes 92.0% occupancy rate</td>
</tr>
<tr>
<td>Tuition and Fee Revenue</td>
<td>303,124</td>
<td>90% of credit hours are assumed incremental (includes the RA’s)</td>
</tr>
<tr>
<td>Less: Discount</td>
<td>(30,312)</td>
<td>Per UMS tuition discount report</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>532,011</td>
<td>90% of credit hours incremental</td>
</tr>
<tr>
<td><strong>Memo: Incremental Credit Hours</strong></td>
<td>918</td>
<td></td>
</tr>
</tbody>
</table>

### Costs

- **Facility Rental:** 307,800  
  Per RFP Pricing; Assumes cap is not exceeded
- **Activities & Programming:** 8,500  
  Assumes $250 per occupied bed annually
- **Instructional Cost:** 132,782  
  Assumes instructional costs are 67% variable
- **Staff Support:** 79,154  
  (Doesn’t include housing benefit)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>528,236</td>
</tr>
<tr>
<td><strong>Surplus/ (Deficit)</strong></td>
<td>3,775</td>
</tr>
</tbody>
</table>

### Sensitivity Analysis

#### Result of Varying Each Assumption Separately

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Low Downside</th>
<th>Base Case</th>
<th>High Upside</th>
<th>Low Downside</th>
<th>Base Case</th>
<th>High Upside</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Var - Instruc Cost</td>
<td>100%</td>
<td>67%</td>
<td>33%</td>
<td>(62,616)</td>
<td>3,775</td>
<td>70,166</td>
</tr>
<tr>
<td>% Incr Credit Hrs</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
<td>(26,537)</td>
<td>3,775</td>
<td>34,088</td>
</tr>
<tr>
<td>% Out of State</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>(23,572)</td>
<td>3,775</td>
<td>31,122</td>
</tr>
<tr>
<td>Annual CH/ Bed</td>
<td>27</td>
<td>30</td>
<td>33</td>
<td>(10,228)</td>
<td>3,775</td>
<td>17,778</td>
</tr>
<tr>
<td>Occupancy Rate%</td>
<td>90%</td>
<td>92%</td>
<td>95%</td>
<td>(8,193)</td>
<td>3,775</td>
<td>15,744</td>
</tr>
<tr>
<td>Monthly Rent</td>
<td>650</td>
<td>675</td>
<td>700</td>
<td>(5,825)</td>
<td>3,775</td>
<td>13,375</td>
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