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AUTHORIZATION FOR LEASE AGREEMENT
FOR SPACE AT 20270 GOLDENROD LANE, GERMANTOWN, MARYLAND

BACKGROUND

The Germantown Campus vice president and provost is requesting additional educational space to operate the academic program on the Germantown Campus. Six additional classrooms are required at this time until renovations of the Sciences and Applied Studies building are completed. Space totaling 13,883 rentable square feet is available at a commercial office building adjacent to the Germantown Campus at 20270 Goldenrod Lane, Germantown, Maryland.

The Cybersecurity/Networking program is one of the largest and fastest growing programs on the Germantown campus and it is expected to increase due to significant growth in the industry. This program will be moved to the commercial office building and training in partnership along with Lockheed Martin Corporation would be offered at this location. In addition, several key offices would also be relocated: (a) the Bill and Melinda Gates Foundation t-STEM grant manager and adviser to support the remaining three years of the grant; (b) the chief science officer and Clinical Trial Project Management programs; (c) the Workforce Development & Continuing Education office would be relocated to this building from the Humanities and Social Sciences building extending that current space for the Humanities department needs; and (d) should the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant be funded, that program would also be housed in this building. There is also a critical need for adjunct faculty to have office space for meetings with students. This space would also be a viable location for these purposes.

CORE ROCK Enterprises, LLC, is the current owner of the 20270 Goldenrod Lane property and, has proposed a 10-year lease of 13,883 rentable square feet (entire second floor plus the lobby/common area on the first floor) for an annual lease fee of $319,309 based on a proposal of $23 per square foot. The lease proposal also includes a provision to terminate the lease after seven years from the day it is occupied and the first year will include rental abatement at 50 percent of the initial base rent (or $159,655 for the first year cost). The square-foot rate is comparable to rates in the area for similar space. The proposal is for a full-service lease to include daily custodial service, trash removal, maintenance, management, utilities, repairs, building insurance, real estate taxes, and 57 parking spaces. There will be an annual three percent cost escalation after the first year and each year thereafter for the term of the lease. Full turnkey build-out will be done at the landlord’s expense per the space plans approved by the College and the landlord. Substantial completion of the new space is expected in the summer of 2014.

Board approval is required for lease actions over $25,000. Sufficient funds are available in the FY13 operating budget.
RECOMMENDATION

It is recommended that the Board of Trustees authorize the president to negotiate and execute a lease agreement for a 10-year period ending June 30, 2024, with a right to terminate the lease at the end of the seventh lease year, with CORE ROCK Enterprises, LLC, Germantown, Maryland, for a total of 13,883 rentable square feet on the first and second floor of 20270 Goldenrod Lane, Germantown, Maryland, for an annual lease amount of $319,309, less the negotiated rental abatement for the first year only, plus a three percent annual escalation after the first year and a percentage share of actual annual operating expenses. This percentage shall be based on the actual operating expenses of the building during calendar year 2012 plus an estimated allowance of $1,400 to account for lighting energy of vacant spaces that were unoccupied during calendar year 2012.

BACKUP INFORMATION

Board Resolution
Policy 73001—Leasing of Facilities

SENIOR RESPONSIBLE ADMINISTRATORS

Dr. Pearl
Dr. Wormack

RESOURCE PERSONS

Mr. Johnson
Dr. Rai
Ms. Sherman
Dr. Yeatts
Subject: Authorization for Lease Agreement for Space at 20270 Goldenrod Lane, Germantown, Maryland

WHEREAS, the senior vice president for academic affairs and the interim senior vice president for administrative and fiscal services has requested a lease agreement for rental space at 20270 Goldenrod Lane, Germantown, Maryland, for the purpose of providing additional academic space due to increased enrollment; and

WHEREAS, 13,883 rentable square feet of available space in a commercial office building adjacent to the Germantown Campus at 20270 Goldenrod Lane in Germantown, Maryland, meets all College requirements for the academic space needs; and

WHEREAS, the vice president of finance certifies that funds are available in the College’s FY13 operating budget to enable the College to award the lease agreement as recommended; and

WHEREAS, the director of procurement affirms that this location meets the College’s needs for location and timetable and also provides economies of scale due to adjacencies with other College units and services; and

WHEREAS, the vice president of facilities and security requested and received a proposal from the property owner, CORE ROCK Enterprises, LLC, that meets the College’s requirements at a reasonable cost; and

WHEREAS, Board of Trustees approval is required for lease agreements with a rental obligation in excess of $25,000 per year; and

WHEREAS, the president of the College recommends the following action; now therefore be it

Resolved, That the president is authorized to negotiate and execute a 10-year lease ending June 30, 2024, with a cancellation clause after the seventh lease year, with CORE ROCK Enterprises, LLC, for 13,883 rentable square feet of space at 20270 Goldenrod Lane, Germantown, Maryland, at a cost of $319,309 per year, less 50 percent ($159,655) negotiated for rent abatement for the first year only, plus a three percent annual escalation cost after the first year, and a share of annual operating costs beginning in year two of actual annual operating expenses. This percentage shall be based on the actual operating expenses of the building during calendar year 2012 plus an estimated allowance of $1,400 to account for lighting energy of vacant spaces that were unoccupied during calendar year 2012.