
SUBJECT: Executive Session Notes for April 9, 2014

The Board of Trustees of Salem State University voted unanimously to go into Executive Session on Wednesday, April 9, 2014, in Room 210 of Marsh Hall, located on Central Campus of Salem State University.

Board Secretary Fleischman took the roll at 6:38 pm; voting in the affirmative to enter executive session were Trustees Abdo, Booker, Burns, Davis, Lancome, Mattera, Quiroga, Scott, and Segal.

The purpose of the session was to discuss rental terms for two properties, 68 Loring Avenue and 287-291 Lafayette Street, both in Salem. These actions were recommended by the Finance & Facilities Committee therefore Trustee Quiroga described the need for the two actions.

Trustee Quiroga began by affirming the intent to enter into a sublease with the Salem State University Assistance Corporation for the property at 68 Loring Avenue. She then presented the motion as written.

Motion: The Board of Trustees of Salem State University hereby affirms its intent to enter into a sublease and hold harmless agreement with the Salem State University Assistance Corporation (the “corporation”) for certain premises located at 68 Loring Avenue leased from AVV Realty Trust.

That Patricia Maguire Meservey, president of Salem State University (the “university”) and/or her designee are authorized and directed, for and on behalf of the university, to enter into, execute and deliver a sublease and hold harmless agreement between the university and the corporation with respect to the 68 Loring Avenue premises, on such terms as may be approved by any one or more of such officers, pursuant to which the university shall (i) sublease the 68 Loring Avenue premises from the corporation (the “Loring Avenue Sublease”), (ii) assume all of the corporation’s rights and obligations under the Loring Avenue Lease, and (iii) indemnify and hold the corporation harmless from all expenses and liabilities relating to the Loring Avenue Lease, the Loring Avenue Sublease and the Loring Avenue Premises.

Terms of the lease are:

Commencement Date: May 1, 2014

Term: 5 years

Rent: years 1-3 \$3,000/month (\$9/sf)
 years 4-5 \$3,500/month (\$10.50/sf)

Condition: **As is. Landlord is responsible to maintain structural components, building systems and roof.**

Option: **5 additional years at FMV rent**

That, Patricia Maguire Meservey, president and/or her designee are authorized and directed, for and on behalf the university, to take any and all actions as they may deem necessary or advisable, including the entering into, execution and delivery of any and all contracts, agreements and other documents or certificates as they deem necessary or appropriate to effect the transactions contemplated by the foregoing resolutions, the taking of such other actions and the execution of any such documents, certificates or agreements to be conclusive evidence that the same have been approved by the board of trustees of Salem State University.(FF-14-06EX)

Trustee Mattera asked for clarification on the purpose of the rental. The president explained that with the renovation of the Mainstage, space would be needed for the scene shop and that in the future, it would be used for storage of maintenance equipment. Trustee Segal inquired about how the rental would be paid for. The president explained that the rental costs would be covered in the operating budget; the details of which were discussed in the committee meeting and are in the committee report. Trustee Segal asked for confirmation on the source of the funds in the operating budget that would cover this expense, which the president detailed as student fees.

Trustee Mattera asked how this rental fits in the university’s long-term plans. The president described the property’s strategic location next to the Weir property. At this time, the owner is asking too much for the property. In response to a question about tenancy-at-will from Trustee Davis, President Meservey explained that the lease would have a five-year term and that we are trying to incorporate a rent-to-own option.

With the discussion concluded, the chair called for a vote.

Board Secretary Fleischman polled the members:

In favor: Abdoo, Booker, Burns, Davis, Lancome, Mattera, Quiroga, Scott
Against: None
Present: Segal

The motion passed.

Trustee Quiroga then presented the next motion for consideration.

Motion: The Board of Trustees of Salem State University hereby affirms its intent to enter into a sublease and hold harmless agreement with the Salem State University Assistance Corporation (the “corporation”) for certain premises located at 287-291 Lafayette Street

leased from Renewal Ventures LLC.

That Patricia Maguire Meservey, president of Salem State University (the “university”) and/or her designee are authorized and directed, for and on behalf of the university, to enter into, execute and deliver a sublease and hold harmless agreement between the corporation and the university with respect to the Lafayette Street premises, on such terms as may be approved by any one or more of such officers, pursuant to which the university shall (i) sublease the Lafayette Street premises from the corporation (the “Lafayette Street Sublease”), (ii) assume all of the corporation’s rights and obligations under the Lafayette Street Lease, and (iii) indemnify and hold the corporation harmless from all expenses and liabilities relating to the Lafayette Street Lease, the Lafayette Street Sublease and the Lafayette Street Premises.

Terms of the lease are:

Commencement Date:	July 2015
Term:	25 years
Rent:	years 1-2 \$310,000/year (\$15.58/sf)
	years 3-10 2.5% incr/yr \$347,500/year (\$17.46/sf)(average)
	years 11-20 \$434,360/year (\$21.83/sf)
	years 21-25 \$499,515/year (\$25.10/sf)

Maintenance: **Tenant responsible for all maintenance of the building and grounds**

Condition: **Space to be constructed to SSU specifications**

Extension Option: **5 additional years at \$499,515/year (\$25.10/sf)**
10 additional years at \$574,442/year (\$28.87/sf)
10 additional years at \$660,608/year (\$33.20/sf)

Purchase Option: **Commencing at end of initial 25 year term, \$1,100,000 plus inflation factor to be determined**

That, Patricia Maguire Meservey, president and/or her designee are authorized and directed, for and on behalf the university, to take any and all actions as they may deem necessary or advisable, including the entering into, execution and delivery of any and all contracts, agreements and other documents or certificates as they deem necessary or appropriate to effect the transactions contemplated by the foregoing resolutions, the taking of such other actions and the execution of any such documents, certificates or agreements to be conclusive evidence that the same have been approved by the board of trustees of Salem State University. (FF-14-07EX)

President Meservey explained the need for the property with regard to the academic programs that could be relocated in the renovated space and reviewed the related financials discussed at the Finance & Facilities Committee meeting executive session.

With the discussion concluded, the chair called for a vote.

Board Secretary Fleischman polled the members:

In favor: Abdo, Booker, Burns, Davis, Lancome, Mattera, Quiroga, Scott

Against: None

Trustee Segal recused himself from this vote, explaining that his law firm, Ronan, Segal & Harrington, represents the property developer.

The motion passed.

With no further business to be discussed in Executive Session, Chair Scott called for a motion to come out of Executive Session.

Upon a motion duly made by Trustee Lancome and seconded by Trustee Abdo, it was unanimously

VOTED: To adjourn from Executive Session

Board Secretary Fleischman took the roll at 6:59 pm; voting in the affirmative to exit executive session were Trustees Abdo, Booker, Burns, Davis, Lancome, Mattera, Quiroga, Scott, and Segal.

The Board came out of Executive Session and the meeting was adjourned.

Prepared by: J. Fleischman, Secretary to the Board of Trustees