

STATE PROPERTIES COMMITTEE

Tuesday, December 06, 2005

The meeting of the State Properties Committee was called to order at 10:05 A.M.

by Chairman Jerome F. Williams. Other members present were, Richard Woolley,

Esquire, Mr. Robert Kay, Public Member, Mr. Robert K. Griffith. Also present were,

Mr. John Ryan, Marlene McCarthy-Tuohy, Randy Rosenbaum, Mr. David Tracy and

Louis DeQuattro, from the Department of Administration; Mr. Robert Bromley, from the

Senate Fiscal; Stephen McAllister from the Board of Governors for Higher Ed; Albert V.

Randaldi Jr., Sue Sheppard, from the town of Lincoln; Mr. Larry Mouradjian, Ms. Mary

E. Kay from Department of Environmental Management; Ms. Valeria

Bianco and Mr.

Paul Carcieri for the Department of Transportation.

1. OLD BUSINESS

2. New Business – Miscellaneous – The next scheduled meeting of the State Properties

Committee is scheduled to be held on December 20, 2005.

The minutes of the meeting held on November 22, 2005 and November 29, 2005

were approved.

3. A meeting has been added on December 27, 2005.

ITEM A – DEPARTMENT OF ADMINISTRATION – Lease Agreement for the

Cranston Street Armory with Have No Fear Production has been deferred to the meeting

on December 20, 2005.

ITEM B - DEPARTMENT OF ADMINISTRATION – A request was made by

the Department for an approval of an Amendment to the Lease with Growing Children

of Providence based on a change of conditions. A change of ownership agreement will

be presented to the committee on December 20, 2005 for final signature.

ITEM C – DEPARTMENT OF HUMAN SERVICES – A request was made by

the Department for approval and signatures on Lease with Enterprise Center Properties

for space at 110 Enterprise Center, Middletown. The department moved in five years ago

and have approximately 9,400 square feet on the first floor in a brand new building in

that development. The State has an option for five additional years, will be taking. We

are currently paying \$17.56 a square foot and they have asked for a \$1.68 increase which

will stay constant for the next five years, for a total of \$19.25 a square foot. The monthly

amount is a little over \$15,000.00 and the yearly amount is approximately \$180,000.00.

The department has been extremely happy there and are looking forward to the next five

years.

A motion of approval was made by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

ITEM D – BOARD OF GOVERNORS FOR HIGHER EDUCATION – CCRI

A request was made for final approval and signature on a Lease with the Town of Lincoln

for land at the Flanagan Campus of CCRI in Lincoln. Town of Lincoln would like to

develop a little league field on eight acres of land that is not being used at this time by the

college, for a ten year term. A motion was made by Mr. Griffith and seconded by Mr.

Kay for approval subject to a cancellation agreement.

Passed Unanimously

ITEM E – OFFICE OF THE PUBLIC DEFENDER – A proposed Lease

agreement with Forward Paint, LLC for space located at 69 Richmond Street, Providence

was deferred to the meeting on December 20, 2005.

ITEM F – DEPARTMENT OF TRANSPORTATION – A proposed request for

approval and signatures on a Lease Agreement with Andrew J. Mitrelis for property

adjacent to 2 James Street, Providence has been deferred to the meeting on

December 20, 2005.

ITEM G – DEPARTMENT OF TRANSPORTATION –A request was made for

approval and signatures on a Consent to Assignment, R. B. Realty to Extell Providence,

LLC, Dyer Street and Garrahy Court House Parking, Providence. The department is

looking for a hold over pending future use of this property. This is not a new agreement,

this is a stopgap measure until they decide a future use of the properties. This lease will

be month to month instead of a six-month lease. This has been approved subject to

progression the future plans and the committee would like an update in five to six

months. A motion was made by Mr. Griffith and seconded by Mr. Woolley, Esquire.

Passed Unanimously

ITEM H – DEPARTMENT OF TRANSPORTATION – A request was made for

approval and signatures on an Amended Deed to Kimberly Enterprises, Inc., for property

located at 4116 Mendon Road, Cumberland. There was an engineering mathematical

mistake. The original area was 35,992 square feet and the area now is 38,732.7 square

feet. This does not effect the value of the property. A question was raised by the Chair

as to whether the original value was based on the 38,732.7 square feet. The department

responded that the value was based on the 38,732.7 square feet. A motion was made by

Mr. Griffith and seconded by Mr. Woolley, Esquire.

Passed Unanimously

**ITEM I – DEPARTMENT OF ENVIRONMENTAL MANAGEMENT-
Request**

**for approval and signatures on a Lease and Tripartite Agreement with
J & D Realty**

**Holdings, LLC for Lots 223 and 226 in the Port of Galilee has been
deferred to the meeting on December 20,2005.**

ITEM J – DEPARTMENT OF ENVIRONMENTAL MANAGEMENT – A

**request was made for approval to exercise Option to Renew and
Tripartite Agreement**

**with Deep Sea Holdings, Inc. and Citizens Bank of Rhode Island for
Lot 230A in the Port**

**of Galilee. Two items were included in this request, 1) request an
option for additional**

renewal of lease for five years from September 1, 2005 to August 31, 2010 and 2) a

Tripartite agreement between Deep Sea Holdings, Inc. and Citizens Bank concerning the

lease property in the Port of Galilee. The tenant notified the Department of

Environmental Management as early as April 14, 2005 that they requested exercise of

their renewal. They are in the process working with their lender (Citizens Bank) to

expand their business. The Tripartite agreement is identical to that of the Tripartite that is

currently in place with Citizens Bank dated back to September 12, 1995. As a result in

some cracks in the foundation that was allegedly caused by construction by the

Department of Environmental Management or by the State of Rhode Island, they have

filed litigation against the Department and the State of Rhode Island.

The department

sees this litigation as separate to the issue of the extended term.

There has been no

default by the tenant and there have been no problems with this tenant.

The Chair, Mr. Williams asked if the committee had any further questions: Mr.

Griffith stated that he was involved with the Litigation and that Cardi Corporation was

a Co-Defendant in the case and that he does not believe one has any bearing on the

other and that it will work its way through the system. He stated that Deep Sea holding

has the right to file a claim if they think that the activities of the contractor have

interrupted their business. Mr. Griffith does not see why this should

effect the terms and

conditions of the lease.

The Chair, Mr. Williams asked the amount of rent. The current amount for the

rent is \$12,368.50 monthly. This was based upon a previous appraisal and that the new

lease would be adjusted to reflect the new appraisal that is in the process of being done.

Deep Sea Holding is aware of this as well as the Bank.

The Chair, Mr. Williams has stated his concern for the fact that the appraisal has

taken so long and that people have signed leases subject to rental amounts to be based on

new appraisals. That if they do come back with a higher appraisal, tenants are going to be

coming back stating that they have a payment dating back to the approval of the lease and

that this is going to cause a hardship. Mr. Williams also stated that he is getting more and

more concerned and upset with the fact that these appraisals are taking so long.

A motion was made by Mr. Woolley to approve and seconded by Mr. Griffith

with subject to the appraisals being completed.

Passed Unanimously

Appraisal Process Update – The appraisal update was given by Mr. Larry

Mouradjian, presently Acting Associate Director for Natural Resource Management, for

Department of Environmental Management. He stated: We are currently in the process

of fulfilling this obligation. As we understand the Port of Galilee is to support the

commercial fishing industry. The department has been challenged in

hiring appraisers.

Based on the presumption that we would appraise it on a lease renewal period. Aldofo

and Tom Sweeney, have been hired to do the appraisals and have done roughly a dozen

thus far. There were deficiencies that the department noticed regarding methodology in

approach, these differences are a concern to us, and how it is equitably applied

throughout the tenancy. The department held a meeting to understand the classifications,

the physical location of our properties, and also address a difficult situation of sub-

tenancies.

We have four categories in which we will be appraising. 1) water front retail

tenant property able to support sub-tenants. 2) true commercial

Property with no

tenants. 3) single, commercial and industrial, use with waterfront value or no water

front value. 4) land that is totally disconnected from waterfront access and or water

benefit. This is the strategy that we are trying to use to resolve in these outstanding

issues.

After sitting down, Tom Sweeney understands and has taken on the challenge of

taking on the priorities of those that have come up for renewal. He will be assigned to

the highest and best used properties along the waterfront, and then end with the

properties that are totally disconnected. With the loss of the division chief,

superintendent of state piers and loss of the clerical administrative

support, it has been

very difficult to run our department as efficiently as we would like.

The Chair, Mr. Williams states that he understands that this is a very difficult

appraisal process, but the biggest concern is that it has been over a year and that this has

not been done. This is not being fair to the tenants. With the presentation update that

you have given it is not stated how long this is going to take and when it is going to be

done. The Chair requested a plan of action within a month.

ITEM K- DEPARTMENT OF ENVIRONMENTAL MANAGEMENT – A

request was made for approval and signatures on a Subordination, Non-Disturbance and

Attornment Agreement between Foundry Parcel Fifteen Associates

LLC, Eurohypo AG,

New York Branch and the Department. This lease expires December 11, 2005. This is

the normal term of their lease. David Tracy Attorney for the Foundry Group, states that

they are in the process of refinancing with Lender and this needs to be finalized. This is

the same lease that was signed in 1997. This is for a ten-year agreement.

A motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM L – DEPARTMENT OF LABOR AND TRAINING- John Ryan provided

an update on sale of 877 Broadway, East Providence. He stated that the State did

advertise for sale and requested sealed bids. Two bids were received and the Department

of Labor and Training was not happy with the bids that they received. They have

forwarded a letter to Brian Stern, Executive Director of Purchasing, requesting that he

reject the bid and that they would like to try the public auction process. They have had

better luck with that process in the past and were very happy with the results. The State

is also possibly seeking a short interim use for a small state agency.

There being no further business to come before the Committee, a motion to

adjourned was made by Mr. Griffith and seconded by Mr. Woolley, Esquire.

Meeting adjourned at 11:10 A.M.

Jeanne M. Rainey, Interim Executive Secretary