

STATE PROPERTIES COMMITTEE

Tuesday, March 14, 2006

The meeting of the State Properties Committee was called to order at 10:09 a.m. by Mr. Robert Griffith. Other members present were Mr. John Ryan, representing the Department of Administration and Genevieve Allaire Johnson, representing the Department of Attorney General. Also in attendance were Robert C. Bromely from the Senate Fiscal Office, Lisa Primiano from the Department of Environmental Management, Marlene McCarthy-Tuohy and Kevin Nelson from the Department of Administration, Paul Carcieri, Valeria Bianco, Marc Malkasian and Daniel Clarke from the Rhode Island Department of Transportation and Robert Christie and Valentino Lombardi from the Department of Labor and Training.

1. New Business – A motion was made to approve the February 28, 2006

minutes by Mrs. Allaire Johnson and seconded by Mr. Ryan.

Passed Unanimously

2. Old Business – A request was made by the Department of Environmental Management for signatures on a Purchase and Sale Contract for the acquisition of a Conservation Easement over 15 acres of land in Westerly, owned by the Weekapaug Foundation for Conservation. Said Purchase and Sale Contract was approved at the State Properties Committee Meeting held on February 28, 2006, however, the paperwork was not available at that time. The Purchase

and Sale Contract was circulated and executed by each of the Committee Members.

Additionally, a request was made by the Department of Environmental Management for signatures on a Purchase and Sale Contract for the acquisition of twenty-seven (27) acres of land in Glocester owned by Susan Bissell. The Purchase and Sale Contract was also approved at the State Properties Committee Meeting held on February 28, 2006. The paperwork was not available for execution by the Committee Members at that time. The Purchase and Sale Contract was circulated and signed by each of the Committee Members.

Lastly, a request was made by the Rhode Island Board of Governors for Higher Education for signatures on a License Agreement authorizing Nextel to locate an antenna on Browne Residence Hall's roof. The License Agreement was previously approved by the Committee subject to review by the Chief Information Officer at the State Properties Committee meeting held on February 28, 2006. As the License Agreement was reviewed and accepted by Tracy Williams the Chief Information Officer, said agreement was circulated and signed by the Committee Members.

ITEM A – Department of Corrections - A request was made for an extension of a short term rental for Correctional Industries' products for the new Kent County Courthouse at Davisville Park from March 16, 2006, to April 16, 2006. This short term rental was previously approved by the State Properties Committee for the period of time from February 13, 2006, to March 15, 2006. A motion was made to approve by

Mr. Ryan and seconded by Mrs. Allaire Johnson.

Passed Unanimously

ITEM B – University of Rhode Island – This item was deferred to a future State Properties Committee Meeting at the request of the University of Rhode Island.

ITEM C – Department of Transportation – A request was made for final approval of the Quit Claim Deed conveying 4,370 square feet of property to Eugene L. Folgo. The property was part of the former Washington Secondary Track and is now being used for bicycle purposes. The property was acquired by a deed and offered to the City of Cranston, which declined said offer. The property is to be used for surface use only. No improvements or structures of any kind are to be erected on the property. A motion was made to approve by Mrs. Allaire Johnson and seconded by Mr. Ryan.

Passed Unanimously

ITEM D – Department of Transportation – A request was made for conceptual approval to convey approximately 13,975 square feet of Rhode Island Department of Transportation controlled property in Westerly to Briar Ledge Homes. The subdivision abuts Winnapaug Road but does not abut Airport Road. The purpose of this conceptual approval is to allow Briar Ledge Homes to purchase this surplus land from the Department of Transportation so it will have more room to build approximately ten (10) to twelve (12) condominium units specifically for individuals aged fifty-five (55) years and older, as this type of housing is needed in the community. If Briar Ledge Homes is allowed to purchase this parcel of land, the residents will be able to

access the community from Airport Road. The surrounding area is mixed-use and because of the close proximity to the Westerly Airport it is understood that there will be Federal Aviation Administration restrictions on the subject parcel. The parcel on its own is not buildable and there are no abutters. The Department of Transportation has expressed in its preliminary reviews that it has no use for this surplus land. Therefore, the sale of the property would generate immediate revenue to the State of Rhode Island. Mrs. Allaire Johnson inquired whether the Department of Transportation will notify the previous owners as the property was acquired by condemnation. Ms. Bianco assured the Members of the Committee that the previous owners and the municipality will be notified of the conveyance. Mr. Ryan asked if the Westerly Airport is aware of the upcoming development and whether Federal Aviation Administration has plans to require Briar Ledge Homes to extend the clear zone at the end of the runway. Ms. Bianco indicates that the Westerly Airport is aware of the future development and that the Federal Aviation Administration will not require Briar Ledge Homes to extend the clear zone. Mr. Griffith raises the issue that although the parcel is unbuildable, it is being acquired to enhance the residential subdivision and therefore, it should be appraised at the highest market value and best use to ensure the State of Rhode Island receives fair value for the property. A motion was made to approve by Mrs. Allaire Johnson and seconded by Mr. Ryan.

Passed Unanimously

ITEM E – Department of Transportation – A request was made for

conceptual approval to convey approximately 86,328 square feet of land to E'Zee Car Rental & Leasing Inc. The property is located at 750 Taunton Avenue in East Providence. E'Zee Car Rental & Leasing Inc wishes to utilize the land for vehicle parking and as the site of a vehicle showroom. Ms. Bianco explained that in 1998, the Department of Transportation solicited bid proposals for the license of this State owned parcel. At the time, the parcel was approximately 72,000 square feet. The State of Rhode Island originally acquired this parcel for the proposed East Providence Industrial Highway project. Thereafter, the Department of Transportation declined to sell the land as it needed the access for the proposed highway. At that time, E'Zee Car Rental & Leasing Inc., which is operating on the parcel now, was the only bidder and agreed to pay the State's recommended bid of forty (.40) cents per square foot, or \$29,000.00 per year for a three (3) year license. The subsequent license agreement was approved by the State Properties Committee in August of 1998. Since that time, E'Zee Car Rental & Leasing Inc. has invested approximately \$400,000.00 to improve the property. To date, the company has cleared the land, performed excavations, built a 3,000 square foot showroom with a septic system, created a paved parking lot and landscaped the property.

Since the State Properties Committee allowed E'Zee Car Rental & Leasing Inc. to license additional square footage, the present total square footage is 86,239. On February 20, 2001, the State Properties Committee approved the second amendment to the License Agreement between E'Zee Car Rental & Leasing Inc. and the

Department of Transportation. This amendment gave the Department of Transportation the right to increase, decrease or preserve the \$29,000.00 annual fee and it gave E'Zee Car Rental & Leasing Inc. the option to renew the license in 2008 for an additional ten (10) year term, whereby the license would run until August 31, 2018. E'Zee Car Rental & Leasing Inc. has been and is an excellent licensee. The Department of Transportation receives its license fee on a timely basis and E'Zee Car Rental & Leasing Inc. keeps the premises in excellent condition. E'Zee Car Rental & Leasing Inc. has assumed great risks in this endeavor as the Department of Transportation has the right to revoke its agreement with only a thirty (30) day notice to the licensee. E'Zee Car Rental & Leasing Inc. presently sells used automobiles, rents and leases cars to the insurance industry, leases small trucks and a variety of recreational campers. Recently, E'Zee Car Rental & Leasing Inc. has been in touch with new vehicle manufactures. The new vehicle manufacturers have expressed interest in providing E'Zee Car Rental & Leasing Inc. with a franchise at this Taunton Avenue location. This would require E'Zee Car Rental & Leasing Inc. to obtain substantial financing and a secure fixed location. The major franchisers are hesitant to give it a franchise under the current license agreement because of the "revocable at will" clause. E'Zee Car Rental & Leasing Inc. has proposed extending the current license agreement, but under Title 37 of the R.I. Gen. Laws, the Department of Transportation is prohibited from extending the current license agreement beyond 2018, and as such, E'Zee Car Rental & Leasing Inc. has now come to

the Department of Transportation and asked if they can purchase the land. They have been unsuccessful in finding commercial property in the area. E'Zee Car Rental & Leasing Inc. hired a private engineering firm, Cataldo Associates, Inc., and they submitted plans to the Department of Transportation. As a result of the submission of said plans, E'Zee Car Rental & Leasing Inc. proved that the Department of Transportation could sell the parcel and still build the highway if necessary. On February 10, 2006, the Land Sales Committee approved the sale provided a deed reverter stipulated that the Department of Transportation's reacquisition of the property, if needed, will be at the sale price. This proposed sale would net the State of Rhode Island a considerable amount of money, which would be obtained immediately and allow E'Zee Car Rental & Leasing Inc. the means to expand its business thereby creating new jobs for the State of Rhode Island. Mr. Ryan wished to clarify whether E'Zee Car Rental & Leasing Inc. invested nearly a half million dollars on land which they have a license agreement that is revocable at will. Ms. Bianco indicated that was the amount estimated to her and that she had visited the site and found it immaculate and impressive. Mr. Ryan further inquired whether the language in the license agreement allows E'Zee Car Rental & Leasing Inc. to make said improvements. Ms. Bianco explained that there were negotiations between the Department of Transportation and E'Zee Car Rental & Leasing Inc. prior to the license agreement, during which E'Zee Car Rental & Leasing Inc. was very forthcoming in regard to their plans to make improvements. Mr. Ryan stated that it was his understanding that the

reason the Department of Transportation utilizes license agreements that are revocable at will is because it may have a need for the subject property in the future and therefore does not get involved in a longtime lease. Mr. Ryan expresses his concern that in view of the size of the property and because its frontage is on Taunton Avenue, the State of Rhode Island will have to go to public auction with this property. Ms. Bianco stated that the business would be destroyed in the event of a public auction. Mr. Ryan asserted that the destruction of this business due to public auction, however unfortunate, is not the problem of the State Properties Committee, nor the problem of the Department of Transportation, but in fact, is the problem of E'Zee Car Rental & Leasing Inc. for making such extensive improvements to property licensed under a revocable at will agreement. Mr. Griffith clarified that E'Zee Car Rental & Leasing Inc. had in fact installed a septic tank and a drainage ditch. Mr. Paul Cacieri from the Department of Transportation explains that in 1998, the license was granted and said license allowed this entity, if it so chose, to construct this business. E'Zee Car Rental & Leasing Inc. did so at their own peril and risks. He indicated that the Department of Transportation would never go to a request for proposal on this property, because they do not want to risk destroying that commercial entity. Mr. Cacieri further indicated that in the worst eventuality, the Department of Transportation would carry the license term to 2018. The Department would not freely market this property, because under the license E'Zee Car Rental & Leasing Inc. took the risk and made an investment. The improvements are there and the

State of Rhode Island will not come along and sell the property out from under them. Mr. Cacieri stated that E'Zee Car Rental & Leasing Inc. would like to purchase the property they have licensed and the Department of Transportation has no objection. If the end resolution of the State Properties Committee is that the property has to be sold by a request for proposal, Mr. Cacieri averred that the Department of Transportation will not do that because it will not risk the destruction of the entity. Mr. Griffith explained that the request before the Committee is for conceptual approval; however, the State Properties Committee will have to determine whether the State of Rhode Island would have to go to a request for proposal in order to convey this property to a willing purchaser under the normal rules. If that is the case, then the Department of Transportation has to ask for an exception to that policy and the State Properties Committee has to determine whether it can in fact grant such an exception. Mr. Ryan asked if E'Zee Car Rental & Leasing Inc. is related to the car dealership located across the street. Mr. Cacieri stated that there is no affiliation and that said entity was not interested in the property. Mrs. Allaire Johnson asked whether the property improvements made by E'Zee Car Rental & Leasing Inc. were done so with the consent and approval of the Department of Transportation. Mr. Cacieri confirmed that the Department of Transportation was aware, and that the improvements were made at E'Zee Car Rental & Leasing Inc.'s own risk. Mrs. Allaire Johnson also noted the name Domenic J. Cacieri appeared on the corporate entity and asked if he was related in anyway to our Governor. Ms. Bianco indicated that when she

posed that question to Domenic J. Cacieri, he said there is no relation. Mr. Griffith indicated that the Committee would table this request until such time as the Department of Transportation has the opportunity to thoroughly research the exception policy concerning a request of proposal. Mr. Griffith also requested that Mrs. Allaire Johnson research said policy and once that was completed the Department of Transportation could then appear before the Committee with a revised request for conceptual approval. A motion was made to table by Mr. Ryan and seconded by Mrs. Allaire-Johnson.

Passed Unanimously

ITEM F – Department of Transportation – A request was made for conceptual approval to convey a small parcel of land to Mr. David Di Palma. Said property abuts the north-east side of property owned by Mr. Di Palma and is located at 15 South Phillips Street, East Providence. This land was condemned under the Route 195 reconstruction process. Mr. Di Palma has been maintaining the land and now wishes to purchase it. He is the only abutter and the Department of Transportation has no use for the land. A motion to approve was made by Mr. Ryan and seconded by Mrs. Allaire Johnson.

Passed Unanimously ITEM G – Department of Transportation – This item was deferred to the March 28, 2006 State Properties Committee Meeting at the request of the Department of Transportation.

ITEM H – Department of Transportation. – A request for the renewal

of the License Agreement between the Department of Transportation and the Town of North Smithfield relative to land located at Route 5 at the intersection of Route 102 and Route 146A, North Smithfield. Ms. Bianco stated that she was seeking approval of the renewal of the License Agreement pursuant to the Department of Transportation's License Renewal Program for a small park known as Carpenter's Corner. Ms. Bianco indicated that this License Agreement was executed by the Town of North Smithfield and the Department of Transportation in 1994, and was approved by the State Properties Committee on February 7, 1995. The Agreement licensed the property to the Town of North Smithfield for a period of one (1) year and terminated on June 30, 1995. The property was licensed for a nominal fee of \$1.00 per year. The park was created by the North Smithfield Public Works Department for use by the public as a safe, quiet recreational area. The Town of North Smithfield mistakenly believed it owned the parcel of land and in 1993 the Town approached the Department of Transportation and ask to acquire the land. Upon the completion of the due diligence research by the Department of Transportation, it was determined that the Town of North Smith field was encroaching on state land. The land was condemned for the Route 5 renovation project, which never came to pass. The Department of Transportation decided that the Town of North Smithfield could continue to use the land for the \$1.00 nominal fee provided the property was insured and the State of Rhode Island was indemnified and held harmless as to any and all liability arising from any claims or actions which may occur. The License Agreement

before the Committee today includes a provision for the Licensor's indemnification. A motion to approve was made by Mr. Ryan and seconded by Mrs. Allaire Johnson.

Passed Unanimously

ITEM I – Department of Labor and Training – A request was made for approval of and signatures on the Commercial Purchase and Sale Agreement and signatures on the Deed for the transfer of an office building located in the City of East Providence at 877 Broadway. Mr. Christi stated that the building was purchased in 1981, with federal funds

at the conclusion of a twenty (20) year lease. For many years, the Department of Labor and Training paid unemployment benefits from the building and subsequently the building was used as an administrative office. The United States Department of Labor has approved the sale and has provided the Rhode Island Department of Labor and Training with dispositions and instructions in regard to the proceeds. The building was appraised at \$360,000.00 in 2005, by William E. Coyle, Jr. & Associates of Pawtucket. The City of East Providence did not respond to an offer by the Department of Labor to sell the building for \$360,000.00. The building was initially offered by sealed bid through the Division of Purchases. It was advertised in accordance with the R.I. Gen. Laws. The sealed bids were received and opened. The highest bid was in the range of \$151,000.00 and therefore, those bids were rejected. The Department then offered the building at an auction held on January 26, 2006, and the building was bid up to the appraised value. A motion to approve was made by Mrs.

Allaire Johnson and seconded by Mr. Ryan.

Passed Unanimously

ITEM J - Department of Environmental Management – A request was made for approval of and signatures on a Conservation Easement for 14.9 acres of land in the Town of Westerly owned by the Weekapaug Foundation for Conservation. The Weekapaug Foundation for Conservation will manage the property for public access and public use which relieves the State of Rhode Island from this obligation. The title work to the property has been done by the Weekapaug Foundation for Conservation and the

title is clear and clean. A motion to approve was made by Mrs. Allaire Johnson and seconded by Mr. Ryan.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:57 a.m. Mr. Ryan made a motion to adjourn, which was seconded by Mrs. Allaire Johnson.

Passed Unanimously

Holly H. Rhodes, Executive Secretary