

## **STATE PROPERTIES COMMITTEE MEETING**

**TUESDAY, MARCH 6, 2007**

**The meeting of the State Properties Committee was call to order at 10:04 a.m. by Chairman Kevin M. Flynn. Other members present were Mr. Robert Griffith representing the Rhode Island Department of Administration; and Richard B. Woolley representing the Rhode Island Department of Attorney General; Xaykham Khamsyvovong and Jessica Paden from the Rhode Island Office of the General Treasurer; Attorney Kevin Aucion from the Rhode Island Department of Children, Youth and Families; Paul Carcieri, Tim Harris, Maureen McMahon, Richard Kalunian, Eva Bernardo and Attorney Annette Jacques from the Rhode Island Department of Transportation; Marlene McCarthy Tuohy from the Rhode Island Department of Administration; Attorney Gerald Ratigan from the Rhode Island House of Representatives; and Robert C. Bromley from the Rhode Island Senate Fiscal Office; Kathy Facer from the Federal Highway Administration.**

**Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.**

**A motion was made to approve the regular minutes of the State Properties Committee meeting held on Tuesday, February 6, 2007, by Mr. Woolley and seconded by Mr. Griffith.**

## **Passed Unanimously**

**A motion was made to approve the minutes of the State Properties Committee meeting held on Tuesday, February 20, 2007, by Mr. Griffith and seconded by Mr. Woolley.**

## **Passed Unanimously**

**Mr. Griffith explained that there was an administrative oversight on the part of the State Properties Committee relative to the Executive Session minutes from the State Properties Committee meeting held on Tuesday, February 6, 2007. Said minutes should have been sealed when the State Properties Committee exited the Executive Session on February 6, 2007. Therefore, pursuant to the advice of legal counsel this matter will be discussed in today's Executive Session.**

**ITEM A – Department of Children, Youth and Families – A request was made for permission to enter into negotiations for the renewal of the following leases: (1) 249 Roosevelt Avenue, Pawtucket; (2) 530 Wood Street, Bristol; (3) 650 Ten Rod Road, North Kingstown; (4) 191 Social Street, Woonsocket. Mr. Aucoin explained that the premises located as 249 Roosevelt Avenue in the City of Pawtucket currently provides office space for the Department of Children, Youth and Families' Region IV caseworkers together with supervisory and administrative staff. The Department of Children, Youth and Families is at the end of its ten (10) year Lease Agreement with PUIO, Inc. The premises consists of approximately 26,800 square feet. Mr. Aucoin indicated that the Lease Agreement contains**

a provision which grants the State of Rhode Island the option of renewing the Lease Agreement for an additional ten (10) years. Mr. Woolley asked what the annual cost is to lease the subject property. Mr. Aucoin indicated that he did not have that figure at this time. Mr. Woolley asked Mr. Aucoin whether the Department anticipates an increase or decrease in the annual cost. Mr. Aucoin indicated that the Department expects an increase in the annual cost. The current rental rate is \$18.05 per square foot. Mr. Woolley expressed concern that the renewal of this Lease Agreement for a period of ten (10) years may implicate the provisions of 37-6-2(d), which states that "For any lease, rental agreement or extension of an existing rental agreement for leased office space which carries a term of five (5) years or longer, including any options or extension that bring the term to five (5) years or longer, where the state is the tenant and the aggregate rent of the terms exceeds \$500,000, the State Properties Committee shall request approval of the General Assembly prior to entering into any new agreements or signing any extensions with existing landlords." Ms. McCarthy Tuohy indicated that the Department of Children, Youth and Families is aware that the renewal of these leases, with the exception of the premises located in Woonsocket, implicate that provisions of Section 37-6-2(d) of the Rhode Island General Laws. Mr. Griffith echoed Mr. Woolley's concern and stated that none of the forms relative to these items were complete. Mr. Griffith indicated that he is not singling out the Department of Children, Youth and Families, but the attached Action Request Form does not provide even the most basic information. Chairman Flynn indicated that he and Ms.

**McCarthy Tuohy discussed the dilemma involving the legislative oversight of long term leases. Chairman Flynn indicated that he believes there are two ways to proceed with the renewal of the lease agreements without violating the provisions set forth in Section 37-6-2(b). The terms of the lease can be modified to under five years, or the Department of Children, Youth and Families can seek the General Assembly's approval of a longer term lease. As the General Assembly is currently in session, said approval could possibly be obtained by the end of the current session. Mr. McCarthy Tuohy indicated that it was not the intention of the Department of Children, Youth and Families to withhold information. Mr. Woolley stated that Section 37-6-2(d) requires the State Properties Committee to provide information relating to the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of any present lease or rental agreement and the location and owner of the desired property in the form of a resolution. Therefore, Mr. Woolley suggested that an agency seeking approval for a lease or an extension of a lease, which falls within the provision of Section 37-6-2(d) should provide the State Properties Committee with a proposed resolution. Mr. Griffith indicated that he does not have any objection to discussing the matter; however, he feels that in order to consider granting approval to enter into negotiations, the Committee will need the requisite information. Mr. Griffith asked if the Department of Children Youth and Families is satisfied that the Lessor is maintaining the property to an appropriate standard and that there are no issues with respect to the condition of the property.**

**Mr. Aucoin indicated that the Department of Children Youth and Families is satisfied with the condition of all four of these properties. Mr. Aucoin indicated that the Lease Agreement for the property located in Pawtucket expires on April 1, 2008. The Lease Agreement for the property located in Bristol expires on February 16, 2008. The Lease Agreement for the property located in North Kingstown expires on November 10, 2008 and the Lease Agreement for the property in Woonsocket expired on January 7, 2007. Ms. McCarthy Tuohy indicated that the current lease agreement requires the Department of Children Youth and Families to notify the landlord of its intention regarding the renewal of the lease one year prior to its expiration. Chairman Flynn suggested that Mr. Aucoin continue with his presentation of the remaining three (3) properties if there are no further questions relative to the Pawtucket property. Mr. Aucoin indicated that the property located at 530 Wood Street in Bristol is utilized as office space for the Department of Children Youth and Families' Region II staff inclusive of social caseworkers, supervisory and administrative staff. The premises consists of approximately 15,800 square feet of office space which is currently being rented. This Lease Agreement grants the tenant an option to extend the lease for an additional term of ten (10) years. Ms. McCarthy Tuohy stated that as the remaining three Action Request Forms include the required information, she believes the lack of information relative to the Pawtucket property was merely an oversight. Mr. Woolley noted that Section 37-6-2(d) also states that "The State Properties Committee, in the form of a resolution, shall provide information**

relating to the purpose of the lease or rental agreement, the agency's current lease or rental agreement cost, the expiration date of any present lease or rental agreement, the range of costs of a new lease or rental agreement, the proposed term of the new agreement and the location and owner of the desired property." Therefore, Mr. Woolley does not believe there is a prohibition against the agency negotiating the potential terms of an extension of a lease. Without said negotiations, the resolution submitted to the General Assembly will be incomplete as the costs, terms and conditions of the new lease will not have been determined. Mr. Aucoin indicated that the Department of Children Youth and Families is completely aware that it needs the approval of the General Assembly prior to entering into a ten year lease.

Chairman Flynn advised Mr. Aucoin that as the current annual cost of the Bristol property is 248,577, the Department would need the approval of the General Assembly before entering into even a two (2) year lease. Mr. Woolley indicated that Section

37-6-2(d) stipulates that "For any lease, rental agreement or extension of an existing rental agreement for leased office and operating space which carries a term of five (5) years or longer, where the state is the tenant and the aggregate rent of the terms exceed \$500,000, the State Properties Committee shall request approval of the General Assembly prior to entering into any new agreements or signing any extensions with existing landlords." Mr. Woolley interprets said language to mean that approval from the General Assembly is required when a lease carries both a term of five (5) years or longer

and the aggregate rent of the terms exceeds \$500,000; not either/or. Mr. Woolley indicated that Section 37-6-2(d) also refers to any options or extensions. Therefore, an agency cannot circumvent the requirement to obtain the General Assembly's approval by entering into a two year lease and then another two year lease and then a one year lease. Mr. Aucoin explained that the property located in Woonsocket houses the Juvenile Probation Officers who serve the City of Woonsocket and proximate areas. The Department of Children Youth and Families currently leases the premises on a month to month basis. The property consists of approximately 1,565 square feet of office and operating space. The Department of Children Youth and Families has two requests relative to this Lease Agreement. The Department of Children Youth and Families is seeking authorization to negotiate with 530 Wood Street Associates, L.P. regarding an extension of the previous lease agreement. The Department of Children Youth and Families is also seeking permission to lease the property on a month to month basis while the terms and conditions of the new ten year lease are being negotiated. Mr. Griffith asked if the new Lease Agreement will be for a term of ten (10) years. Mr. Aucoin indicated the Department of Children Youth and Families is seeking a ten (10) year lease extension. Mr. Aucoin indicated that the property located in North Kingstown houses the Department of Children Youth and Families' Region III staff. The premises consists of 16,390 square feet of office and operating space. Mr. Aucoin indicated that this lease allows an option to extend said lease for a term of ten (10) years. The Department of Children

**Youth and Families is seeking permission to begin negotiating the terms and conditions of said lease with the Lessor. A motion was made to authorize the Department of Children Youth and Families to lease the premises located at 191 Social Street in the City of Woonsocket on a month to month basis for a term not to exceed six months by Mr. Woolley and seconded by Mr. Griffith.**

**Passed Unanimously**

**A motion was made to grant authorization for the Department of Children Youth and Families to negotiate the terms of the leases for the properties located at 249 Roosevelt Street in the City of Pawtucket, 530 Wood Street in the Town of Bristol and 650 Ten Rod Road in the Town of North Kingstown and further that the Department of Children Youth and Families shall return to the State Properties Committee to provide the requisite information together with a draft resolution to the General Assembly to approve said leases by Mr. Woolley and seconded by Mr. Griffith.**

**Passed Unanimously**

**Under discussion, Chairman Flynn asked Mr. Aucoin how long the Department of Children, Youth and Families will need to conclude said negotiations and return to the State Properties Committee. Ms. McCarthy Tuohy stated that the Department of Children, Youth and Families will require approximately six months. Chairman Flynn indicated the Department of Children, Youth and Families will not be able to obtain approval of the General Assembly during this session if negotiations are expected to take six months. Mr. Aucoin indicated**

that it is difficult to determine the amount of time needed to negotiate the terms and conditions of the lease agreements. Mr. Aucoin also indicated that as three of the lease agreements do not expire until 2008, a resolution could be submitted for the General Assembly approval early next year. Chairman Flynn noted that a bill has been introduced which would require the General Assembly's approval for leases that carry a term of three (3) years or longer and the aggregate rent of the terms exceeds \$300,000 and noted there has already been a hearing relative to said bill. Mr. Griffith suggested that the State Properties Committee seek guidance from the General Assembly regarding preparation of the resolution. Mr. Griffith indicated that he believes Mr. Aucoin's suggestions are certainly appropriate in this instance. Mr. Griffith asked whether the Department of Children Youth and Families has conducted due diligence relative to the rental rates for comparable properties in the area. Ms. McCarthy Tuohy indicated that the Department of Children Youth and Families will provide a market analysis of comparable rental rates for properties located in the State of Rhode Island.

ITEM B – Department of Transportation – A request was made for approval of and signatures on a Quit Claim Deed conveying approximately 9,105 square feet of excess property located on Jefferson Boulevard in the City of Warwick to Jefferson Hotel Management Associates, LLC. Mr. Glynn presented a photograph of the subject property to the Committee for its review. At this time, the buyer avers that it wishes to preserve the subject property as open space; however, the deed contains no restrictions to that effect.

**Chairman Flynn stated that during Mr. Coates' appearance before the State Properties Committee on September 26, 2006, he stated that the subject property will be utilized for parking and beautification. Mr. Woolley asked whether Jefferson Hotel Management Associates, LLC was encroaching upon the subject property prior to approaching the Department of Transportation to purchase the land. Mr. Glynn indicated there the Department of Transportation has no knowledge of any encroachment. Chairman Flynn indicated that a value of \$10.00 per square foot was established by the State Properties Committee in September of 2006. Mr. Glynn concurred that the Committee established a value of \$10.00 per square foot. A motion was made to approve the Purchase and Sale Agreement and to approve and execute the Quit Claim Deed for the conveyance of the subject property by Mr. Woolley and seconded by Mr. Griffith.**

### **Passed Unanimously**

**ITEM C – Department of Transportation – A request was made for recommendations regarding the relocation of Rhode Island Department of Transportation personnel to private office space from One Franklin Square, Providence, Rhode Island.**

**Mr. Carcieri explained that on January 23, 2007, the Department of Transportation appeared before the State Properties Committee seeking approval to solicit bids on a special needs basis for rental space for the relocation of Rhode Island Department of Transportation, Construction Division personnel from One Franklin**

**Square in the City of Providence. Subsequently the Department of Transportation invited proposals from seven (7) interested parties. In response to said solicitation, on February 15, 2007, the Department of Administration received the following three (3) bids:**

<b>Owner:</b>	<b>Location:</b>	<b>Cost Per</b>
<b>Square Foot:</b>		<b>(All</b>
<b>Utilities/Janitorial)</b>		

<b>1. Brown University</b>	<b>339 Eddy Street, Providence</b>	
<b>\$23.00</b>		

<b>2. Discovery Group, LLC</b>	<b>697 Eddy Street, Providence</b>	
<b>\$22.14</b>		

<b>3. Discovery Group, LLC</b>	<b>795 Allens Avenue, Providence</b>	
<b>\$18.82</b>		

**The above-reference properties were inspected by the Department of Transportation's Selection Committee. The Department of**

Transportation is recommending that the lease be awarded to Brown University. The Brown University quarters require virtually no renovation to accommodate the needs of the Department of Transportation. The Brown University property is closest in location to the central worksite of the Route 195 Relocation Project. Mr. Carcieri directed the Committee's attention to the two (2) page fact sheet, which illustrates the potential costs to the State of Rhode Island relative to the necessary renovation of the Discovery Group, LLC properties. Mr. Carcieri explained that when the costs of renovating the Discovery Group, LLC properties is factored in, the Brown University property is the most economical of all the properties. The Brown University quarters are located on the first level of the building with direct access to Eddy Street and employee parking nearby. Mr. Carcieri indicated that the Department of Transportation has made no commitments to any of the applicants as of yet. As the Brown University property is currently vacant, it will be available for occupancy in time to meet the Department of Transportation's proposed deadline. Mr. Carcieri indicated that the Department of Transportation was initially seeking approval to secure approximately 4,000 square feet of office and operating space; however, the Department has determined that it could actually make do with 2,500 square feet of space without jeopardizing the efficiency of the office. Mr. Griffith indicated that the Department of Transportation has done a commendable job with regard to this matter. Mr. Woolley asked if a three (3) year lease agreement will be long enough. Mr. Carcieri indicated that the Department of

**Transportation believes a term of three years will be sufficient; however, the Department advertised for a four (4) year lease with a two (2) year renewal option. The lease will contain a termination clause which can be exercised upon a one (1) year notice to the landlord. Chairman Flynn indicated that no action was required by the State Properties Committee at this meeting; however, the Department of Transportation shall return the State Properties Committee for approval of and signatures on the final Lease Agreement. Chairman Flynn echoed Mr. Griffith's comments regarding the Department of Transportation's efficiency relative to this matter. Mr. Carcieri indicated that the Department is planning to return to the State Properties Committee on March 20, 2007, with a final Lease Agreement. Mr. Carcieri also indicated that Mr. Harris has done a commendable job in gathering much of the necessary information in regard to this matter.**

**ITEM D – Department of Transportation –A request was made for approval of and signatures on two (2) Temporary Easement Agreements by and between the Rhode Island Department of Transportation and The Groden Center, Inc. and Cowan Realty, LLC. Ms. McMahon explained that on December 12, 2006, the State Properties Committee approved the Department of Transportation's request to acquire two temporary easements via temporary easement agreements for one (1) year concerning the Northwest Bike Trail/ Woonasquatucket River Bikeway – Contract 2. Ms. McMahon**

**explained that legal counsel requested that the Temporary Easement Agreements by and between the Rhode Island Department of Transportation and Cowen Realty, LLC include a provision to indemnify Cowen Realty, LLC from any liability associated with said easement. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.**

**Passed Unanimously**

**The Committee moves to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purposes or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.**

**A motion was made to enter into Executive Session by Mr. Griffith and seconded by Mr. Woolley. A roll call vote was taken and the votes were as follows: Mr. Woolley voted “Aye”, Mr. Griffith voted “Aye” and Chairman Flynn voted “Aye”.**

**The State Properties Committee came out of Executive Session at 11:11 a.m.**

**ITEM E1 – Department of Transportation –A request was made for**

**authorization for the payment of an additional compensation in conjunction with Condemnation Plat 2679/Parcel 3A. After discussion in Executive Session, a motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.**

**Passed Unanimously**

**A motion was made to seal the Executive Session minutes from the State Properties Committee meeting held on February 6, 2006, until such time as the matters under discussion are resolved by Mr. Griffith and seconded by Mr. Woolley.**

**A roll call vote was taken and the votes were as follows: Mr. Woolley voted**

**“Aye”, Mr. Griffith voted “Aye” and Chairman Flynn voted “Aye”.**

**There being no further business to come before the State Properties Committee, the meeting was adjourned at 11:13 a.m. Mr. Griffith made a motion to adjourn, which was seconded by Mr. Woolley.**

**Passed Unanimously**

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**Holly H. Rhodes, Executive Secretary**