

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, SEPTEMBER 30, 2008

The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Robert Jackson, Marc Malkasian, John Glynn, Annette Jacques, Andrew Cardillo and William McCarthy from the Rhode Island Department of Transportation; Lisa Primiano, Michelle Sheehan and John Faltus from the Rhode Island Department of Environmental Management; Robert C. Bromley from the Rhode Island Senate Fiscal Office; John Ryan from the Rhode Island Department of Administration; David O'Mara from the Rhode Island National Guard; Todd Tinkham from the Military Staff Office of the Adjutant General; Peter Calo and Joseph Voccio from the Rhode Island Housing.

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

Approval of the minutes of the State Properties Committee meeting held on September 2, 2008, and September 16, 2008, were deferred to the next meeting of the State Properties Committee.

The next regular meeting of the State Properties Committee will be held on Tuesday, October 14, 2008, at 10:00 a.m.

ITEM A -Department of Environmental Management -A request was made for approval of and signatures on a License Agreement by and between Department of

Environmental Management and Autumnfest for permission to utilize the World War II Memorial State Park located in the City of Woonsocket for the 30th Anniversary of the Autumnfest Celebration from October 11, 2008, through and including October 13, 2008. Mr. Faltus indicated that Autumnfest and the Rotary Club have submitted the necessary certificate of liability and host liquor liability insurance respectively to the Department of Environmental Management, Division of Parks and Recreation. Mr. Faltus indicated that this has been an annual request for the past thirty (30) years. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM B -Department of Environmental Management -A request was made for approval of and signatures on an Indenture of Lease by and between Department of Environmental Management and Southside Community Land Trust for Urban Edge Farm located on Pippin Orchard Road in the City of Cranston. Ms. Primiano indicated that the Department of Environmental Management is seeking approval of a renewal of the Indenture of Lease with Southside Community Land Trust for the Urban Edge Farm, which is located in the City of Cranston with a small portion of the property located in Town of Johnston. Ms. Primiano explained that the subject property was purchased by the Department of Environmental Management with assistance from the City of Cranston and the Champlin Foundation in 2002. Ms. Primiano indicated that the farm has been operated by the Southside Land Trust since that time. Ms. Primiano stated that at one time, the Southside Community Land Trust offered a community supported agriculture ("CSA") program, which allowed individuals to purchase farm shares; however, as the program was not all that successful and required a tremendous effort on the part of the

Southside Community Land Trust, the program has since been abandoned. The Southside Community Land Trust does offer an incubator farm program, which was the initial intent of the acquisition. The incubator farm program allows individuals to raise crops on a portion of the property then subsequently sell them. This year there are seven (7) separate farming businesses being operated on Urban Edge Farm. As these seven (7) businesses are the primary source of income for the individuals that operate them, the Department of Environmental Management wishes to renew the Indenture of Lease and continue to support this program. Chairman Flynn commented that he believes this is a very worthwhile program. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for conceptual approval to surplus approximately 15,000 square feet of land located on First Street in the City of East Providence. Ms. Primiano introduced Mr. Peter Calo and Joe Voccio from Rhode Island Housing. Mr. Primiano explained that the Department of Environmental Management is seeking approval to proceed with the transfer of three (3) lots of land located in the City of East Providence to Rhode Island Housing for the purpose of affordable housing. Ms. Primiano explained that the lots were initially purchased by the Metropolitan Parks Commission in 1934. The lots were formerly utilized for a maintenance garage and have been determined to be surplus to the State's need for many years. The Department of Environmental Management has been discussing utilizing the lots for some type of affordable housing, either through Rhode Island Housing or the City of East Providence for the past five (5) years. Ms. Primiano

indicated that Rhode Island Housing expressed interest in the subject property as a result of the surplus process completed in August of 2008. Ms. Primiano stated that Rhode Island Housing intends to utilize the lots as part of its Land Bank Program and the Department of Environmental Management is very pleased to have the property be the first transfer of State-owned land to Rhode Island Housing. Ms. Primiano asked that the representatives of Rhode Island Housing provide the Committee with some information relative to the Land Bank Program and Rhode Island Housing's intentions concerning the subject property. Mr. Voccio explained that Rhode Island Housing provides a variety of services to the residents of the State of Rhode Island, such as first time home buyer mortgages, section eight (8) assistance and developing and financing the construction of affordable housing. Mr. Voccio indicated that the Land Bank Program is part of that umbrella of programs. Rhode Island Housing through the Land Bank Program sets aside a portion of its earnings to purchase surplus property and/or vacant land to be held for future development or held for a developer, usually a non-profit entity that wishes to assemble some critical mass that may be needed for a potential project. Mr. Voccio indicated that the subject property certainly fits the mission of the Land Bank Program. Rhode Island Housing would like to acquire the property using funds from the Land Bank Program. Rhode Island Housing would more than likely solicit proposals from area non-profit developers to construct some sort of affordable housing. The subject property is not very large; therefore, it is unlikely it will be utilized for any dense development site. However, Mr. Voccio indicated that he would be interested to see what types of proposals are received relative to the subject property. Chairman Flynn clarified that the subject property consists of three (3) five thousand (5,000) square foot lots. Ms. Primiano

indicated that the property does in fact consist of three (3) five thousand (5,000) square foot lots. Ms. Primiano stated that she and Mr. Calo discussed allocating one of the three lots as a Habitat for Humanity home; however, they certainly cannot guarantee that idea will come to fruition. However, it is the hope of both Rhode Island Housing and the Department of Environmental Management that one of the lots will be utilized for that purpose. Mr. Woolley asked if there are any existing buildings on the property at this time. Ms. Primiano indicated that there are no buildings on the property whatsoever. Ms. Primiano reiterated that at one time there was a maintenance garage on the property. Mr. Griffith asked if there is any possibility that the site contains contaminants as a result of the existence of said maintenance garage. Mr. Voccio indicated that during the course of any real estate development, the developer has to comply with the usual statutes and follow the usual processes in order to obtain the necessary building permits. Thus, if there is any contamination, it would be addressed as part of the usual development process through the required environmental remediation. Chairman Flynn asked if any motion to approve should be subject to an environmental study of the site being conducted. Mr. Calo indicated that he believes environmental testing and remediation is a routine matter and would be addressed when and if necessary. Mr. Woolley stated that a provision addressing environmental issues could be made a part of the final documents. Ms. Primiano indicated that the Department of Environmental Management is selling the property "as is". Ms. Primiano indicated that Rhode Island Housing may wish to conduct an environmental study prior to the actual transfer; however, the Department of Environmental Management is not making any disclaimer or indemnifications relative to the property. Ms. Primiano stated that Ms. Sheehan has done an internal investigation at

the Department of Environmental Management and has not found any records indicating that there are any environmental issues concerning the property, but the Department has not conducted any ground work and/or soil testing of the property. Mr. Calo stated that if a site is found to be contaminated, Rhode Island Housing would normally negotiate some sort of purchase price adjustment with the seller. However, Mr. Calo indicated that as the Department of Environmental Management has made it clear that the purchase price is firm in this particular instance, the acquisition would just require either additional subsidy or additional funds allocated to the project to resolve any issues that may exist. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM D -Department of Transportation -A request was made for approval of and signatures on a Certificate of Land Transfer by and between the Rhode Island Executive Military Staff for Rhode Island Army National Guard and the Rhode Island Department of Transportation for the transfer of properties known as the Smithfield and Quonset Properties. Ms. Jacques clarified that although the request before the Committee is for approval of the Certificate of Land Transfer, the Memorandum of Understanding was included in the packages sent to the Committee to provide some background information in the event there were any questions as to how this transaction came to fruition. Ms. Jacques indicated that the Department of Transportation agreed to condemn approximately 6.6 acres of land on Parcel 2688, which consisted of five (5) individual parcels and then the Quonset Development Corporation deeded the Department of Transportation the remainder of the necessary property, which was on Plat 2688 via a Quit Claim Deed. Ms. Jacques stated that upon the State Properties Committee's

approval of the Certificate the subject property will be transferred from the Rhode Island Department of Transportation to the Rhode Island Executive Military Staff as its end use will be an Army Airport Aviation Support Facility. Ms. Jacques asked Mr. Tinkham to explain the process of the Rhode Island Executive Military Staff entering into a lease agreement with the Army National Guard for use of the subject property. Mr. Tinkham indicated that the Rhode Island Executive Military Staff is offering the Army National Guard a Lease Agreement with a term of approximately thirty (30) years for a nominal fee of \$1.00 in order for Army to construct an Airport Aviation Support Facility as the Army National Guard is a division within the Rhode Island Executive Military Staff, which reports to the Adjutant General and therefore, the transfer of the land is interdepartmental. Ms. Jacques stated that in conjunction with this project, the Department of Transportation will be receiving property located in the Town of Smithfield for the construction of a salt storage facility. Ms. Jacques stated that the Memorandum of Understanding addresses that issue as well. Mr. Griffith asked if the term of thirty years requires that the lease agreement be approved by the General Assembly. Ms. Jacques explained in detail why the lease agreement will not require the approval of the General Assembly and why the Department of Transportation wishes to transfer control of the property to the Rhode Island Executive Military Staff by the end of the federal fiscal year. Chairman Flynn asked when the federal fiscal year ends. Mr. Tinkham indicated it ends today September 30th. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith

Passed Unanimously

ITEM E -Department of Transportation -A request was made to provide a status presentation regarding the sole source sale of state-owned property to E'Zee Car Rental & Lease Co., Inc. Mr. McCarthy requested guidance from the Committee as to whether this item should be heard in the Executive Session. Mr. McCarthy explained that during the course of his presentation, he will refer to the appraised values of the properties and would like to ensure that it is appropriate to discuss said information in open session. Chairman Flynn noted that the item, as it appears on the agenda, neither requires action by the State Properties Committee nor is it a condemnation of land; however, if it is Mr. McCarthy's wish to make the presentation in Executive Session, the item will have to be deferred to the State Properties Committee meeting of October 14, 2008, when it can be posted as an Executive Session item. Rather than defer the matter, Mr. McCarthy opted to make his presentation at this time. Mr. McCarthy indicated that on July 22, 2008, the State Properties Committee granted conceptual approval for the sole source sale of the subject property located on Taunton Avenue in the City of East Providence to E'Zee Car Rental & Lease Co., Inc. Mr. McCarthy noted that the State Properties Committee requested that two (2) fee appraisal be conducted and that the results of said appraisal be reported at a subsequent State Properties Committee meeting. The Department of Transportation's Office of Real Estate solicited bids from its list of fee appraisers and Andolfo Appraisals Associates, Inc. and Integra Realty Associates were selected to conduct the appraisals of the subject property. The Department of Transportation requested that the appraisals be conducted in two forms. One appraisal to determine the value of the 90,050 ± square foot parcel of land which the Department of Transportation intends to convey to E'Zee Car Rental & Lease Co., Inc. via a sole source sale; the other

to determine the value of a larger parcel that contains property of potential interests to others. Mr. McCarthy illustrated the exact locations of appraised properties utilizing a site map. Mr. McCarthy indicated that Andolfo Appraisals Associates determined the value of the entire transportation corridor to be \$1.645 million dollars and determined the value of the 90,050 ± square foot parcel of land to be \$1.305 million dollars. Mr. McCarthy indicated that said valuations are based upon \$14.50 per square foot. Mr. McCarthy indicated that Integra Realty Associates determined the value of the larger parcel to be \$1.565 million dollars and the value of the 90,050 ± square foot parcel of land to be \$1.280 million dollars. Mr. McCarthy explained that based upon the Department of Transportation's review of the appraisals, it determined that the Andolfo Appraisal Associates' valuations more accurately reflected the fair market value of property in said area. Therefore, the Department of Transportation has approved a purchase price of \$1.645 million dollars for the entire parcel of which \$1.305 million dollars will be assessed for the sole source sale of the 90,050 ± square foot parcel to E'Zee Car Rental & Lease Co., Inc. Mr. McCarthy indicated that the Department of Transportation intends to approach the abutting property owners with regard to the sale of the remaining property. Mr. McCarthy indicated that the purchase price amounts will change slightly as they are based upon an estimate of the square footage. Chairman Flynn thanked Mr. McCarthy for his detailed presentation; however, he noted that he was unable to locate the site map used during his presentation in either of the appraisals submitted to the State Properties Committee. Chairman Flynn indicated that he wants to be absolutely sure that the appraised values determined by both appraisers were based upon the same division of the property that was reflected on the site map utilized by Mr. McCarthy during his

presentation. Mr. McCarthy indicated that the appraisals are based upon the property division as illustrated on the site map presented today with the exception of a small 4,200 square foot slice of land located on the edge of the parcel to be sold to E'Zee Car Rental & Lease Co., Inc. Mr. McCarthy stated that the Department of Transportation will retain that small slice of land for preservation of the transportation corridor. Chairman Flynn asked where the points of access to the other parcels are located. Mr. McCarthy indicated that there is no access to the other parcels and therefore they are only of value to the abutting property owners. Mr. McCarthy indicated that there appears to be an encroachment on a portion of one of the parcels of land. The Department of Transportation fully intends to establish which party is responsible for the encroachment and determine the amount of retroactive compensation due and owing to the State of Rhode Island. Chairman Flynn asked that a site map be included in each of the appraisal reports that illustrate the exact property division upon which the valuations were determined by the appraiser. Mr. McCarthy indicated that he would see to it that the site maps utilized by both Andolfo Appraisal Associates and Integra Realty Associates are included in their reports. *No action is required by the State Properties Committee relative to this item.*

ITEM F -Department of Transportation -A request was made to re-advertise the Request for Proposals and a public notice regarding the sale of 32,000 square feet ± of State-owned property located along Spruce Street in the City of Providence. Mr. Glynn explained that the subject property is a sloped parcel of land which abuts the Routes 6/10 Connector. Mr. Glynn indicated that on June 26, 2007, the State Properties Committee authorized the sale of the subject property via a Request for Proposals. Subsequently the

Department of Transportation received two bids in March of 2008. One bid in the amount of \$500,000, which included certain conditions, was rejected as it did not meet the minimum bid requirement. The second bid was rejected due to the lack of a financial statement and affidavits. Mr. Glynn indicated that the minimum bid stipulated in the Request for Proposal was \$700,000. Mr. Glynn stated the Department of Transportation is before the Committee seeking permission to advertise a new Request for Proposals. Mr. Woolley asked if Mr. Ricci ever attempted to submit the necessary financial statements and affidavits to the Department of Transportation. Mr. Glynn indicated that the Department of Transportation explained its need for the financial statement and affidavits to Mr. Ricci, but received no subsequent response. Mr. Woolley asked if these two bids are the only bids received by the Department relative to the subject property. Mr. Glynn stated that these were the only two bids received by the Department of Transportation. Chairman Flynn indicated that permission for the Request for Proposals to be re-issued will only be granted if the minimum bid of \$700,000 previously stipulated remains the same and under the condition that there is absolutely no reference to criteria concerning gratis parking as part of a bid proposal. Chairman Flynn stated that the issue of gratis parking on this site continues to arise; however, no such criteria will be referenced in the new Request for Proposals concerning the subject property and the only criteria in awaiting the bid will be the sale price. A motion to approve was made subject to the condition that the new Request for Proposals does not reference criteria concerning gratis parking on site by Mr. Woolley and seconded Griffith.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:32 a.m. A motion was made to adjourn by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

Holly H. Rhodes, Executive Secretary