

# **STATE PROPERTIES COMMITTEE MEETING**

**TUESDAY, NOVEMBER 24, 2009**

The meeting of the State Properties Committee was called to order at 10:08 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; and John A. Pagliarini, Public Member; and Xaykham Khamsyvovong representing the Rhode Island Office of the General Treasurer, Ex-officio Member. Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Meredith Pickering from the Rhode Island Senate Fiscal Office; Michael D. Mitchell, John Ryan, Charles Newton, Arn Lisnoff and Ara Getzoyan from the Department of Administration; Ann Hollands from the Rhode Island Department of Transportation; Brian Peterson from the Department of Mental Health, Retardation and Hospitals; Department of Children, Youth and Families; Mayor Allan Fung from the City of Cranston; Kelly Coates from Carpionato Properties, Inc.; and Thomas V. Moses from the law firm of Moses & Alfonso.

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

A motion was made to hear Item D out of sequence by Mr. Woolley and seconded by Mr. Griffith.

**Passed Unanimously**

**ITEM D – Department Children, Youth and Families –A request was**

made for conceptual approval to surplus several buildings and land located north of Route 37 in the City of Cranston and collectively referred to as the old Rhode Island Training School. Mr. Peterson stated that the Department Children, Youth and Families respectfully requests the State Properties Committee's approval to proceed with the sale of the old Rhode Island Training School site via a public bid. Mr. Peterson presented a site map for the Committee's review and illustrated the location of the property. Mr. Peterson explained that last year the Department moved all of its correctional operations from the old site to two (2) brand new state of the art juvenile rehabilitative facilities located on the south side of Route 37. Mr. Peterson indicated that currently only the warehouse operation remains at the old site and it will be relocated to Pastore Campus over next several months and the Department intends to combine its warehouse operations with the Department of Corrections warehouse. There are nine (9) buildings and only three (3) of the building are in fairly decent condition. Two (2) of those buildings are correctional facilities that have individual cells with communal showers. Mr. Peterson indicated that at one time, the Department considered relocating the young women from the Mathias facility to those buildings; however, after examining the building it was determined that they were not suitable for the incarceration of young women. The young women generally tend not to commit the more serious and/or offensive crimes and are usually more receptive to rehabilitation. Many of these young women are runaways and very often have pregnancy issues. Therefore, the Department determined that due to the current condition of the

**buildings, they do not merit the funds necessary to renovate them into a more suitable facility for young women. If the Department was considering expending funds on a new young women's facility, it would be looking for a property with more of a dormitory type setting.**

**Mr. Peterson stated that with regard to the remainder of the buildings, the general consensus is that the Department is incurring unnecessary costs, as the law requires that sprinkler systems be properly maintained once they are installed within a building. Mr. Peterson indicated that this is not so much of a concern during the warmer months; however, during the winter months heat is needed to sustain a temperature that will ensure the pipes do not freeze. Additionally, in buildings of this age although there is steam coming from the steam plant, there are problems with leaking pipes and this becomes a burden for an already overtaxed maintenance staff. Mr. Peterson indicated that the Department's goal is to proceed swiftly. Quotes for appraisals have been requested from two (2) appraisal firms, as the Department intends to commission one of them to conduct the appraisal. The Department has also requested quotes for title examinations of the property to determine and resolve any title issues as the property has been transferred between several State agencies over the past forty (40) years. Any title issues need to be resolved prior to the Department preparing the Request for Proposals. Once the Request for Proposals is completed, the Department will return to the State Properties Committee. Therefore, at this time the Department respectfully requests conceptual approval to commence the due diligence portion of the process. Chairman**

Flynn noted that in the event the State Properties Committee grants conceptual approval, it would provide the Department with a greater comfort zone to expend State funds to perform the types of investigations necessary relative to the subject property. The Chairman assumes that a survey of the property would be part of said process and that information would find its way into the Request for Proposals. Chairman Flynn stated that if during the course of that process, if the Department was to discover something that would alert it that it is not prudent to continue forward than the Department and the Committee would have the choice of terminating the venture. Mr. Peterson concurred with the Chairman's statement and indicated that there are issues regarding an underground fence on the property and whether the salvage value of the fence is worth removing it. Mr. Woolley asked what the green lines on the map are intended to represent. Mr. Peterson stated that at one time the Department was investigating how the property could be divided if it decided to retain buildings eight (8) and/or nine (9); however, at this time, the Department is looking to sell the entire property. Mr. Woolley indicated that one of the issues which have arisen is the existence of easements that are already in place on the property. Mr. Ryan noted that the Department is fully aware of said easements and they are a part of the reason the Department has planned for such thorough title work. Chairman Flynn asked if the Department had seen the correspondence from Attorney Thomas V. Moses dated November 23, 2009. Mr. Peterson indicated that there are myriad conflicting documents relative to certain easements on the subject property.

**Again, this is the reason the Department has engaged the services of capable professional to address these matters. Mr. Peterson stated that, as stated by the Chairman, once the due diligence process is complete, the Department and the Committee can review the information and determine what course of action is in the State's best interest. If it is determined that the property is too encumbered, it may be best for the Department to utilize the property for some future suitable use. Mr. Woolley asked if the issue of the easements would be addressed in the Request for Proposals in the event the Department decides to solicit bids for the sale of the property. Mr. Peterson noted that the issues of the easements will be fully addressed in the Request for Proposals if the property goes out to public bid. Mr. Woolley asked if any other State agency expressed any interest in the subject property. Mr. Peterson indicated that he was not made aware of any interest expressed by any agency as a result of the circulation of the surplus package by the State Properties Committee. Chairman Flynn stated that the City of Cranston has been notified of the intended sale of the property and Mayor Fung is with us today. Mr. Chairman thanked Mayor Fung for coming and invited him to address the Committee, Mr. Peterson, Mr. Ryan or Ms. Hollands, who has also been very involved in this project with any question, concerns, comments or objections he may have on behalf of the City of Cranston. Mayor Fung thanked the Committee and indicated it was an honor to speak on this project. Mayor Fung informed the Committee that the City of Cranston does in fact support the efforts of State of Rhode Island to surplus the**

subject property in its entirety for two reasons. First, the sale of the subject property would return many of the area properties to the tax roll, which is certainly an economic benefit to the residence of the City of Cranston. Additionally, Mayor Fung stated that the area north of Route 37 has transcended its previous demographic from an area which essentially consisted of only state facilities into a vital and successful corridor populated by successful retail stores, commercial business and industry that corridor. Mayor Fung noted that the subject property is the final remaining piece of property that will completely transform this area into a region of contiguous responsible development to benefit the residents of the City of Cranston; not only from a taxpayer perspective, but from an enjoyment standpoint as well. Mayor Fung indicated that for the above reasons, the City of Cranston is in full support of the State's intent to surplus that entire property and would urge the Committee to grant its approval of said request. Chairman Flynn asked if anyone else attending today's meeting would like to speak relative to this project. Mr. Moses introduced himself to the Committee as legal counsel to Chapel Associates, LLC and 100 Sockanosset, LLC. Mr. Moses stated that on behalf of his clients, he enthusiastically encourages that State to move forward with the Request for Proposals. Mr. Moses stated that both he and his clients are happy to see the State move to surplus the subject property and create more contiguous development in that area. Mr. Moses explained that the purpose of his letter to the Committee was to identify the fact that there are substantial easements encumbering the property and to

**express his concern that when the State solicited bids for the property that potential bidders were fully aware of said easement and any other issues concerning the rights of others. Mr. Moses presented a color plan and a photograph to the Committee, which identifies all the easement and their location on the property and illustrates the intensity of the development in the area. Mr. Moses stated that he wished to bring one item in particular to the attention of the Committee. Mr. Moses noted that there is a road that crosses the subject property and comes out to New London Avenue. Mr. Moses stated that said road is actually a private road and not a public street. Chairman Flynn asked if Mr. Moses was referring to Chapel Boulevard. Mr. Moses indicated that the easement identified as Easement D on the site plan, is a parcel of land consisting of slightly over five (5) acres. Said parcel comprises an exclusive easement to Chapel Associates, LLC for drainage purposes. Mr. Moses indicated that Easement E is to the benefit of 100 Sockanosset, LLC; however, all the other easements identified on the site plan are to the benefit of Chapel Associates. Chairman Flynn asked if Easement A, which is referred to as Power Road provides your client with exclusive use. Mr. Moses indicated that no this client does not have exclusive use of any easement other than Easement D. Mr. Moses explained that Easements A and B provide access and egress, but not exclusively; Easement E also provide access and egress, but the same is not exclusive. Mr. Moses indicated that the only easement identified as exclusive is Easement D. Chairman stated that therefore, whatever becomes of the remaining thirteen (13) acres of land, will not include**

use of the five (5) acres of land designated as Easement D on the site plan before the committee. Mr. Coates clarified that he is the Senior Vice President of Carpionato Properties, Senior Vice President of Chapel Associates, LLC, the owner of what is commonly referred to Chapel View as well as the Senior Vice President of 100 Sockanosset, LLC. Mr. Coates explained Citizens Bank is one of the largest employers in the State of Rhode Island and of crucial importance to Citizens facility is the road that links said project to Route 2. Mr. Coates noted that he has appeared before the State Properties Committee many times and has been granted approval of requests relating to these two (2) projects in order to move them forward. Chapel Associates, LLC and 100 Sockanosset, LLC worked closely and effectively with the State of Rhode Island and with the City of Cranston to create two (2) great developments. Mr. Coates previously made a statement in the company of Chairman Flynn that the Chapel View Project has the potential to generate one million dollars in taxes to the City of Cranston. The current tax bill for the Chapel View Project is one million dollars. Given the Chapel View Project's current level of completion, Mr. Coates is pleased to inform the Committee that his initial estimate was tremendously low. Mr. Coates stated that Citizens Bank has invested 30 million dollars in that facility alone. Mr. Coates has an executed Lease Agreement requiring 100 Sockanosset, LLC to provide additional parking; therefore, 100 Sockanosset Crossroads wants to see the old State Training School property offered via a Request for Proposals. However, it is imperative that any and all potential bidders understand that if they

are successful in acquiring said property they must be cognizant that even the non-exclusive easements can not be burdened in a way that impedes or derails the existing projects. Mr. Coates indicated that his company would reserve the right to do whatever would be necessary to not overburden Chapel View Boulevard, which provides a connection between Power Road and New London Avenue. If necessary, this could include the posting of security personnel to restrict access. Chairman Flynn expressed surprise that the management of a substantial retail area would consider restricting the ability of potential customers to gain access to stores and offices within the development and noted that this would break new ground in retail center management. Mr. Coates stated that what is of the utmost importance to everyone involved in these projects is that there is a clear and open understanding of all existing easements and that the Request for Proposals respects the hard work and dedication of every individual who has invested countless hours of their time to ensure that the development of the subject property is equally beneficial to each and every interested party. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.

The motion passed with three (3) votes “Aye” and one (1) recusal.

**Three (3) Votes “Aye”**

**Mr. Griffith**

**Mr. Woolley**

**Chairman Flynn**

**One (1) Recusal**

## **Mr. Pagliarini**

**Item A – Department of Mental Health, Retardation and Hospitals – A request was made for approval of and signatures on a revised Quit Claim Deed by and between the State of Rhode Island, acting through the Department of Mental Health, Retardation and Hospitals, and The Arc of Blackstone Valley for the conveyance of property located at 115 Manton Street in the City of Pawtucket. Mr. Mitchell explained that the transaction in question was approved by the State Properties Committee in May of 2009. Mr. Mitchell indicated that he returned to the Committee after making revisions, which the Department of Administration believed were essential. The revised Quit Claim Deed was subsequently reviewed by legal counsel for the lender, who was not satisfied with the form of said Quit Claim Deed. Mr. Mitchell stated that the Department of Administration and the Department of Mental Health, Retardation and Hospitals became involved in discussions with both the lender's and buyer's counsel and now appear before the Committee with a third form of Quit Claim Deed relative to this transaction. The issues in dispute involved the language contained in the reverter clause; after some fine tuning, the language now meets with the approval of all interested parties including the lender counsel relative to this transaction for financing**

**purposes. Therefore, Mr. Mitchell is seeking approval of and signatures on the final form of the Quit Claim Deed conveying the property located at 115 Manton Street to the Arc of Blackstone Valley.**

**Mr. Mitchell indicated that with the permission of the Committee he would destroy the two (2) Quit Claim Deeds previously executed by the parties. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.**

**Passed Unanimously**

**ITEM B – Department of Administration/Board of Regents for Elementary and Secondary Education – A request was made for approval of and signatures on a Grant of Easement by and between the State of Rhode Island, acting through the Rhode Island School for the Deaf Department of Administration/Board of Regents for Elementary and Secondary Education and The Narragansett Electric Company to provide electrical service to the Rhode Island School for the Deaf. Mr. Lisnoff explained that the Grant of Easement before the Committee is for the installation of underground utilities at the new School for the Deaf. Mr. Lisnoff stated that he has conferred with legal counsel in terms of how the Grant of Easement should be structured as the Board of Regents for Elementary and Secondary Education as an interest in this request as does the State Properties Committee. Mr. Lisnoff indicated that subject to the State Properties Committee’s approval today, the Grant of Easement will then be considered for approval and execution by the Board of Regents for Elementary and Secondary Education.**

**A motion to approve was made by Mr. Woolley subject to the**

**approval and execution of said Grant of Easement by the Board of Regents for Elementary and Secondary Education and seconded by Mr. Griffith.**

**Passed Unanimously**

**ITEM C – Department of Administration /Board of Regents for Elementary and Secondary Education – A request for approval of and signatures on a Utility Easement Agreement by and between the Department of Administration /Board of Regents for Elementary and Secondary Education and Verizon New England, Inc. (“Verizon”) to allow Verizon to provide the Rhode Island School for the Deaf with the necessary data and telephone lines. Item C was deferred to a future meeting of the State Properties Committee at the request of the Department of Administration /Board of Regents for Elementary and Secondary Education.**

**There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:31 a.m. A motion was made to adjourn by Mr. Pagliarini and seconded by Mr. Griffith.**

**Passed Unanimously**

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**Holly H. Rhodes, Executive Secretary**