

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, SEPTEMBER 28, 2010

The meeting of the State Properties Committee was called to order at 10:04 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Susan Urso representing the Rhode Island Department of Attorney General in the absence of Richard Woolley; Michael Sligar representing the Rhode Island Office of the General Treasurer, Ex-officio Member.

Others in attendance were Meredith Pickering from the Rhode Island Senate Fiscal Office; Benjamin Copple from the Rhode Island Department of Labor and Training; Steven Feinberg from the Rhode Island Office of Film and Television; Michael D. Mitchell and John Ryan from the Rhode Island Department of Administration; Mary E. Kay, Terri Bisson, Catherine A. Sparks and John Faltus from the Rhode Island Department of Environmental Management; Annette Jacques, Robert B. Jackson, Anthony Barone and Eva Bernardo from the Rhode Island Department of Transportation; Kenneth Burke from the Rhode Island Water Resources Board; Timothy Kane, legal counsel for Servis Realty, Inc. Pasco DiBiasio from Servis Realty, Inc.; and Colin Walsh from ABC Network.

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

The first order of business is the approval of the minutes from the meeting of August 31, 2010. A motion to approve was made by Mr.

Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM A – Department of Labor and Training – A request was made for approval of and signatures on a Film License Agreement with Paige Productions, Inc. to film scenes/episodes of “Body of Proof” on land controlled by the Department of Labor and Training. Mr. Feinberg noted that at a previous meeting the Office of Film and Television together with the Departments of Administration, Environmental Management and Transportation came before the Committee seeking approval of a “Blanket” Film License Agreement with Paige Productions, Inc. (“Paige”) relative to the television series “Body of Proof,” which is being filmed exclusively in the State of Rhode Island.

Mr. Feinberg indicated that Paige commenced preparation for filming in June of 2010, and will continue filming throughout December 2010. Mr. Feinberg stated that there is a distinct possibility that the series could continue production until as late as April 2011. Mr. Feinberg noted that subsequent to obtaining approval of the aforementioned “Blanket” Film License Agreement, Paige, through Mr. Walsh, requested use of an additional site for filming on land controlled by the Department of Labor and Training. Mr. Feinberg explained that both he and Mr. Walsh consulted with the Department of Administration’s Legal Department as well as conferring with attorneys and representatives of the Department of Labor and Training concerning said request. Mr. Feinberg stated that the Department of Labor and Training indicated that it is willing to accommodate Paige’s request and noted that due to the location and

the passive nature of the scenes being filmed, the Department did not foresee any problems in granting said request. Mr. Mitchell stated that the Department of Administration's Legal Department carefully reviewed this Agreement, which is a supplement to the original "Blanket" Film License Agreement, which binds both the Department of Labor and Training and Paige to the same terms and conditions contained in the original "Blanket" Film License Agreement previously approved by the Committee. Mr. Mitchell stated that the required liability insurance coverage has been secured. Mr. Mitchell stated that due to the time constraints and unpredictable nature of the filming industry, the requested filming was actually accomplished on Monday, September 27, 2010; therefore, it is unfortunately necessary to obtain the Committee's approval retroactively. Chairman Flynn noted that Mr. Woolley worked closely with all interested parties to bring this Addendum to the original "Blanket" Film License Agreement to fruition. Chairman Flynn assumed that there were absolutely no problems associated with said filming. Mr. Feinberg and Mr. Walsh stated that said filming was without incident and concluded seamlessly. Chairman Flynn requested that if Paige desires to enter into another "Blanket" Film License Agreement with one or more of the remaining State agencies, that the same is presented for the Committee's consideration in a timely manner in order to avoid the necessity of retroactive approval. Mr. Feinberg stated that the Office of Television and Film is trying to be very proactive in this regard and mindful to include any and all State agencies that are amenable to extending the use of their property for

purposes of filming from the onset of any future projects. A motion was made to approve by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM B – Department of Labor and Training – A request was made for approval of and signatures on an annual License Agreement by and between the Department of Labor and Training and the Rotary Club of Woonsocket for use of a parking lot in connection with the 2010 Autumnfest Celebration in the City of Woonsocket. Mr. Copple indicated that this is an annual request from the Rotary Club of Woonsocket for use of the parking lot located on Pond Street for the parking of vehicles owned by volunteer work the Autumnfest Celebration on behalf of the Rotary Club. The Autumnfest Celebration is held over the Columbus Day weekend at the World War II Memorial State Park. Mr. Copple explained that this year's License Agreement is essentially the same Agreement, which has repeatedly come before the Committee for approval, save the addition of two (2) new provisions. Mr. Copple noted that in the past the volunteers have commenced use of the parking lot prior to the close of business on the Friday prior to the event. The Department has made it abundantly clear that volunteers are not to enter the property for any reason prior 5:00 p.m. on the designated Friday. Additionally, in the past, volunteers have tapped into the building's water supply for purposes of cleanup via an outside faucet without the expressed permission of the Department. Therefore, the revised License Agreement contains a provision addressing use of the existing outdoor water faucet. A motion was made to approve by Mr. Griffith

and seconded by Ms. Urso.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for approval of and signatures on the License Agreement with Autumnfest for use of the World War II Memorial State Park in the City of Woonsocket to hold the annual Autumnfest Celebration over the Columbus Day weekend from October 9, 2010, through October 11, 2010. Mr. Faltus stated that this is an annual request for use of World War II Memorial State Park and a portion of the adjoining maintenance garage property for this event. Mr. Faltus noted that this is the 32nd annual Autumnfest Celebration and has been an extremely successful community based event. The Department has been provided with the necessary Certificates of Insurance for both Autumnfest and the Rotary Club, which names the State of Rhode Island as an additional insured. Mr. Griffith asked, in Mr. Kay’s absence, whether the insurance coverage included product liability coverage. Mr. Faltus stated that product liability insurance has been secured as part of the insurance policies. A motion to approve by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM D – Department of Environmental Management – A request was made for approval of and signatures on an Indenture of Lease with Edward McGovern for the Acadia Management Area (“Arcadia”) caretaker’s residence located at 260 Arcadia Road in the Town of Richmond. Ms. Bisson stated that the Department is before the Committee requesting approval of an Indenture of Lease for Edward

McGovern to occupy the two-bedroom caretaker's residence located at the aforementioned address. Ms. Bisson stated that the Department has developed standard policies and procedures, which govern the process by which potential candidates are selected for the caretaker positions and tenants of the caretaker residences as well as establishing the rental rates for said dwellings. Ms. Bisson presented copies of the Policy Hand Book to the Committee for review. Ms. Bisson noted that the subject Indenture of Lease was prepared in compliance with said policies and procedures. Ms. Bisson stated that the Acadia Management Area comprises approximately 4,000 acres of land and borders on the Towns of Hopkinton, Richmond, Exeter and West Greenwich. Ms. Bisson indicated that the dwelling's location is in a very remote area and requires that the individual who fulfills the position of caretaker to possess a vast knowledge of the land. Additionally, the position requires extensive and specific knowledge of the State's Wildlife and Fishing Rules and Regulations. Ms. Bisson explained that Mr. McGovern is a Senior Forest Ranger and has been employed by the Department since 1988. Under the terms of the Indenture of the Lease, Mr. McGovern will occupy the residence from October 2010, through May 2013, and pay an annual rental fee of \$6,355.80. Payment of the rental fee will be made in biweekly installments via automatic payroll deductions in the amount of \$244.46. As caretaker, Mr. McGovern's responsibilities include continuous surveillance of the property and he is required to respond to emergencies as necessary. Under the Indenture of Lease, Mr. McGovern is required to secure both general liability and personal

property insurance coverage. Ms. Sparks reiterated that the Arcadia Management Area caretaker's residence and surrounding property is in a very remote location. Ms. Sparks explained that said property also serves as an operational hub, which is utilized to store many hundreds of thousands of dollars worth of equipment. Ms. Sparks stated that without proper storage and supervision there is great potential for said equipment to be vandalized and/or stolen. Ms. Sparks noted that the Arcadia Management Area is one of Rhode Island's most spectacular assets. The Wood River travels directly behind the caretaker's dwelling; however, despite the compound's remote location, it draws visitors 365 days per year. Ms. Sparks noted that Mr. McGovern has discovered myriad individuals who have managed to gain unauthorized access to the property via water access, roadways and trail ways; possibly with the intent of engaging in questionable activities. Therefore, Mr. McGovern's presence on the compound is of the utmost importance. Ms. Urso asked Ms. Bisson to explain the procedure the Department follows to select the successful candidate for a position of a caretaker. Ms. Bisson stated that the Department approaches the most senior employee of whichever park is seeking a caretaker. If that employee has no interest in the position, the Department would then approach long-term employees of other regional parks. If there is no expressed interest from any of the regional park employees, the Department would offer the position to environmental police officers. Lastly, the position would be offered to employees throughout the Department of Environmental Management. Mr. Griffith asked if there is a formal

policy in place addressing the need for a temporary caretaker in the event the current caretaker is absent from the property. Ms. Bisson stated that the Lease Agreement contains a provision, which requires resident caretakers to notify their immediate supervisor if they are planning to be away from the property for more than a 24 hours period of time. The supervisor then makes arrangements for another employee or perhaps several other employees to provide coverage during the caretaker's absence and to ensure the property is adequately supervised. Mr. Griffith asked if Arcadia Management Area is open to the public 24 hours per day throughout the entire year. Ms. Sparks noted that because Acadia Management Area is a management area as opposed to a State park, monitoring access to the property is much more challenging and although the Department attempts to enforce strict curfews in certain sections of the compound; however, there are always individuals who chose to ignore said curfews and remain on the grounds at all hours of the day and night. After further discussion regarding use of the compound, a motion was made to approve by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM E – Department of Environmental Management – A request was made for approval of and signatures on an Indenture of Lease with Kenneth J. Rogers for the Snake Den State Park caretaker's residence located at 772 Greenville Avenue in the Town of Johnston. Ms. Bisson presented a map, which illustrated the location of the caretaker's residence within Snake Den State Park for the

Committee's review. Ms. Bisson stated that land leased by the Department to Dame Farm is located at the western end of the park, the caretaker's residence is located on the northern portion of the park and the park's headquarters is situated on the southern portion of the park. This arrangement provides some measure of surveillance and/or presence around the entire perimeter of the property. Chairman Flynn noted that the new Johnston Fire Station will be located at Snake Den Park as well. Ms. Bisson stated yes the fire station will be located next to the park's headquarters, which will provide an additional presence. Mr. Rogers is a regional park manager and has been employed by the Department since 1971; he has held the position of caretaker and occupied the residence at Snake Den State Park since 2000. Ms. Bisson noted that the Indenture of Lease will commence on October 1, 2010, until May 31, 2013. The annual rental fee is \$9,028.80. Payment of the rental fee will be made in biweekly installments via automatic payroll deductions in the amount of \$347.25. Mr. Rogers' responsibilities include surveillance of the property and he is required to respond to emergencies as necessary. Mr. Rogers is required to secure both general liability and personal property insurance coverage. Mr. Faltus indicated that Mr. Roger's presence is extremely important not only in terms of protecting the property, but also to ensure that there is no illegal dumping of materials on park property as well as preventing unauthorized use ATVs on the property. Mr. Faltus stated that the ATVs usually access the property from Greenville Avenue and cause substantial damage to the undeveloped portion of the

park. Chairman Flynn noted that Mr. Rogers has been employed by the State for 39 years and asked if there is a policy in place, which addresses the procedure in the event a resident caretaker retires or terminates their employment. Ms. Bisson stated that all Indentures of Lease terminate upon expiration of the tenant's employment with the Department. Ms. Bisson noted that at this time all caretakers' residences have current lease agreements, which were prepared in compliance with the Department's new policy. There are only two vacant dwellings which are presently undergoing renovations and repairs. Once said construction is completed the Department will commence the process of selecting caretakers for those remaining dwellings. A motion was made to approve by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM F – Department of Transportation – A request was made for the submission of additional information and for approval of and signatures on a License Agreement by and between the Department of Transportation and Herb Chambers Cadillac, Inc. for use of 1,380 square feet of State-owned property located adjacent to 1441 Bald Hill Road in the City of Warwick. After a detailed and lengthy discussion, which satisfied the Committee's concerns regarding the appraised value of the subject property and the method implemented to determine said value, further questions arose concerning the intended division of the subject property for vehicle parking and beautification. Chairman Flynn, once again, suggested that the matter be tabled to a future meeting of the State Properties

Committee. Chairman Flynn requested the Department prepare a schematic of the subject property delineating the exact portion of the property that will be utilized for the parking of four (4) motor vehicles and the specific portion to be utilized for beautification purposes. A motion to table this matter to a future meeting of the State Properties Committee was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM G – Department of Transportation – A request was made for approval of and signatures on a Purchase and Sale Agreement and Quit Claim Deed conveying 10,828 square feet of land; designated as Plat 404, a portion of Parcel 63 located on Atwood Avenue in the City of Cranston to Servis Realty, Inc. Mr. Jackson explained that after deeming the subject property in excess of highway needs, the Department sought and obtained conceptual approval to sell the subject property to Servis Realty, Inc. in 2008. The purchase price of the property is \$92,038.00 and said value was determined via an in-house appraisal. Mr. Jackson indicated that the Department has received a partial payment toward the purchase price and will receive the remaining balance upon the closing of the property. Chairman Flynn asked why this transaction was delayed for two (2) years between the granting of conceptual approval and today’s request for final approval and execution of documents. Mr. Jackson explained that once conceptual approval to sell the property was obtained, the Department proceeded with and completed its due diligence; however, the Service Realty, Inc. commissioned its own private fee appraisal of the property, which prompted a dispute over the value of

the property as their valuation was lower than the Department's established value. Subsequently, a survey of the property was conducted, which took an extraordinary amount of time and unfortunately, discrepancies were discovered. Mr. Jackson stated that said discrepancies had to be resolved prior to moving forward with a sale of the property. Once all discrepancies and disputes were resolved, the parties agreed to the purchase price of \$92,038.00. Ms. Jacques explained that as the subject property is considered an economic remnant located in the highway right-of way, the Department is unable to sell said property as a stand-alone parcel and in fact Servis Realty, Inc. is the only possible buyer. Chairman Flynn stated that it has been the past practice of the Committee to seek retroactive compensation for an encroached upon State-owned land, particularly when the subject property has been improved as is clearly the case relative to this property. However, it appears that the Department is not seeking retroactive compensation relative to said encroachment. Ms. Jacques stated that retroactive compensation was a consideration throughout the negotiating process, but as previously stated Servis Realty, Inc.'s appraised value was less than the value established by the Department's appraisal. Therefore, in an attempt to resolve the issue of retroactive compensation, Servis Realty, Inc. agreed to accept the Department's appraised value on the condition that the sale move forward. The Department is satisfied that this concession by Service Realty adequately resolves the retroactive compensation issue. Chairman Flynn commented that the Committee strives to be as consistent as possible in dealing with all

matters involving State property including encroachments. Therefore, he felt it was necessary to raise the issue of retroactive compensation for the existing encroachment. However, Chairman Flynn agreed that given the circumstances and nature of the subject property, there is a valid point to be made that \$92,038.00 a fair and equitable purchase price for the said property at this time. A motion was made to approve was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM H – Department of Transportation – A request was made for approval of and signatures on a Grant of Easement from the Department of Transportation to the Narragansett Electric Company for access over 15,292 square feet of State-owned land located on Memorial Boulevard in the City of Newport. Ms. Bernardo explained that the Narragansett Electric Company is seeking access rights for the placement, installation and construction of an ultraviolet storm water treatment system. Ms. Bernardo indicated that said Easement will be granted gratis. Chairman Flynn asked if the Narragansett Electric Company is consulting with the City of Newport regarding the potential for any adverse impact to the City. Ms. Bernardo stated that the Narragansett Electric Company will work closely with the City of Newport. A motion was made to approve by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM I – Department of Attorney General – A request was made for approval to waive the standard Request for Proposals process

together with a request for approval to secure temporary office space for the Attorney General Elect and transition staff.

Mr. Ryan explained that the term of these types of leases are typically for a period of two (2) months to provide a transition office for the Attorney General Elect. Chairman Flynn asked that as the Department is seeking to waive the standard Request for Proposals process, what method will be used to secure these short-term lease agreements. Mr. Ryan stated that in the past when seeking short-term temporary office space, he has reached out to landlords with available property in the downtown area and more importantly to landlords that the State has had past experience with and considers them to be reliable and reputable. Mr. Ryan noted that the Foundry Group came forward and provided space for the Governor's office and the Attorney General's office eight (8) years ago and said arrangements worked out very well. The Governor's office was fully furnished; the Attorney General's office was partially furnished and both rental fees were very reasonable. Understandably, many commercial landlords with properties in the downtown area are resistant to entering into such short-term leases. This definitely limits the number of properties the State has to choose from; however, Mr. Ryan is confident that a reasonable agreement can be negotiated with the Foundry Group. Mr. Ryan commended many of the landlords that presently lease space to the State for their willingness to assist and suggest available properties that they or others are willing to lease on a short-term temporary basis. A motion to approve was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM J – Department of Administration – A request was made for approval to waive the standard Request for Proposals process together with a request for approval to secure temporary office space for the Governor Elect and transition staff. A motion to approve was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

ITEM K – Department of Revenue/Division of Motor Vehicles – A request was made for permission to initiate negotiations with the Valley Group regarding the terms and conditions of a new five (5) year Lease Agreement for the Division of Motor Vehicles Middletown Branch Office located at 77 Valley Road in the Town of Middletown. By way of background, Mr. Ryan explained that several months ago, the Department of Revenue/Division of Motor Vehicles appeared before the State Properties Committee seeking approval to issue a Request for Proposals to solicit bids for new space for the Division of Motor Vehicles Middletown Branch Office. The Division wishes to remain in the Town of Middletown. Mr. Ryan noted that the Request for Proposals was advertised; however, not a single proposal was received; not even from the current landlord, which Mr. Ryan found rather surprising. Mr. Ryan noted that after speaking with a representative of the current landlord, it became apparent that the “early termination” language contained in the State’s standard lease agreement was a major factor in the landlord’s decision not to respond to the Request for Proposals. Mr. Ryan explained that in an effort to reduce spending, the State has recently terminated

approximately twenty-two (22) leases by consolidating compatible agencies into one space, vacating the unnecessary premises and terminating the lease agreement often prior to its expiration date. Mr. Ryan indicated that said language is very likely the cause of the recent apprehension on the part of many reputable landlords who have readily leased property to the State in the past. Mr. Ryan indicated neither he nor Director Booth Gallogly would normally consider asking the Committee to approve a request to remove the “early termination” language from a lease agreement; however, this is a rather unique and urgent set of circumstances. Mr. Ryan explained that as the current facility serves Newport, Portsmouth, Jamestown, Little Compton and Tiverton, a failure to retain an office in this area would result in the majority of the clientele transferring to the Stedman Center in Wakefield. Mr. Ryan stated that unfortunately, the Stedman Center is unequipped to handle such a substantial increase in its clientele and such demand would quickly overwhelm said facility. This is a major concern to the both the Division and Director Booth Gallogly, therefore, she authorized Mr. Ryan to appear before the Committee and respectfully request permission to not only initiate negotiations with the Valley Group, but also for approval to remove the “early termination” language from the lease agreement for purposes of generating more productive negotiations. Mr. Ryan denied that said request was intended as a vehicle to advocate the setting of any precedent; said request is the result of an extraordinary set of circumstance with out any foreseeable resolution at this time. Chairman Flynn asked the current rental rate. Mr. Ryan noted the

rental rate is \$14.95, per square foot, which calculates to approximately \$90,000.00 per year. Chairman Flynn clarified that this matter will return to the Committee for final approval and execution of the final document. A motion to approve was made by Mr. Griffith and seconded by Ms. Urso.

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 purpose, 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 Executive Session by Mr. Griffith and seconded by Ms. Urso.

A roll call vote was taken and the votes were as follows: Mr. Griffith voted "Aye" Ms. Urso voted "Aye" and Chairman Flynn voted "Aye".

The State Properties Committee closed the Executive Session and returned to

the open session of the meeting at 11:01 a.m.

ITEM E1 – Water Resources Board – A request was made for approval of a Stipulation relative to the settlement of a legal claim concerning property located in the Big River Management Area. After discussion in Executive Session, a motion to approve was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 11:03 a.m. The motion to adjourn was made by Mr. Griffith and seconded by Ms. Urso.

Passed Unanimously

Holly H. Rhodes, Executive Secretary