

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, NOVEMBER 22, 2011

The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: Richard Woolley representing the Rhode Island Department of Attorney General; Lawrence S. Eichler, Public Member; and Andrew Marcaccio representing the Rhode Island Office of the General Treasurer, Ex-Officio Member. Robert Griffith was unable to attend. Others in attendance were Anthony Robinson from the State of Rhode Island General Assembly; Annette Jacques, Paul Carcieri, Anthony Barone and Christine Brien from the Rhode Island Department of Transportation; Richard Bianculli, Jr., from the Rhode Island Department of Environmental Management; Michael D. Mitchell and John P. Ryan from the Rhode Island Department of Administration; Stephen Brunero and John Microulis from the Rhode Island Department of Human Services, Offices of Disability Determination and Rehabilitative Services; and Ken Willever and Jason Gramitt from the Rhode Island Ethics Commission.

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

A motion was made to approve the minutes of the State Properties Committee meeting held on November 8, 2011, by Mr. Woolley and seconded by Mr. Eichler.

Passed Unanimously

ITEM A - Department of Environmental Management – A request was made for approval of and signatures on an Easement Agreement by and between the Department of Environmental Management and the Town of Richmond for the maintenance of fish weirs in the Pawcatuck River in the Village of Shannock. Mr. Bianculli stated that the fish weirs are located next to the Knowles Mill site and designated as Assessor's Plat 10D, Lot 11-2 in the Town of Richmond. Mr. Bianculli noted that a fish passage has been constructed next to a dam and the easement will allow the Department to access rock weirs located below said dam. The weirs provide a place for fish to rest before proceeding up the fish ladder to the dam. Mr. Bianculli stated that said easement is for access, maintenance and repair of the weirs. Mr. Woolley asked which direction the Pawcatuck River flows. Mr. Bianculli noted that that the river flows in a westerly direction toward Old Shannock Road. Mr. Eichler noted that the Easement Agreement states that the Department wishes to own the rock weirs. Mr. Bianculli stated that is correct. Mr. Eichler asked if the Department currently owned the rock weirs. Mr. Bianculli stated that the Department does not presently own the rock weirs. However, Mr. Bianculli indicated that the Department wishes to acquire the rocks only; the Town of Richmond will continue to own the land beneath them. Mr. Bianculli explained that by owning the rock weirs, the Department can place or remove structures within the weirs' area

without first having to obtain permission from the Town of Richmond.

Mr. Eichler noted that the Easement Agreement states that the Department is desirous of owning the rock weirs, but it does not actually provide for the transfer of said rock weirs from the Town of Richmond. Mr. Eichler asked whether that transfer will be done by a separate agreement. A discussion ensued relative to the agreement's ambiguity regarding the Town's intent relative to the transfer of the rock weirs. Mr. Eichler suggested that the issue could be resolved by revising the Easement Agreement to include the following language: "The Town shall transfer ownership of the rock weirs to the State."

Mr. Bianculli stated that he would revise the Agreement to include said language. A motion to approve was made by Mr. Eichler, subject to the Agreement being revised on Page 2, Paragraph 1 to include the following language: "The Town shall transfer ownership of the rock weirs to the State of Rhode Island. Said motion was seconded by Mr. Woolley.

Passed Unanimously

ITEM B – Department of Transportation – A request was made for approval of and signatures on a License Agreement, by and between the Department of Transportation and Johnson Street Realty, LLC for use of approximately 2,400 square feet of State-owned land located at the end of Globe Street in the City of Providence. Ms. Brien explained that the applicant intends to utilize the subject property for vehicle parking and for bus-turn-around. Mr. Woolley asked how many parking spaces the subject property provides. Ms. Brien clarified that the applicant's primary intent is to use the property for temporary

parking to load and unload passengers from limousines and as a place for buses to turn around. Mr. Carcieri stated that using the standard formula, the subject property would accommodate approximately eight (8) to ten (10) parking spaces. Mr. Woolley asked what the property's present use is. Mr. Carcieri stated that the property was previously used for part of a staging area for the I-195 Relocation Project; however, it is no longer needed for said project and serves no DOT purpose at this time. Mr. Woolley asked when the Department stopped using the property for DOT purposes. Mr. Carcieri indicated the Department ceased using the property approximately one month ago. Mr. Woolley asked if the applicant has used the property since that time. Mr. Carcieri believes the applicant may have accessed the property once DOT vacated the same. Mr. Carcieri indicated that the applicant was allowed to access the premises to conduct a preliminary survey to establish the limits of their use of the property. The survey was necessary because the License Agreement provides for the erection of a barrier fence around the property. Ms. Brien noted that the applicant must provide access to the land through the fence. Mr. Eichler asked if the applicant is the only party able to utilize the subject property and if there is any other means of access. Mr. Carcieri stated that National Grid owns a large parcel of land which abuts the subject property. Chairman Renaud asked if the License Agreement is revocable at will. Mr. Carcieri indicated that the Agreement is revocable at will. Mr. Carcieri stated that the applicant has applied to purchase the subject property, but as the approval process will take at least six (6) months,

the applicant wishes to license said property in the interim. A motion to approve was made by Mr. Woolley and seconded by Chairman Renaud. A discussion ensued relative to terms and conditions of the License Agreement. Mr. Eichler indicated that he feels the Agreement is too vague and that it should be revised to include more specific language to address certain terms and conditions. A roll call vote was taken and the votes were as follows: Chairman Renaud voted “Aye,” Mr. Eichler voted “Nay,” and Mr. Woolley voted “Aye.”

Said motion passed two votes “Aye” to one (1) vote “Nay.”

Two (2) votes “Aye”

Mr. Woolley

Chairman Renaud

One (1) vote “Nay”

Mr. Eichler

ITEM C – Department of Transportation – A request was made for approval of and signatures on a License Agreement, by and between the Department of Transportation and Brown University for use of 29,185 square feet of State-owned land located adjacent to Dyer Street in the City of Providence. Utilizing a site map, Ms. Brien illustrated the exact location of the subject property. The property comprises approximately seventy-seven (77) vehicle parking spaces. Ms. Brien stated that Brown University wishes to license the property for a term of fourteen (14) months. After reviewing the License

Agreement, Mr. Woolley noted that said Agreement is not revocable at will. Mr. Carcieri explained that Brown University requested a longer revocation period and the Department accommodated said request with a provision that requires the Department to give the University thirty (30) days notice prior to terminating the License Agreement. Mr. Eichler noted that given the license fee, the applicant is paying less than \$100.00 per month, per vehicle. Mr. Eichler asked how the Department established said fee in light of the cost of parking in the City of Providence. Mr. Carcieri asked Anthony Barone, appraiser for the Department of Transportation, to address Mr. Eichler's concern. Mr. Barone explained that the appraisal report is based upon the income approach for seventy-seven (77) parking spaces. A gross monthly rental rate of \$150.00 per vehicle was established, however, the Department made various downward adjustments to said rate. Mr. Barone stated that standard adjustments were made for effects on gross income such as vacancy and collection loss, property insurance, maintenance and management and professional fees. Chairman Renaud asked who is responsible for snow removal. Mr. Barone indicated that the tenant is responsible for the removal of snow and for the general maintenance of the property. Mr. Carcieri explained that the reason the License Agreement is for a term of only fourteen months is because it is estimated that the I-195 project will reach this particular site by that time and the University will have to vacate the premises to allow for the construction of a road. Mr. Carcieri stated upon its transfer, the entire area will come under the jurisdiction of the I-195

District Commission. Mr. Carcieri noted that this matter was brought before the Commission last evening and its members had no objection to the licensing of this property for a period of fourteen (14) months. Chairman Renaud asked Mr. Ryan whether he believes the license fee is equitable and/or comparable to the fees the State pays for parking in the Downtown area. Mr. Ryan indicated that as the State is presently paying \$135.00, per month, for parking spaces located within a parking garage, as the subject property is being licensed for surface parking, he believes the fee is appropriate. Mr. Woolley noted that the employees of the Department of Attorney General previously parked in this lot and asked what the license fee was at that time. Mr. Carcieri stated that the Department of Attorney General's license agreement for this site was gratis. A motion to approve was made by Mr. Eichler and seconded by Mr. Woolley.

Passed Unanimously

ITEM D – Department of Human Services/Office of Disability Determination Services – A request was made for approval of and signatures on a Lease Agreement, by and between Emanon Associates, LP and the Department of Human Services, on behalf of the Office of Disability Determination Services for the premises located at 40 Fountain Street in the City of Providence. Mr. Ryan explained that the Department is seeking approval and execution of a 10 year Lease Agreement for the above-referenced premises. Mr. Ryan indicated that the Office of Disability Determination Services has occupied this space for the past twenty (20) years. Mr. Ryan

noted that the State form of Lease Agreement has been employed relative to the premises. Mr. Ryan stated that after reviewing the Lease Agreement, Mr. Eichler suggested several revisions. Both Mr. Woolley and Mr. Mitchell worked with the Landlord's legal counsel and were able to incorporate some of the suggested revisions into the new Lease Agreement. Mr. Ryan stated that the current rental rate is \$15.70 per square foot. After negotiating this issue, it was agreed that the rental rate would remain the same throughout the entire ten (10) year term of the new Lease Agreement. The tax escalator which is currently \$1.45 per square foot will remain the same as the State is in the process of arranging a tax settlement with the City of Providence. Mr. Ryan noted that due to the tireless efforts of Director Licht and Mr. Mitchell, a settlement has already been reached relative to the DCYF Lease Agreement for 101 Friendship Street. Mr. Ryan stated that the individuals involved in these negotiations are extremely pleased that both the rental fee and tax escalator are frozen for the entire ten (10) year term. These terms apply to the Office of Rehabilitation Services and the Rhode Island Ethics Commissions' Lease Agreements as well. Mr. Ryan indicated that the current utility escalator is .80 cents per square foot and is expected to increase over the next ten (10) years; however, the Landlord is currently in discussions with National Grid concerning energy saving initiatives and in all likelihood the State will be able to take advantage of said savings. Mr. Ryan commented that from a financial standpoint, all three of these Lease Agreements are beneficial to the State. Mr. Woolley explained that because of the

statutory prohibition against any lease existing beyond twenty (20) years, these three Leases could not be renewed; new leases had to be negotiated and prepared. Mr. Woolley explained why some of Mr. Eichler's suggested language revisions were not implemented. Mr. Ryan also noted that within the past two years, the landlord has decreased the monthly parking fees from \$140.00 to \$135.00, per space, and indicated that under the new Lease Agreements, the monthly parking fees have been lowered to \$130.00, per month, per space. Chairman Renaud commented that it is his understanding that the State has enjoyed a very good working relationship with the landlord. Mr. Brunero stated that the landlord is very visible, he often in the building on a daily basis. Mr. Brunero indicated that the landlord has responded very quickly to requests for new carpeting, window cleaning and other improvements. Mr. Brunero also stated that the Department recently submitted a list of items it would like addressed and the landlord has agreed to accommodate said requests. Mr. Eichler noted that under Paragraph 14, Fire and Casualties, it states that in the event, the premises sustains damages up to \$500,000.00, the landlord will pay the cost to repair said damages; however, if the total cost to repair damages exceeds \$500,000.00, the landlord may elect to terminate the Lease Agreement and ask the tenant to permanently vacate the premises. Mr. Mitchell indicated that \$500,000.00 is an arbitrary figure negotiated and agreed to by the parties. The landlord indicated that he needed at least a \$500,000.00 threshold in order to satisfy his lenders in terms of ensuring that leases will not be terminated as the result of minimal

damages to the premises. Mr. Eichler asked if this means that if the cost to repair damages exceeds \$500,000.00, then only the landlord, not the tenant, has the option to terminate the Lease Agreement. Mr. Mitchell indicated that is correct; however, if it is determined that it will require more than 180 days to repair said damages, then either party shall have the option to terminate the Lease Agreement. A

motion to approve was made by Mr. Woolley and seconded by Mr. Eichler.

Passed Unanimously

ITEM E – Department of Human Services/Office of Rehabilitative Services –

A request was made for approval of and signatures on a Lease Agreement, by and between Emanon Associates, LP and the Department of Human Services, on behalf of the Office of Rehabilitative Services for the premises located at 40 Fountain Street in the City of Providence. Mr. Ryan explained that the terms and conditions of this Lease Agreement are identical to the previous Agreement except for the difference in the total square footage being leased and the number of parking spaces being leased. A motion was made to approve by Mr. Woolley and seconded by Mr. Eichler.

Passed Unanimously

ITEM F – Rhode Island Ethics Commission – A request was made for approval of and signatures on a Lease Agreement, by and between Emanon Associates, LP and the Rhode Island Ethics Commission for the premises located at 40 Fountain Street in the City of Providence.

Mr. Ryan explained that this Lease Agreement is identical to the previous Agreements except for the difference in the total square footage being leased and the number of parking spaces being leased. A motion to approve was made by Mr. Woolley and seconded by Mr. Eichler.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at approximately 10:54 a.m. The motion to adjourn was made by Mr. Woolley and seconded by Mr. Eichler.

Passed Unanimously

Holly H. Rhodes, Executive Secretary