

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On May 12, 2022 – remotely via telephone conference –

Pursuant to Governor Lamont's Executive Order No. 7B regarding suspension of In-Person Open Meeting requirements, the State Properties Review Board conducted its Regular Meeting at 9:30AM on May 12, 2022 remotely via telephone conference at (866)-692-4541, passcode 85607781.

Members Present:

Edwin S. Greenberg, Chairman
Bruce Josephy, Vice Chairman
John P. Valengavich, Secretary
Jack Halpert
Jeffrey Berger
William Cianci

Members Absent:

Staff Present:

Dimple Desai
Thomas Jerram

Guests Present

Shane Mallory, Administrator - DAS

Mr. Valengavich moved and Mr. Halpert seconded a motion to enter into Open Session. The motion passed unanimously with Secretary Valengavich abstaining.

OPEN SESSION

1. ACCEPTANCE OF MINUTES

Mr. Valengavich moved and Mr. Berger seconded a motion to approve the minutes of the May 10, 2022 Special Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

PRB #	21-190
Transaction/Contract Type:	RE – Amendment
Origin/Client:	DAS/DCF
Property:	Manchester, Middle Turnpike West (364)
Lessor:	L & J Manchester III, LLC
Project Purpose:	Amendment to Renew Lease, Obtain Carpet/Paint Credit & Upgrades
Item Purpose:	First Amendment

May 4, 2022 Update

At its meeting held on January 6, 2022 the State Properties Review Board voted to suspend this item pending clarification of the following issues:

- Does Jeff Z have any comments on this? I see that DAS has been paying L&J Manchester III but shouldn't there be some sort of agreement with this entity? Is the difference between the two

entities; members/liability/etc.? For risk/liability purposes, if L&J Manchester II goes bankrupt, what is State's recourse?

DAS Response: DAS included a copy of the Omnibus Assignment and Assumption Agreement provided by the Lessor:

OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT

This Omnibus Assignment and Assumption Agreement (this "Assignment") is made as of the 13th day of December, 2021, and effective as of February 5, 2016 (the "Effective Date"), by and between **L&J MANCHESTER II LLC**, a Delaware limited liability company having an address c/o L.H. Charney Associates, Inc., 1410 Broadway, 11th Floor, New York, New York 10018 ("Assignor"), and **L&J MANCHESTER III LLC**, a Delaware limited liability company having an address c/o L.H. Charney Associates, Inc., 1410 Broadway, 11th Floor, New York, New York 10018 ("Assignee").

Staff Response: The Omnibus Assignment and Assumption Agreement, dated December 13, 2021, and effective February 5, 2016, now provides a vehicle for L&J Manchester, LLC to assume all responsibilities as Lessor, including receiving rental payments from the State. OK

- Can DAS amend the Base Lease with L&J Manchester II as the original Owner/Lessor when the Owner/Lessor is now L&J Manchester III?

DAS Response: This Amendment has been updated to reflect the change of ownership that occurred in 2016, and other issues raised by SPRB to the original submission. All slip page approvals have been obtained and are included in the package. The Attorney General's Office has also reviewed the revised assignment language in the Amendment, as well as the attached Omnibus Assignment and Assumption Agreement provided by the Lessor

Staff Response: Please provide relative communication from the AG regarding their approval of the Assignment Language and Omnibus Assignment and Assumption Agreement, as well as communications from DCF and OPM regarding their approvals of slip-sheeting pages into this First Amendment to Lease.

DAS subsequently provided a chain of email communications with the AG, as well as communications from DCF and OPM for their approval of slip-sheeting the changes into the Amendment. OK

RECOMMENDATION: SPRB staff believes that in general, this First Amendment to Lease as negotiated, is a sound proposal and recommends approval for the following reasons:

1. The annual rental during the first year of the initial 5-year term will be decreased by 26.14% to \$11.82/sf (\$414,404.70/yr), representing a reduction in base rent of \$191,570.34 (of which DAS states \$164,217.30 - \$0.94/sf – for a carpet/paint credit). The rental increases to \$16.50/nusf (\$578,622/yr), fixed for the remaining four years of the renewal term.
2. The Second Renewal Option, if exercised, will increase 7.58% in year six to \$17.75/nusf (\$622,457/yr);
3. DAS reports the state will save \$460,451.90 over the next 10 years, based on the existing options in the Lease (confirmed by Staff).
4. Real Estate Taxes are currently \$1.71/sf, included in the Base Rent; and
5. All required affidavits are complete.

At its meeting held on August 16, 2021 the State Properties Review Board voted to return this item pursuant to an August 12, 2021 request from DAS. The Board noted that prior to resubmitting this Proposal, DAS should address the following issues:

1. The original Lease, approved by the AG on 1-21-2016, was with **L & J Manchester II, LLC**.

Research reveals that on February 9, 2016 **L & J Manchester II, LLC** conveyed the property by Warranty Deed (4371/121) to **L & J Manchester III, LLC**. Also, it appears that the Legal Description in the February 2016 Warranty Deed differs from the Legal Description contained within the 2016 original Lease and not updated in the First Amendment document. We have no record of DAS presenting a Consent to Assign (Exhibit G) to the SPRB in our records.

Our question is “If there was a change in the ownership entity and the Lease was never formally assigned to that entity via Exhibit G, how can the original Lease be amended now that the Lease expired in April? And, what are the impacts on this proposed Amendment based on the other issues/concerns raised below?”

DAS Response: It is our practice to complete the Consent to Assignment (Exhibit G) only if either the old or new lessor (or their lender) request it. DAS procedure is to submit a revised rent control card notifying the Comptroller and the user agency of the new lessor (see attached). Rental payments to L & M Manchester III, LLC commenced in or around March 2016 following the transfer of the property and have been made to that entity ever since.

Staff Response: Can DAS amend the Base Lease with L&J Manchester II as the original Owner/Lessor when the Owner/Lessor is now L&J Manchester III?

2. The Corporate Authority was signed under L & J Manchester II, LLC, not L & J Manchester III, LLC and, the Corporate Authority is self-serving as Joseph Giannola is authorizing himself to enter into the contract, where the Statement of Financial Interest shows another Member (Jerome Chazen).

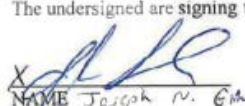
L & J Manchester II, LLC
CONSENT TO ACTION

The undersigned, Chief Operating Officer of L & J Manchester II, LLC (the “Company”), a Connecticut limited liability company, in accordance with the Connecticut General Statutes and the Company’s governing agreement, unanimously resolve as follows:

that the Company execute and deliver any and all contracts which it deems to be necessary or appropriate to carry out its business; and

that Joseph N. Giannola, as Chief Operating Officer of the Company, is directed to execute and deliver all contracts on behalf of the Company and to do all things necessary or appropriate to carry out the terms of such contracts, including executing and delivering all agreements and documents contemplated by those contracts.

The undersigned are signing this consent on April 21, 2021.


NAME Joseph N. Giannola
Title: Chief Operating Officer

Furthermore, OPM Form C was signed under L & J Manchester II, LLC, not L & J Manchester III, LLC, while OPM Form 1 (Campaign) and Form 7 (Iran) were signed by L & J Manchester III, LLC.

DAS Response: See attached revised Corporate Authority.

Staff Response: DAS provided updated Corporate Authority. OK

3. The Statement of Financial Interest properly lists L & J Manchester III, LLC as having a financial interest, but it does not provide who are the individual Members of the LLC, as required by the document. The only exception is if the LLC were a publicly-held corporation.

STATEMENT OF FINANCIAL INTEREST

I/We, the undersigned, being duly sworn, depose and say that the names and addresses of all persons, partnerships, limited partnerships, corporations or other entities having a financial interest in the property or premises at **364 West Middle Tpke, Manchester, Connecticut**, including the beneficiary of any undisclosed trust or the equitable owner of such property or premises, are listed below. Corporations shall also list the names and address of their officers, directors and stockholders, except that his requirement shall not apply to publicly held corporations. The president of a publicly held corporation shall submit an affidavit stating that the corporation is a publicly held corporation. A partnership shall also list the names and addresses of all partners in the partnership. A limited partnership shall also list the names and address of all general partners and limited partners in the limited partnership.

Names, Addresses and Phone Numbers (attach additional sheet if necessary):

1. LC 5 Manchester III, LLC
1441 Broadway, NY, NY 10018
2. Jerome Chazen 300 E. 65th St NY, NY 10065

DAS Response: See attached revised Statement of Financial Interest.

Staff Response: DAS provided updated Statement of Financial Interest. OK

Background

The base Lease was approved by the SPRB in 1996 under PRB #96-094 for the use and occupancy of 25,906 NUSF. The 1996 was renewed under PRB #01-353 and the lease expired in 2006. A new lease for 40,198 NUSF with 2 renewals was approved by the Board in 2008 under PRB #07-359. This lease expired 2/9/2014.

Under PRB #16-003, the Board approved a new base rental rate of \$16.00/NUSF, a 10% increase over the 2008 (expired) rate of \$14.50/NUSF. The parking included in the rate has been increased from 193 spaces to 238 spaces. The leased area has been decreased by 13% to 35,068 NUSF, approximately 200 NUSF per full time employee is assigned to this location.

Under this Proposal (PRB #21-190), DAS and DCS now seek approval to a First Amendment to Lease for continued occupancy at 364 Middle Turnpike West in Manchester.

The annual rental during the first year of the initial 5-year term will be decreased by 26.14% to \$11.82/sf (\$414,404.70/yr), representing a reduction in base rent of \$191,570.34 (of which DAS states \$164,217.30 - \$0.94/sf – for a carpet/paint credit). The rental increases to \$16.50/nusf (\$578,622/yr), fixed for the remaining four years of the renewal term. The Second Renewal Option, if exercised, will increase 7.58% in year six to \$17.75/nusf (\$622,457/yr). Carpet/paint requirements are waived for the First Renewal Term. Carpet replacement is required in both renewal options, with a credit required if waived. Repaint is required at the Second Renewal Option. DAS reports the state will save \$460,451.90 over the next 10 years, based on the existing options in the Lease (confirmed by Staff).

	New Lease - #16-003	First Amendment - #21-190
Leased Premises, NUSF 364 West Middle Turnpike, Manchester	25,906 nuf, 2 nd floor 9,162 nuf, 1 st floor 35,068 nuf, total	25,906 nuf, 2 nd floor 9,162 nuf, 1 st floor 35,068 nuf, total
Base Rent	\$16.00/nuf = \$561,087.96/year	Yr #1: \$11.82/nuf = \$414,404.70/year Yrs #2-5: \$16.50/nuf = \$578,622/year (+3.125%)
Parking in Base Rent	238 spaces on site (6.8 spaces/1,000 nuf)	238 spaces on site (6.8 spaces/1,000 nuf)
Additional Rent	Same. DAS estimates \$4.51/nuf for electricity and janitorial needs.	Same. DAS estimates \$2.57/nuf for operating expenses.
Term	5 years	5 years
Renewal Option	5 years @ \$17.28/nuf = \$605,975.04 (+8.0%) 5 years @ \$18.66/nuf = \$654,368.88 (+8.0%)	5 years @ \$17.75/nuf = \$622,457 (+7.58%)
Carpet & Paint	Standard language regarding new carpet and paint at renewals. See note below regarding work to be done at beginning of the initial term	Carpet waived in yrs 1-5 in lieu of credit. Carpet required in renewal option or credit if waived. Paint required in renewal option.
Termination Option	None	None
Other (#16-003)	Exhibit D describes tenant improvement work to be paid for by Lessor. It includes addressing deficiencies in the HVAC system. A new network of thermostats and sensors will be installed. The 4 large restrooms in the center of the second floor will be renovated. The 27,000 sf roof will be treated with the ASTEC Re-Roof system that has a 10-year warranty. Some office and conference room space will be reconfigured.	
Other (#21-190)	Requires Lessor to replace all second floor windows within one year of commencement of renewal.	

There are currently 195 employees in this office (per RFS) and seven additional vacant positions. The possibility of utilizing either existing state-owned space or purchasing a building was also considered. DAS states there is no state-owned space available that meets DSS space needs and square footage requirements and no funding for a purchase sale. The RFS was initiated on March 4, 2021 and approved on March 11, 2021.

The state facility plan approved 38,546 square feet and \$677,986 in funding for this location.

DAS advertised the need pursuant to CGS §4b-34 in the Hartford Courant on March 19, 2021 (LP 21-03).

The following is a summary of responses to the advertisement (LP 21-03):

Lease Proposals Per Square Foot							
Property Address	Available Square Feet	Term	Renewal Options	Base Rent	Operating Expenses	Tenant Improvement	Total Costs
364 West Middle Tpke, Manchester	35,068	5 year	1	\$16.50	\$2.57	\$0.00	\$19.07

DAS Leasing Staff had provided the following rental comparables in support of this proposed Lease:

Lease Comparables Per Square Foot							
Property Address	Tenant	Square Feet	Term	Renewal Options	Base Rent	Operating Expenses	Total Costs
587 East Middle Tpke, Manchester	Judicial	8,947	5 year signed in 2020	1	\$18.50	\$7.11	\$25.61

410 West Middle Tpke, Manchester	Undisclosed	11,000 sf	5 year signed in 2020	1	\$17.75	\$1.45 for Janitorial, TI=\$10.50/s f	\$28.25
587 East Middle Tpke, Manchester	Phoenix	4,000	5 year	0	\$15.67	\$7.05	\$22.72

SPRB Staff had asked following questions regarding this lease renewal.

- Does Jeff Z have any comments on this? I see that DAS has been paying L&J Manchester III but shouldn't there be some sort of agreement with this entity? Is the difference between the two entities; members/liability/etc.? For risk/liability purposes, if L&J Manchester II goes bankrupt, what is State's recourse?
- Can DAS amend the Base Lease with L&J Manchester II as the original Owner/Lessor when the Owner/Lessor is now L&J Manchester III?

RECOMMENDATION: Staff recommendation is to suspend this First Amendment to Lease for DCF continued use and occupancy of 35,068 square feet in this building, for the following reasons:

- The RFS was initiated on March 4, 2021 and approved on March 11, 2021.
- The State Facility Plan provides for 38,546 square feet and \$677,986 in funding for this location.
- The proposed rental rate will be decreased by 26.14% to \$11.82/sf (\$414,404.70/yr), representing a reduction in base rent of \$191,570.34 (of which DAS states \$164,217.30 - \$0.94/sf – for a carpet/paint credit). The rental increases to \$16.50/nusf (\$578,622/yr), fixed for the remaining four years of the renewal term. .
- The need was advertised on March 19, 2021 (LP-21-03). One response was received (current Lessor).
- The proposed rental rate appears reasonable and is below the Cushman & Wakefield 3rd Quarter average listing price for full service gross leases of Class A Office Space at \$22.56/sf.

From PRB #21-117

Background

The base Lease was approved by the SPRB in 1996 under PRB #96-094 for the use and occupancy of 25,906 NUSF. The 1996 was renewed under PRB #01-353 and the lease expired in 2006. A new lease for 40,198 NUSF with 2 renewals was approved by the Board in 2008 under PRB #07-359. This lease expired 2/9/2014.

This Proposal was received by the Board on 7-12-2021.

On 7-20-2021 DAS was notified “Before we dig in more into reviewing this amendment, can you pl answer the following? Let me know if you want to discuss this as well. Thanks.”

The original Lease, approved by the AG on 1-21-2016, was with **L & J Manchester II, LLC**. You stated in the Amendment the Lease expired on April 30, 2021, and both Lessee/Lessor executed prior to April 30.

Research reveals that on February 9, 2016 **L & J Manchester II, LLC** conveyed the property by Warranty Deed (4371/121) to **L & J Manchester III, LLC**. Also, it appears that the Legal Description in the February 2016 Warranty Deed differs from the Legal Description contained within the 2016 original Lease and not updated in the First Amendment document.

We have no record of DAS presenting a Consent to Assign (Exhibit G) to the SPRB in our records.

Our question is "If there was a change in the ownership entity and the Lease was never formally assigned to that entity via Exhibit G, how can the original Lease be amended now that the Lease expired in April? And, what are the impacts on this proposed Amendment based on the other issues/concerns raised below?"

Other initial issues/concerns are:

The Corporate Authority was signed under L & J Manchester II, LLC, not L & J Manchester III, LLC and, the Corporate Authority is self-serving as Joseph Giannola is authorizing himself to enter into the contract, where the Statement of Financial Interest shows another Member (Jerome Chazen).


L & J Manchester II, LLC
CONSENT TO ACTION

The undersigned, Chief Operating Officer of L & J Manchester II, LLC (the "Company"), a Connecticut limited liability company, in accordance with the Connecticut General Statutes and the Company's governing agreement, unanimously resolve as follows:

that the Company execute and deliver any and all contracts which it deems to be necessary or appropriate to carry out its business; and

that Joseph N. Giannola, as Chief Operating Officer of the Company, is directed to execute and deliver all contracts on behalf of the Company and to do all things necessary or appropriate to carry out the terms of such contracts, including executing and delivering all agreements and documents contemplated by those contracts.

The undersigned are signing this consent on April 21, 2021.


NAME Joseph N. Giannola
Title: Chief Operating Officer

Furthermore, OPM Form C was signed under L & J Manchester II, LLC, not L & J Manchester III, LLC, while OPM Form 1 (Campaign) and Form 7 (Iran) were signed by L & J Manchester III, LLC.

And, the Statement of Financial Interest properly lists L & J Manchester III, LLC as having a financial interest, but it does not provide who are the individual Members of the LLC, as required by the document. The only exception is if the LLC were a publicly-held corporation.

STATEMENT OF FINANCIAL INTEREST

I/We, the undersigned, being duly sworn, depose and say that the names and addresses of all persons, partnerships, limited partnerships, corporations or other entities having a financial interest in the property or premises at 364 West Middle Tpke, Manchester, Connecticut, including the beneficiary of any undisclosed trust or the equitable owner of such property or premises, are listed below. Corporations shall also list the names and address of their officers, directors and stockholders, except that his requirement shall not apply to publicly held corporations. The president of a publicly held corporation shall submit an affidavit stating that the corporation is a publicly held corporation. A partnership shall also list the names and addresses of all partners in the partnership. A limited partnership shall also list the names and address of all general partners and limited partners in the limited partnership.

Names, Addresses and Phone Numbers (attach additional sheet if necessary):

- L & J Manchester III, LLC
1441 Broadway, NY, NY 10018
- Jerome Chazen 200 E. 65th St NY, NY 10065

On 8-12-21 DAS sent an email containing the following: “I just learned the landlord for Manchester is on vacation for the entire month of August so we will NOT be getting what we need until September. Hence, I am asking the file be returned to us. “

RECOMMENDATION: SPRB staff recommend return of this Proposal pursuant to DAS’ 8-12-21 request.

4. REAL ESTATE – NEW BUSINESS

PRB #	22-063
Transaction/Contract Type	RE/ Purchase & Sale Agreement
Origin/Client	DAS/DAS
Property:	Hartford, Trinity Street (18-20 & 30)
Project Purpose:	Sale of Surplus Property pursuant to CGS 42-21(e)
Item Purpose:	Purchase and Sale Agreement

At 9:32 Mr. Mallory joined the Meeting to participate in the Board’s discussion of this Proposal. He left the Meeting at 10:35.

Sale Price = \$1,100,000

18-20 Trinity Street consists of an 87,637 square foot office building on a .85 acre, level and essentially rectangular shaped lot with frontage on both Trinity Street and Clinton Street. There are 43 on-site parking spaces on this parcel. The parcel has 122’ on Capitol Avenue & 103’ on Clinton Street.

The site is improved with a vacant, 5-story, office building of approximately 87,637 gross square feet. The temperature control of the building is provided by hot and chilled water from CAS (Capital Area District Heating and Cooling System). The building has 3 passenger elevators. The property is located in a Historic Preservation District and is directly across the street from the Capitol and adjacent to the Bushnell.



Courtesy: <https://portal.ct.gov/RealEstate4Sale/18-20-Trinity-Street-Property/About>

30 Trinity Street consists of a 76,665 square foot office building on a .80 acre slightly sloping, rectangular shaped lot on the corner of Trinity Street and Elm Street. There are 24 on-site parking spaces on this parcel. The parcel has 142’ on Trinity Street & 261.7’ on Elm Street.

The site is improved with a vacant, 4-story, office building of approximately 76,665 gross square feet. The temperature control of the building is provided by hot and chilled water from CAS (Capital Area District Heating and Cooling System). The building has 2 passenger elevators. The property is located in a Historic Preservation District and is directly across the street from the Capitol and adjacent to the Bushnell.



Courtesy: <https://portal.ct.gov/RealEstate4Sale/30-Trinity-Street-Property/About>

The Properties are both located in a Mixed Use (MX-1) Zone, are within the Government district, are in the Central Business District and the Asylum Avenue historic district. The 18-20 Trinity Street parcel abuts Bushnell Theater and the 30 Trinity Street parcel looks on to Bushnell Park to the North. The Properties are directly across the Street from the State Capitol and within a short walk to the Legislative Office Building and State courthouses. They are within a mile walk or drive from Union Place and Sigourney Street stations, XL Center, Wadsworth Atheneum, UCONN Hartford, Connecticut Science Center, Capital Community College and Dunkin Donuts Park.

DAS states the holding costs for this property averages \$754,000 per year.

DAS initiated the surplus process pursuant to CGS 4b-21(b) on January 13, 2021 when DAS declared the property surplus to its needs. All occupants were relocated to either 55 Farmington Avenue or 165 Capitol Avenue. OPM notified all state agencies and did not receive any re-use proposals. In February 2021, OPM informed DAS to proceed with the sale process.

DAS originally obtained two appraisals and subsequently obtained a third appraisal:

Appraiser	FMV – 18-20 Trinity	FMV – 30 Trinity	Highest & Best Use
CBRE	\$1,900,000.00	\$1,300,000.00	Conversion into apartment units
Kerin Fazio, LLC	\$1,150,000.00	\$980,000.00	Mixed use
Elm Realty Advisors	\$1,340,000.00	\$1,320,000.00	Multifamily oriented mixed use

Proponent	Building	Land	HABU
CBRE – 18-20 Trinity	\$1,900,000	\$900,000	Apt conver.
CBRE – 30 Trinity	\$1,800,000	\$900,000	Apt conver.
Elm – 18-20 Trinity	\$1,340,000	N/A	Apt conver.
Elm – 30 Trinity	\$1,320,000	N/A	Apt conver.
Fazio – 18-20 Trinity	\$1,150,000	N/A	Office
Fazio – 30 Trinity	\$980,000	N/A	Office

Pursuant to CGS 4b-21(e) and 3-14(b), on February 25, 2021 DAS offered to convey to the City of Hartford for the following:

The purchase price is established based on the City's appraised value as follows:

18-20 Trinity Street: \$ 4,933,200
30 Trinity Street: \$ 3,760,600

The City responded it had no interest in the property.

On March 2, 2021, the notice of the sale was published in the Environmental Monitor pursuant to CGS 4b-47. No comments were received on the proposed sale.

Pursuant to CGS 4b-21(f)(1)(C), on April 7, 2021 DAS notified the Members of the Legislative Delegation representing the City of Hartford.

DAS issued the Request for Proposals (RFP) which commenced on April 16, 2021 and concluded on July 9, 2021. Part of the RFP included the following:

B. Development Considerations

Commissions and Similar Fees. Under no circumstances will DAS or other state entities or agencies be liable for any real estate brokerage commissions, finder's fees, or other forms of compensation related in any way to activities undertaken by any person or entity as a result of this RFP.

Connecticut Environmental Policy Act ("CEPA"). Redevelopment of the Property may be subject to CEPA which will require an Environmental Impact Evaluation (EIE). If so, DAS and/or DECD will be the sponsoring agency and submitter of the EIE but expects that the EIE will be prepared by the Proposer at its sole expense.

Zoning and Entitlements. The Property is currently zoned MX-1 (mixed use). Proposers will be responsible for securing all permits for the work, including the general building permits and any rezoning and/or approvals or entitlements required for the envisioned redevelopment project.

Included in the RFP was a requirement for each Respondent to meet the following Requirements:

II. Proposal Submission Requirements

Note: unnecessarily elaborate brochures and other presentations, beyond those sufficient to present a complete and effective proposal are neither necessary nor desired. Maximum page limits are indicated below for each section.

A. Concept (maximum of four pages)

Provide information describing the concept that is consistent for the reuse or redevelopment of the Property. At a minimum, the following items should be addressed in this section:

1. Description of the proposed project on the Property including number, square footage, and types of uses to be created; anchor tenant uses; schedule; approach to providing any required debt and equity; local, state, or federal assistance or actions; and other aspects necessary to convey an understanding of the scope and nature of the envisioned project and how it promotes the City of Hartford's vision for the area and the State of Connecticut's desire for economic development.
2. Visual information to further illustrate the proposed concept (e.g., conceptual drawings, letters of intent, narrative, schedule/timeline, and site plan, etc.) provided in an appendix would be excluded from the page limitation.

B. Qualifications (maximum five pages)

Provide information describing Proposer's qualifications, experience and past performance in the design, construction, financing, operations, and maintenance of a project of comparable size and scope as that proposed for the Property and demonstrate Proposer's ability to fund predevelopment costs. At a minimum, the following items should be addressed in this section:

1. Identification, organizational history, background, and qualifications of the firm(s) comprising the project team, key individuals, and their anticipated roles in the project.
2. Identification and brief biography of the person(s) who would be primarily responsible for interfacing with DAS in negotiating a final purchase and sale agreement.

3. Examples of projects completed within the last five years that demonstrate relevant development experience, particularly those with public partners located in Connecticut. For each project, describe the size and type(s) of uses, summarize the approach to providing debt and equity, indicate the team members completing the work, and describe how the project benefited the community at-large.
4. Proof of funds is required.

C. Financial Offer (no page limit)

Provide information describing Proposer's offer to the State to purchase the Property. At a minimum, the following items should be addressed in this section:

1. Relevant terms and conditions for the purchase of either 18-20 Trinity or 30 Trinity or both, but not limited to, the following:
 - a. Purchase price, or other terms, including any adjustments for closing date, entitlements received, or other factors.
 - b. Earnest money amount, timing, and conditions.
 - c. Due diligence period, conditions to close, and timing to close.
 - d. All proposed terms or conditions.
2. A sample Purchase and Sale Agreement for sales by the State of Connecticut is presented in Attachment E.

III. Evaluation of Proposals

Proposer's information should be prepared simply and economically, providing a straightforward, concise description of how each requirement will be met. Emphasis should be on completeness and clarity of content.

Failure to respond to all points may be grounds for rejection. Likewise, failure to supply any information required to accompany the proposals may cause rejection of the proposal as noncompliant. DAS reserves the right to request additional information and/or presentations if clarification is needed. Proposals that do not substantially conform to the contents of the request may be disregarded and considered as unresponsive. DAS reserves the right to reject all proposals and cancel the RFP.

A. General Process

The award will be based upon a comprehensive review and analysis of proposals to select the proposal which best meets the needs of the State of Connecticut and other stakeholders such as the City of Hartford.

B. Best Value Award

Award(s) will be made to the proposer(s) offering the best value as determined by DAS. By submitting a proposal in response to this RFP, a proposing party concurs with this method of award and will not, under any circumstances or in any manner, dispute any award made using this method. The award will be contingent upon the successful negotiation of specific terms and conditions to be included in the resulting contract. DAS reserves the right to negotiate with one or more Proposers, including but not limited to sales price, use, terms and conditions before making the final selection.

C. Criteria

Each proposal will be assessed for its feasibility, responsiveness, effectiveness, and thoroughness. Each proposal will be evaluated based on the following criteria:

- Financial consideration provided.
- Overall benefit to the City of Hartford and the State of Connecticut.
- Apparent feasibility of the proposed project.
- Depth and quality of experience with similar projects and apparent financial capacity to undertake the envisioned project.
- Adherence to RFP requirements and extent of any adverse circumstances.

The order in which the selection criteria are listed is indicative of their relative importance.

DAS received the following six responses to the RFP:

	Spinnaker	Additional Notes
Concept/Overall Plan	<p>8 townhomes and 100+ apartments 15,000 square feet of retail/restaurant 12,500 square feet public courtyard roof deck and other amenities ground floor restaurant/retail expected to spill into outdoor common space</p>	<p>Spinnaker offered a diverse proposal including 100+ apartments, 15,000 sf of retail space, the redevelopment of the existing parking lots into town homes, outdoor living space and other amenities. They currently own nearby vacant parcels that they intend to repurpose as parking for this project. Quote from proposal: "We have the ability, with the other parcels within our control to participate in a comprehensive parking plan / district together with CRDA and the City. We highly recommend that a discussion occurs regarding district wide parking prior to a final determination on this RFP as it relates to parking." Additionally they are a well qualified developer with a proven track record. They essentially offer \$1.00 for each building contingent on obtaining a 15 year tax "fixing" contingency, not a complete abatement however and also on obtaining a loan from CRDA. The offer is also contingent on physical inspections, permitting, zoning & title. Their proposed plan would offer significant benefit to the City however. They offer no timeline for project to reach substantial completion.</p>
	Beacon	Additional Notes
Concept/Overall Plan	<p>Compliant with the Bushnell South Redev. Plan 95 mixed income apartments. 67 deed-restricted affordable apartments, 28 market rate units. 18,000 sf of non-residential space to include: Black Box theater with less than 100 seats for small productions with live in artist residence & bar/café Anchor tenant restaurant space on top floor w/rooftop lounge & dining terrace Additional 5,500 sf bay for gallery, retail and/or café space Proponent to implement sustainable building measure where possible.</p>	<p>Beacon has offered a detailed and thorough proposal including 95 mixed income apartments, and 18,000 sf of retail space including a top floor anchor tenant restaurant space, small retail unit, theater space and a rooftop lounge. They submitted detailed floor plans for 18-20 however nothing for 30. Their plan includes the redevelopment of the outdoor space to flow with the Bushnell South redev plan. Their proposed redevelopment would be of great benefit to the City.</p>
	Penrose	Additional Notes
Concept/Overall Plan	<p>Bushnell South plan compliant Housing, 110 apartments 80% unrestricted & 20% affordable Ground floor rest. (Plan B Burger Bar)/retail space Roof deck on 18-20 (garden amenity) Outdoor plaza between 18-20 & 30 Trinity Co-working spaces Space utilization: Residential: 81% Commercial: 4% Amenities: 9% Management/other: 6%</p>	<p>Penrose has also submitted a thorough proposal including a mixed use redevelopment with 100+ apartment units incl 20% affordable and 80% market, restaurant/retail space, co-working space, street scape improvements a rooftop garden and many amenities for the residents. They are highly qualified with a proven ability to obtain the requisite financing needed to complete a project such as this. Their proposal is in conformance with the Bushnell South Redev Plan and would be of great benefit to the City.</p>
	Bushnell	Additional Notes
Concept/Overall Plan	<p>Bushnell South plan compliant No detailed information on apartments, etc.</p>	<p>The Bushnell has proposed that they be the selected purchaser with the intention of being the developer working in conjunction with a non-profit partner or commercial fee-based developer. The following is noted from their proposal: "Our intention is to structure the proposed development as a commercial for-profit development that will pay all appropriate real estate taxes and Unrelated Business Income Taxes (UBIT) on income deemed to fit within those definitions. However, all profits derived from the development will go to further the mission of The Bushnell and its many commitments to broaden community benefit. We believe that this is an important and relevant distinction for D&S to consider in the context of the need for the large state and City subsidies needed for the project. Public subsidies are better used on behalf of a non-profit institution resident in the project area itself." This said, the Bushnell is not in the Real Estate Development business, however they have partnered with extremely reputable and qualified consultants on the project. Additionally the Bushnell's team are high successful individuals with many entrepreneurial accomplishments as evidenced in their bio's in the proposal and the continued success of the Bushnell Theater itself. The Bushnell's team are the catalyst behind the Bushnell South Master Plan including obtaining the funding to complete the study of the area. Their proposal ties into their proposed redevelopment of the entire area as a "Bushnell Themed" promenade. They are proposing 100% residential development.</p>
Plans, layouts, renderings	Several provided, professional	
Parking	Contingent on obtaining additional parking, no specifics	
Timing of Project, estimated closing		
	Wonder Works	Additional Notes
Concept/Overall Plan	<p>30 T - 56 "Upscale" units and Amenities incl 5,500 square feet of amenity spaces such as Fitness Center, Yoga/Dance Studio, Business Center, Library, Game rooms and Movie Theater. 18-20 T - 71 "Upscale" units and Amenities incl 6,500 square feet of amenity spaces such as Fitness Center, Yoga/Dance Studio, Business Center, Library, Game rooms and Movie Theater.</p>	<p>The Spectra proposal lacked concept and parking detail, there was no site plan redevelopment and the floor plans were basic. They have a proven track record of past projects but there is not detail regarding their financial resources. This proposal does not maximize the building's potential.</p>
	Trinity Financial	Additional Notes
Concept/Overall Plan	<p>99 luxury Residential units, 72% for residents above downtown Hartford's median income.</p>	<p>99 units of first-class, luxury apartments. This investment will ensure that the properties become a showcase in the community, able to command the best rents Trinity submitted a detailed proposal however the concept is basic and not what would be considered "highest and best use" of the buildings. The Trinity team is highly qualified and have the ability to follow through on projects as evidenced through their past projects.</p>

A panel of myself as chair, Anne Peterson, Jenna Paula and Thomas Piacenza was convened and have weighed the different factors and have arrived at a preferred purchaser.

Six proposals were received (summarized in the attached excel spread sheet). There were two clear front runners, Beacon and Pennrose.

<u>Price</u>	<u>Time to Close</u>	<u>Use</u>
Beacon: \$1.425m	24 months from selection	55%Market/45% Affordable Commercial
Pennrose: \$1.1 to \$1.650m*	12-15 months, state approvals	80%market/20% affordable Commercial

*will increase purchase price from \$1.1m to \$1.65m if additional resources can be found.

DAS summarized their marketing efforts as follows:

- DAS began the process by offering these buildings to the City of Hartford to purchase at the City's appraised value (statutorily required), which they ultimately declined (see enclosed from City of Hartford).
- The Land Transfer Notice was posted from March 2, 2021 through April 1, 2021 in the Environmental Monitor, which received no responses.
- Once DAS received the city's response and the Environmental Monitor posting period ended, the process of offering these buildings to the public began with the issuance of a Request for Proposal (RFP) which commenced on April 16, 2021 and concluded on July 9, 2021 (extended time was offered to ensure respondents had the necessary time to respond).
- The RFP was advertised in the Hartford Courant on April 16, 2021, and again on April 18, 2021, on LoopNet, DAS's procurement portal and on the State's Real Estate website for the duration of the RFP period.
- Additionally, the RFP was distributed to the directors of the Regional Council of Governments and the local Real Estate Broker community.
- An email was sent to developers, provided by CRDA.

Staff inquired with DAS regarding the following:

1. Please provide electronic copies of the three Real Estate Appraisal reports obtained by DAS;
DAS Response: The appraisals (there are 6 in total) are in the review folder under Trinity Street Appraisals...
Staff Response: DAS provided. OK
2. Please provide electronic copies of each response to the RFP; and
DAS Response: .. Tommy is getting you the electronic versions of the other submittals we received.
Staff Response: DAS provided. OK
3. Please clarify, beyond DAS's quantitative/qualitative review, which Proponent offered the highest price for these two properties and provide each Proponent's propose purchase price and anticipated closing date from each response to the RFP in the following Table:
DAS Response: None
Staff Response: Staff summarized in the following table.

Proponent	Purchase Price	Closing	Financing	Dev Plans
Spinnaker	\$1.5MM* \$100K earnest	11 months	Pvt/Public	100+ units & 15k retail & restaurant
Beacon	\$1.425MM	24 months	Pvt/Public	95 units, restaurant
Pennrose	\$1.1MM \$50K earnest	12-15 months	Pvt/Public	110 units & restaurant
Bushnell	Not feasible \$250K earnest	6-9 months	Pvt/Public	104 units
Trinity Financial	\$1.0MM \$100k earnest	24 months	Pvt/Public	99 units
Spectra/ Wonderworks	\$1.8MM \$180K earnest	12 months	Pvt/Public	127 units, 5,500 sf amenity space

In a Memo to DAS Deputy Commissioner Petra, DAS summarized the following:

A panel of myself as chair, Anne Peterson, Jenna Paula and Thomas Piacenza was convened and have weighed the different factors and have arrived at a preferred purchaser.		
Six proposals were received (summarized in the attached excel spread sheet). There were two clear front runners, Beacon and Pennrose.		
<u>Price</u>	<u>Time to Close</u>	<u>Use</u>
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*will increase purchase price from \$1.1m to \$1.65m if additional resources can be found.		

DAS should provide an expanded narrative with respect to their conclusion that Beacon/Pennrose were ‘two clear front runners’ in addition to why Pennrose’s offer was deemed superior. Additionally, DAS should provide specific reasoning with respect to rejecting Spectra’s \$1.8MM offer and Spinnaker’s \$1.5MM offer in light of both of these Proponents having successful development history in Connecticut.

RECOMMENDATION: Staff recommends that the Board **suspend** the purchase and sale agreement to the Buyer in the amount of \$1,100,000 pending DAS response from DAS regarding their providing the following: the scoring matrix/documentation DAS utilized in selecting Pennrose, LLC as the preferred Buyer of these two properties; a written explanation with respect to why a Respondent’s \$1,800,000, the highest price offered to the State, was excluded from further consideration, in light of the Respondent’s completion of four similar projects (554 residential units + 20ksf retail) in Hartford at 5 Constitution Plaza, 101 Pearl St, 111 Pearl St and 100 Trumbull St; and provide justification why DAS does not consider this a “state action” per CEPA given that the Statement of Objectives referenced specific type of development as a City Plan priority.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #21-190 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #21-190. The motion passed unanimously.

PRB FILE #22-063 – Mr. Berger moved and Mr. Josephy seconded a motion to suspend PRB FILE #22-063. The motion passed unanimously.

9. NEXT MEETING – Monday, May 16, 2022.

The meeting adjourned.

APPROVED: _____ **Date:** _____
John Valengavich, Secretary