

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On July 25, 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 July 25, 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

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

OPEN SESSION

1. ACCEPTANCE OF MINUTES

Mr. Valengavich moved and Mr. Berger seconded a motion to approve the minutes of the July 21, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

PRB #:	22-110
Transaction/Contract Type:	RE – Release
Origin/Client:	DOT/DOT
DOT Project #:	021-000-13A
Grantee:	Regional High School District Number 1 of Litchfield County
Property:	Canaan, Warren Turnpike Rd (land)
Project Purpose:	Release of 24,250 sf Land
Item Purpose:	QC Deed

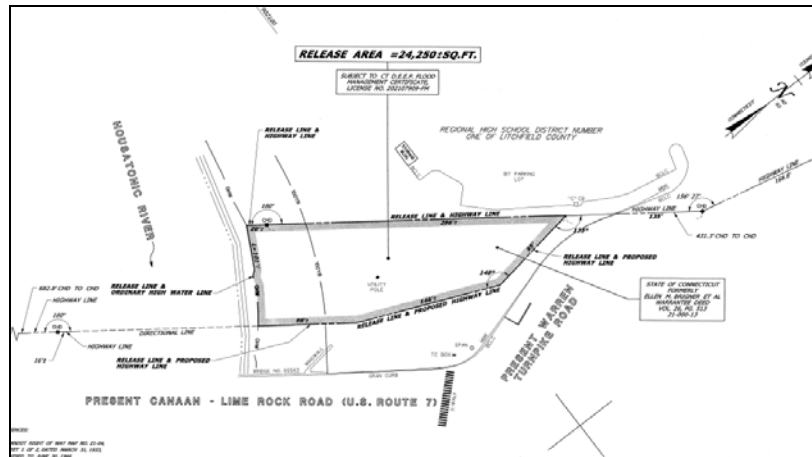
CONVEYANCE FEE: \$0 (Administrative Fee = \$1,000)

Under this Proposal (PRB #22-110), DOT is seeking SPRB approval to release a remnant parcel of land containing 24,250 square feet to Regional High School District #1. The subject parcels will be conveyed to the Town for an administrative fee of One Thousand Dollars (\$1,000.00).

DOT determined that since the State land is being released to a public high school for the construction

of a storage facility for equipment and materials in conjunction with vocational and agricultural education programs, the Department will convey the land to the School for an administrative fee of \$1,000.00. A reverter clause was written into the deed so that in the event that the property is not used for the stated purpose, it will revert back to the Department.

The property was acquired by the Department of Transportation in 1929 for the construction of the Canaan – Lime Rock Road. A portion of the land is subject to a 100-year flood zone and use within that area is restricted by a DEEP Flood Management Certificate.



RECOMMENDATION: Staff recommend approval to assign the 24,250 sf of land acquired by the State to Regional High School District Number 1 of Litchfield County for the following reasons:

1. The conveyance complies with Section 13a-80 of the CGS governing the release of excess property by the commissioner of transportation.



PRB #: 22-111
Transaction/Contract Type: RE / Lease
Origin/Client: DAS / DMHAS
Property: Danbury, Triangle St (78)
Lessor: Triangle Industries, LLC
Project Purpose: New Lease for Continued Occupancy
Item Purpose: 5-Year Lease Agreement

Background

The base Lease was approved by the SPRB in 2008 under PRB #08-007 for the use and occupancy of 11,056 NUSF of office space for the Western Connecticut Mental Health Network. The Lease was later amended and extended for a five-year term approved by the Board on November 25, 2013 under PRB #13-236. The amended Lease expired on October 14, 2018 and DMHAS has been utilizing the space on a monthly tenancy since that time.

Under this Proposal (PRB #22-111), DAS and DMHAS now seek approval for a new 5-year Lease for continued use and occupancy of 11,056 NUSF of office space at 78 Triangle Street, Danbury.



The annual rental is unchanged during the initial 5-years of the Lease Term. The First Renewal Option, if exercised, increases by 6% and the Second Renewal Optional also increases by 6%. Carpet and paint will take place at the commencement of this new Lease. Carpet/paint is waived for the First Renewal Option, but required for the Second Renewal Option.

The annual rental is unchanged at \$160,312/year (\$14.50/sf), for years 1-5.

There are currently 34 employees in this office (per RFS). The RFS was approved on March 18, 2021. The location was not included in the most recent state facility plan. OPM approved an ISR/IFR on April 21, 2021, with an approved 11,000 square feet and \$200,000 in funding for this location. DAS stated the possibility of consolidating this location or reducing their footprint based on current telework guidelines is not a possibility at this location. This is a clinic in which staff meet with clients at the leased location. No state-owned space is available to co-locate.

DAS advertised the need pursuant to CGS §4b-34 in 2021 (LP 21-10) in the Danbury News-Times on May 12, 2021.

The following is a summary of responses to the advertisement (LP 21-10):

Lease Proposals Per Square Foot							
Property Address	Available Square Feet	Term	Renewal Options	Base Rent	Operating Expenses	Tenant Improvement	Total Costs
78 Triangle St, Danbury	11,056	5 year		\$14.50/sf	\$3.00/sf	\$0.00	\$17.50/sf

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

Lease Comparable Per Square Foot							
Property Address	Tenant	Square Feet	Term	Renewal Options	Base Rent	Operating Expenses	Total Costs
131 West St, Danbury	GSA	9,072	3 Year	0	\$21.48	\$0.00	\$21.48
342 Main St, Danbury	DSS	14,643	5 Year	2	\$15.85	\$4.50	\$20.35
7 Shelter Rock, Danbury	Comcast	12,000	5 Year	0	16.09	\$1.82	\$17.91

Item	First Amendment	New Lease
PRB#	13-236	22-111
Address	78 Triangle Street, Danbury	Same
Leased Premises	11,056 NUSF, First Floor	Same
Annual Rent	\$160,312/ yr (\$14.50/sf)	\$160,312/ yr (\$14.50/sf)
Total Parking	60	55
Tenant Improvements	None	Same
Additional Rent	Electricity, janitorial in lessee area, security service, and task lighting.	Same
Repaint/Recarpet Intervals	Waived at this 1 st Amendment	Included in Lease. Waived 1 st Option Included 2 nd Option
Renewal Options	5 years @ \$15.75 (+8.6%) 5 years @ \$16.75 (+6.4%)	5 years @ \$15.37 (2027 – 2032) +6% 5 years @ \$16.29 (2032-2037) +6%
Purchase Option	Right of first refusal in effect during lease term and/or holdover, if any	Same

Note: Annual taxes are \$36,671.48, or approximately \$1.13/sf of GBA.

SPRB staff believes that in general, this Lease as negotiated is a sound proposal, and recommends approval of this new Lease for the following reasons;

1. The rent during the term is \$14.50/sf, increasing to \$15.75 in the 1st Option, if exercised;
2. Real Estate Taxes are currently \$1.13/sf, included in the Base Rent; and
3. All required affidavits are complete.

From PRB #13-236

SUBJECT: PRB #13-236 DAS/Department of Mental Health & Addiction Services (DMHAS) – First Amendment to Lease, 78 Triangle Street, Danbury. Lessor: Triangle Industries, LLC, by Anthony M. Rizzo, Sr., Managing Member

The lease for the 11,056 NUSF demised premises were improved for DMHAS in 2008, with the Lessor TI being \$337,920 (\$30.56/NUSF) and the State's share being \$211,633 (\$19.14/NUSF),

amortized over five years. The base rental rate for the initial five year term was \$13.50. Additional rent included electricity and janitorial services.

The proposed First Amendment:

1. Gives DMHAS a rent credit for waiving new carpet and paint. An area of worn carpet in Room #13 and in the corridor outside Room #13 will be replaced. The rent credit is \$1.00/NUSF, or \$11,056/year x 5 years = \$55,280. This reduces the base rent at renewal from \$15.50/NUSF to \$14.50/NUSF.
2. Reduces the rental rate for the renewal term commencing 10/15/2018 from \$17.83/NUSF to \$15.75/NUSF (+8.62% over the prior term's amended rate) which will reduce costs by \$2.08/NUSF or a total of \$114,982.40 for the term when compared with the current lease.
3. Provides an additional renewal commencing 10/15/23 of \$16.75/NUSF, which is +6.35% over the prior term's rate.
4. Incorporates current standard lease language regarding executive orders, discrimination, campaign contributions, the state's right to inspect and audit for contract performance.

Recommendation: Board approval is recommended because the First Amendment:

1. Reduces current occupancy costs;
2. Reduces future occupancy costs. The step up at renewal has been reduced from 15% per term to a total rate increase of 14.97% from 2013 to 2028, if the renewals are exercised.
3. Documentation is complete. DAS advertised an RFS in the Hartford Courant.com April 2013. One response was received from this Lessor, offering a base rental rate of \$15.50. The parties ultimately agreed on \$14.50/SF, which included a \$1.00/SF rental credit. Commissioner Rehmer signed the lease 9/24/13; OPM Secretary's approval came on 11/5/13. The current State Facility Plan approves 11,056 SF and \$193,472 annually for this purpose.

DAS has supplied data on Danbury rents that support the negotiated rate of \$14.50/NUSF (\$17.60/NUSF, gross). The Table on the following page summarizes the First Amendment.

Item	Base Lease	First Amendment
PRB#	08-007	13-236
Address	78 Triangle Street, Danbury	Same
Leased Premises	11,056 NUSF, First Floor	Same
Total Parking	60	Same
Tenant Improvements	Lessor's Contribution: \$337,920 (\$30.56/NUSF) DMHAS Contribution: \$211,633 (\$19.14/NUSF), amortized over 5 years @ 7.50%	N/A, fully amortized
Additional Rent	Electricity, janitorial in lessee area, security service, and task lighting.	Same
Repaint/Recarpet Intervals	Every 5 years	Waived at this renewal only. Rent credit of \$1.00/NUSF

		reduces base rent to \$14.50/NUSF for renewal term.
Renewal Options	5 years @ \$15.50 (+14.81%) 5 years @ \$17.83 (+15%)	5 years @ \$14.50 (2013-2018) 5 years @ \$15.75 (2018 – 2023) +8.62% 5 years @ \$16.75 (2023-2028) +6.35%
Purchase Option	Right of first refusal in effect during lease term and/or holdover, if any	Same

The demised premises are a portion of a brick/masonry industrial building with a footprint of approximately 27,462 SF, according to the assessment records of the City of Danbury. A 11/2005 inspection report filed by Terrasyn Environmental Corp. states that the interior of the building was demolished and removed, and that there are no asbestos containing materials.

- 5. **ARCHITECT-ENGINEER - UNFINISHED BUSINESS**
- 6. **ARCHITECT-ENGINEER – NEW BUSINESS**
- 7. **OTHER BUSINESS**
- 8. **VOTES ON PRB FILE:**

PRB FILE #22-110 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-110. The motion passed unanimously.

PRB FILE #22-111 – Mr. Berger moved and Mr. Halpert seconded a motion to approve PRB FILE #22-111. The motion passed unanimously.

- 9. **NEXT MEETING** – Thursday, July 28, 2022.

The meeting adjourned.

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