STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On November 16, 2023
– solely by means of electronic equipment - via telephone conference –

Pursuant to CGS §1-225a, the State Properties Review Board conducted a Regular Meeting at 9:30AM on November 16, 2023. Pursuant to the statute, this Meeting was held solely by means of electronic equipment, with Participants connecting via telephone conference at (860)-840-2075 and used passcode 284890492#.

The Notice provided designated this Regular Meeting as open to the public. Call in instruction were provided as: Dial toll free (860)-840-2075 and use passcode 284890492#. If you have any questions or need assistance to attend these Meetings, you can contact SPRB Director Dimple Desai at dimple.desai@ct.gov to make appropriate arrangements.

Members Present – solely by means of electronic equipment:

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

Members Absent:

Staff Present – solely by means of electronic equipment:
Dimple Desai
Thomas Jerram

Guests Present – solely by means of electronic equipment:
David Barkin, DAS-CS
Jenna Padula, DAS-CS
Shane Mallory, DAS Leasing
Tom Pysh, DAS

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 November 13, 2023 Meeting and November 14, 2023 Special Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Open Session and into Executive Session at 10:03. The motion passed unanimously. Mssrs. Mallory and Pysh were invited into the Session to participate in the Board's review of a Proposal under PRB #23-183.

<u>EXECUTIVE SESSION</u>

PRB #:	23-183
Transaction/Contract Type:	RE / Lease
Origin/Client:	DAS / DPH

<u>Statutory Disclosure Exemptions</u>: 1-210(b)(24)

Upon completion of the Board's review of this Proposal Mssrs. Mallory and Pysh left the Meeting.

PRB #:	23-188-A
Transaction/Contract Type:	AG / PDR
Origin/Client:	DoAG/DoAG

<u>Statutory Disclosure Exemptions:</u> 1-200(6) & 1-210(b)(7)

Upon completion of the Board's review of this Proposal, Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Executive Session and into Open Session at 10:41. The motion passed unanimously.

4. REAL ESTATE – NEW BUSINESS

PRB #	23-202
Transaction/Contract Type:	RE – Administrative Settlement
Origin/Client:	DOT/DOT
DOT Project #:	301-176-010
Grantor:	Maritime Place Parcel 6, LLC
Property:	Norwalk, Marshall St (18-20)
Project Purpose:	Norwalk Walk Railroad Bridge Replacement
Item Purpose:	Administrative Settlement

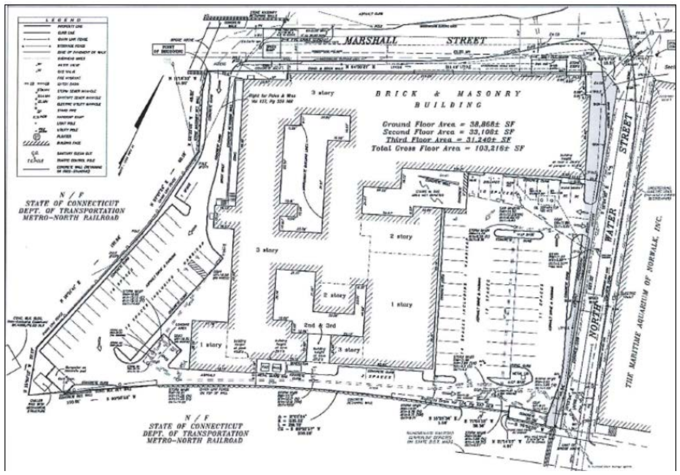
DAMAGES: $15,715,000

DOT PROJECT: The DOT project involves the Norwalk Railroad Bridge replacement project in the City of Norwalk.

SITE DESCRIPTION:

The subject site is an 85,050± square foot (1.9525± acres) parcel located at the southwest intersection of Marshall Street and North Water Street. It is irregularly shaped, generally level at street grade, and has driveway access from both streets. The southerly property line abuts Metro

North's rail lines. A small portion of the site along the easterly property line is in an AE Special Flood Hazard Area. There is on-site paved parking for 83 surface spaces.



The site is located within the RPDD (Reed Putnam Design District – Subarea D) zoning district, where each subarea has different bulk and area requirements depending on its location. This is a commercial zone intended to allow for intense commercial and residential development in the form of new construction and/or rehabilitation of existing buildings. Principal permitted uses include professional and business offices, medical offices, multi-family residential development, restaurants, business services and hotels. The subject property represents a legally permissible, nonconforming, use in the RPDD zoning district, as the site has a parking deficiency for the ongoing office use.

The site is improved with a three-story brick and masonry 12-unit office building with 107,068± sq. ft. and a total net rentable area of 103,722± square feet. The building was constructed in 1856 and fully renovated and remodeled in 2000-2001.

The property owner provides an additional 225 spaces of off-site parking at the Maritime Garage on the north side of Marshall Street across from the subject property. These additional spaces are leased to the property owner for the exclusive use of the office tenants.

<u>HIGHEST AND BEST USE</u>

As vacant:

> Based on the preceding analysis, and market demand, we conclude the Highest and Best Use for the subject as if vacant, was multifamily development.
>
> The subject is surrounded by mixed retail and residential property that has demonstrated that use to be successful.
> The absorption of 121-123 Water Street, and the TOD projects at the Sono and East Norwalk train stations attest to demand.
>
> Multifamily residential rental development with mixed use depending on market demand for a retail component, would maximize the potential use, aligning with zone, the RPDD Subarea D goals, and neighborhood goals.

As improved:

> CONCLUSION
>
> In arriving at a conclusion of highest and best use, we considered the factors noted above. Based on this analysis it is our opinion that the highest and best use of the subject property was for a continuation of the existing use for the remaining economic life of the improvements.

VALUATION: The DOT appraisal was completed February 2, 2023 by Independent Appraiser Barbara J. Pape.

The appraisal was prepared with the following Extraordinary Assumptions and Hypothetical Conditions.

Extraordinary Assumptions

- It was assumed the twelve (12) parking spaces lost to the Temporary Construction Easements will be replaced, space for space, in the Maritime Garage located opposite the subject on Marshall Street;
- It was assumed the landscaping at the west border/north section, the tree at the south side immediately proximate to the entrance to the courtyard, and curbing at the S/W corner of the east parking lot are lost to the Temporary construction easements.
- It was assumed the changed parking and traffic patterns onsite do not render safety hazards.

Hypothetical Conditions

- None.

Before Valuation

Land Valuation: Based on the sales comparison approach, the Appraiser considered six commercially-zoned comparable sales in Norwalk (2021-2022) and concluded that the fair market value of the entire property (land only) is $45.35/square foot. The value of the land, before the taking, is then 85,050 sq.ft. x $45.35/sq.ft. = $3,857,057, rounded to $3,860,000.

Building Valuation:

Income Capitalization Approach: The Appraiser analyzed eight rentals of similar space in Norwalk and concluded the following:

Economic rent for the Office space was estimated at **$25.00/SF** on net terms, with the tenant responsible for a pro rata share of all operating costs and utilities as consumed.

The lower level/storage space had an estimated market rent of **$24.00**/SF, on net terms with the tenant responsible for a pro rata share of all operating costs and utilities as consumed.

The market leasing assumptions for the projected holding period are summarized following:

Leasing Assumptions	Rate	Renewal	Terms	Term	Concessions	Commission	Mo. Vacant	Fit Out
Office 1	$25.00	70.00%	NNN	5 yrs.	None.	5%-2.5%	12	$30.00
Lower Level	$24.00	60.00%	NNN	3 yrs.	None	5%-2.5%0%	15	$10.00

Market rent was forecast to increase at roughly CPI; contract rent will increase at 2.50% annually over the lease term for all lease categories.

Vacancy is composed of down time due to tenant roll and a deduction for assumed vacancy and potential credit loss. We deducted vacancy at 5.00% in addition to rent not received due to roll over; and credit loss at ½%. Effective vacancy, credit loss and down time year one is 7.53% of effective income.

In the Discounted Cash Flow model forecast, general vacancy was a standard allocation over the holding period. Turn over vacancy and concessions represents rent that is not received in addition to deductions for general vacancy and credit loss.

The vacancy and credit loss rate reflects anticipated property performance and market conditions going forward. The office sector will most probably continue to see activity deceleration and challenging dynamics. However, the subject offers a unique high-end facility in a positive venue with a high walk score.

The vacancy and credit collection factor of 5% aligns with the national investment survey data below.

General expenses were grown at Years 1-3: 3.0%, 4-10: 2.75%. Rent growth was 2.5% over the forecast holding period.

FINANCIAL ASSUMPTIONS

It is the appraiser's opinion the rate appropriate for the subject focuses on perceived risk, the availability of alternative investments, current and anticipated vacancy counterbalanced by locational attributes, unique characteristics as well as condition and age of the structure in relationship to the competitive submarket.

Discount Rate Selection

Discount rates as published by PwC and exhibited on the preceding page ranged from 6.00% to 9.00-9.50%. We developed an opinion of future cash flows, including the property value at reversion, and discounted that income stream at an internal rate of return (IRR) that is currently required by investors for the property type.

A discount rate, also referred to as a yield rate, of 8.50% was deemed appropriate, based on local data and the PwC survey data presented above. This single rate discounts all future benefits (cash flows and equity reversion) to present value. The rate reflects near term vacancy as well as the adversities within the local and extended market.

TERMINAL RATE SELECTION

A terminal capitalization rate is used to develop an opinion of value for the subject at the end of the projected investment holding period. The rate will be applied to the following year's net operating income before deductions are made for commissions due for the presumed sale of the property.

A terminal, or going out rate of 7.25% was indicated. The rate going out is nearly always higher as the building would be older, and while the markets could potentially have less inventory, they conversely, may be more competitive and present unknowns.

DIRECT CAPITALIZATION RATE

A Direct Capitalization model, the capitalization of near term net operating income, offers a snap shot of property performance, but does not include the return on capital over time. We select an overall rate of 7%, based on the current and anticipated vacancy, income and costs for year one.

REVERSIONARY SALE COSTS

The costs of sale at the end of the forecast holding period were estimated at 3%. This was in line with local market costs.

After fully supporting market-based vacancy, operating expenses, discount rate and terminal capitalization rate, the Appraiser developed a cash flow analysis as follows:

SCHEDULE OF PROSPECTIVE CASH FLOW/THE LOCK BUILDING/ In Inflated Dollars for the Fiscal Year Beginning 2/1/2023

For the Years Ending	Year 1 Jan-2024	Year 2 Jan-2025	Year 3 Jan-2026	Year 4 Jan-2027	Year 5 Jan-2028	Year 6 Jan-2029	Year 7 Jan-2030	Year 8 Jan-2031	Year 9 Jan-2032	Year 10 Jan-2033
Potential Gross Revenue										
Base Rental Revenue	$2,620,740	$2,627,820	$2,680,963	$2,721,667	$2,649,415	$2,673,477	$2,817,668	$2,883,028	$2,950,866	$3,022,817
Absorption & Turnover Vacanc	(235,750)					(178,152)	(223,751)	(206,593)	(263,231)	(83,325)
Scheduled Base Rental Revenu	2,384,990	2,627,820	2,680,963	2,721,667	2,649,415	2,495,325	2,593,917	2,676,435	2,687,635	2,939,492
CPI & Other Adjustment Reven		4,422	33,616	76,990	135,750	185,659	129,939	132,588	134,839	146,396
Expense Reimbursement Revenu										
Real Estate Tax	334,900	398,047	410,173	421,453	433,042	417,076	422,580	437,728	441,591	482,971
Utilites	278,876	331,459	341,559	350,949	360,601	347,305	351,889	364,505	367,720	402,177
Sewer	4,098	4,870	5,018	5,156	5,297	5,104	5,171	5,355	5,404	5,909
Insurance	35,816	42,569	43,865	45,073	46,309	44,605	45,194	46,813	47,226	51,650
Management	141,687	176,102	181,379	186,744	187,692	181,862	172,353	185,088	185,897	204,291
G&A	13,984	16,618	17,127	17,597	18,083	17,415	17,645	18,278	18,439	20,165
Repairs & Maintenance	163,422	194,236	200,154	205,659	211,312	203,523	206,209	213,600	215,486	235,677
Total Reimbursement Revenue	972,783	1,163,901	1,199,275	1,232,631	1,262,336	1,216,890	1,221,041	1,271,367	1,281,763	1,402,840
Total Potential Gross Revenue	3,357,773	3,796,143	3,913,854	4,031,288	4,047,501	3,897,874	3,944,897	4,080,390	4,104,237	4,488,728
General Vacancy		(189,807)	(195,693)	(201,564)	(202,375)	(25,649)		(7,756)		(145,278)
Collection Loss	(16,789)	(18,981)	(19,569)	(20,156)	(20,238)	(19,489)	(19,724)	(20,402)	(20,521)	(22,444)
Effective Gross Revenue	3,340,984	3,587,355	3,698,592	3,809,568	3,824,888	3,852,736	3,925,173	4,052,232	4,083,716	4,321,006
Operating Expenses										
Real Estate Tax	395,166	407,021	418,215	429,715	441,533	453,675	466,151	478,970	492,142	505,676
Utilites	329,061	338,932	348,253	357,830	367,670	377,781	388,170	398,845	409,813	421,083
Sewer	4,835	4,980	5,117	5,258	5,402	5,551	5,704	5,860	6,022	6,187
Insurance	42,261	43,529	44,726	45,956	47,220	48,518	49,852	51,223	52,632	54,079
Management	167,049	179,368	184,930	190,478	191,244	192,637	196,259	202,612	204,186	216,050
G&A	16,500	16,995	17,462	17,943	18,436	18,943	19,464	19,999	20,549	21,114
Repairs & Maintenance	192,831	198,616	204,078	209,690	215,456	221,382	227,470	233,725	240,152	246,757
Parking Licenses	225,470	232,234	238,621	245,183	251,925	258,853	265,972	273,286	280,801	288,523
Reserves	36,303	37,392	38,420	39,477	40,562	41,678	42,824	44,001	45,212	46,455
Total Operating Expenses	1,409,476	1,459,067	1,499,822	1,541,530	1,579,448	1,619,018	1,661,866	1,708,521	1,751,509	1,805,924
Net Operating Income	1,931,508	2,128,288	2,198,770	2,268,038	2,245,440	2,233,718	2,263,307	2,343,711	2,332,207	2,515,082
Leasing & Capital Costs										
Tenant Improvements	355,470						446,410	227,510	200,847	184,420
Leasing Commissions	59,248						91,430	46,484	40,937	37,496
Total Leasing & Capital Costs	414,718						537,840	273,994	241,784	221,916
Cash Flow Before Debt Service & Taxes	$1,516,790	$2,128,288	$2,198,770	$2,268,038	$2,245,440	$2,233,718	$1,725,467	$2,069,717	$2,090,423	$2,293,166

PROSPECTIVE PRESENT VALUE - CASH FLOW BEFORE DEBT SERVICE plus PROPERTY RESALE
Discounted Annually (Endpoint on Cash Flow & Resale) Over Nine - Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Jan-2024	$1,516,790	$1,404,435	$1,401,192	$1,397,963	$1,394,749	$1,391,550
Year 2	Jan-2025	2,128,288	1,824,664	1,816,245	1,807,886	1,799,583	1,791,338
Year 3	Jan-2026	2,198,770	1,745,455	1,733,390	1,721,434	1,709,591	1,697,854
Year 4	Jan-2027	2,268,038	1,667,075	1,651,728	1,636,558	1,621,560	1,606,735
Year 5	Jan-2028	2,245,440	1,528,209	1,510,644	1,493,320	1,476,234	1,459,382
Year 6	Jan-2029	2,233,718	1,407,621	1,388,228	1,369,146	1,350,370	1,331,893
Year 7	Jan-2030	1,725,467	1,006,794	990,630	974,762	959,184	943,890
Year 8	Jan-2031	2,069,717	1,118,203	1,097,710	1,077,639	1,057,978	1,038,721
Year 9	Jan-2032	2,090,423	1,045,732	1,024,196	1,003,151	982,587	962,489
Total Cash Flow		18,476,651	12,748,188	12,613,963	12,481,859	12,351,836	12,223,852
Property Resale @ 7.50% Cap		32,528,394	16,272,296	15,937,180	15,609,715	15,289,709	14,976,976
Total Property Present Value			$29,020,484	$28,551,143	$28,091,574	$27,641,545	$27,200,828
Rounded to Thousands			$29,020,000	$28,551,000	$28,092,000	$27,642,000	$27,201,000
Per SqFt			279.79	275.27	270.84	266.50	262.25
Percentage Value Distribution							
Assured Income			13.79%	13.96%	14.12%	14.29%	14.46%
Prospective Income			30.14%	30.22%	30.31%	30.40%	30.48%
Prospective Property Resale			56.07%	55.82%	55.57%	55.31%	55.06%
			100.00%	100.00%	100.00%	100.00%	100.00%

After selecting an 8.5% discount rate and 7.50 terminal capitalization rate, the appraiser concluded the market value of the property was $28,100,000 (rounded).

Year One Net Income was capitalized at 7%, indicating a value of $27,200,000.

Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	$3,870,000
Sales Comparison Approach – Building	n/a
Income Capitalization Approach – Building	$28,100,000
Conclusion of Market Value	$28,100,000

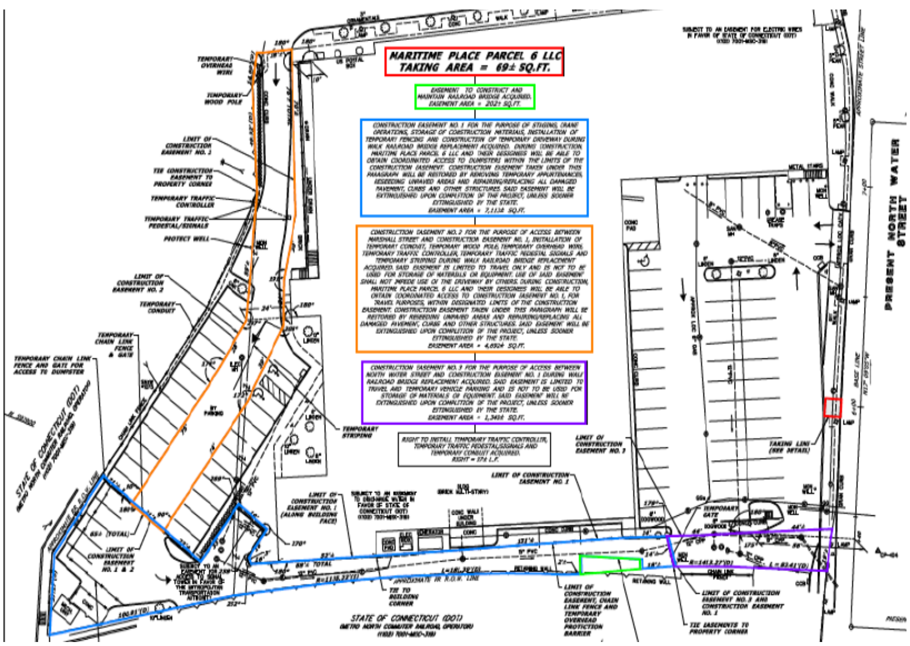
DOT ACQUISITION: The DOT acquires the acquisition of the following:

- Acquisition of 69± square feet in fee simple;
- A Permanent Easement to construct and maintain railroad bridge acquired over an area of 202± SF.
- Construction Easement 1 for the purpose of staging, crane operations, storage of construction materials, installation of temporary fencing and gates, construction of temporary driveway, removal of parking lot island and guide rail, with owner to have coordinated access to dumpsters within the easement area, acquired over an area of 7,443± SF – for a period of two years.
- Construction Easement 2: for the purpose of access between present Marshall Street and Construction Easement No. 1, installation of temporary conduit, temporary wood pole, temporary overhead wire, temporary traffic controller, temporary traffic pedestal signals and temporary striping acquired over an area of 4,692± SF – for a period of two years.
- Construction Easement 3: for the purpose of construction vehicle parking and removal of parking lot island acquired over an area of 1,315± SF – for a period of two years.
- Right to remove concrete curb and parking lot island acquired over an area of 263± SF.
- Right to install temporary sidewalk and ramp acquired over an area of 585± SF.
- Right to install temporary traffic controller, temporary traffic pedestal/signals and temporary

conduit acquired over an area of 97± SF.

The site was fully developed and provided onsite parking for 83 spaces, twelve are encumbered by the Temporary Construction Easements, 71 vehicles; and twelve parking spaces removed from owner and tenant use. There is signalized access to the west drive for ingress and egress for a two year period.

Source: https://www.walkbridgect.com/news/



After Valuation

After Land Valuation: Based on the sales comparison approach, the Appraiser considered the same sales as in the Before Valuation and concluded that the fair market value of the subject land was unchanged at $45.35/sf, calculated as follows:

Item	Calculation	Value
Fee Simple Land	84,779 sf x $45.35/sf	$3,844,727
Permanent Easement	202 sf x $45.35/sf x 25%	$2,290
	Total	$3,847,017
	Rounded	**$3,850,000**

After Building Valuation

After Income Capitalization Approach: The appraiser analyzed the same rentals and concluded that the fair market rental value of the subject property was unchanged. The primary changes in the after valuation include:

CAPITALIZATION RATES

The Discount rate increased to 8.75%; risk increased slightly. The subject's forecast revenue outputs are exhibited in the chart below. Near term drop in cash flow before debt service results from increased vacancy and an absorption period of two years for the rear units.

Capitalization Rates (IRR & R_o)

The capitalization rates selected for the After the Taking valuation reflect increased risk due near term construction and altered traffic and parking accommodations. While the Temporary Easement period is two years, the time to re-stabilize the asset under challenging market conditions, which are not anticipated to improve significantly near term, indicates increased risk. That said the quality of the space and location offsets some potential vacancy for the units.

- The Discount Rate (IRR) applied was 8.75%;
- The Terminal Capitalization rate was 7.50%;
- The Overall Capitalization rate was 7.25%.

The going in, terminal and discount rates increase due to intrinsic and extrinsic factors. Terminal rates consider the subject will be older, the markets present greater unknowns, and after the Temporary Construction Easements end, the time to regain tenants and market share may be extended; an investor views this as slightly onerous. The increased rates reflect increased risks.

CONCLUSIONS

The estimate of market value was concluded at $24,000,387; rounded to **$24,000,000**. The subject presented a viable investment asset with upside potential, based on potential cash flow and locational characteristics.

Year One Net Income was capitalized at 7.25%, indicating a value of $25,000,000.

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	$3,850,000
Sales Comparison Approach – Building	n/a
Income Capitalization Approach – Building	$24,000,000
Conclusion of Market Value	$24,000,000

Calculation of Permanent Damages

Item	**Value**
Before Valuation	$28,100,000
After Valuation	$24,000,000
Permanent Damages (Severance)	$4,100,000

Calculation of Temporary Damages

The temporary easements are calculated below.

*The values of the temporary construction easements represent the rental of the land, and does not include severance. Severance is established by the Before and After valuations.

EASEMENT	Area/SF	Rate		Factor	Ann Rate	Period	Value
Temp. Const. Easement 1	7,443 SF x	$45.35/SF	=$337,540	X 0.4 =	$135,016 x	2 yrs.=	$270,032
Temp. Const. Easement 2	4,692 SF x	$45.35/SF	=$212,782	X 0.4 =	$85,113 x	2 yrs.=	$170,226
Temp. Const. Easement 3	1,315 SF x	$45.35/SF	=$59,635	X 0.4 =	$23,854 x	2 yrs.=	$47,708
					Total		$487,966
						Total Rounded:	$490,000

Calculation of Total Damages

Total Damages were then summarized by the Appraiser as follows:

SUMMARY	
Value Before	$28,100,000
Value After	$24,000,000
Severance Damages	$ 4,100,000
Breakout of Damages	
Severance	$ 4,090,000
Land Taken	$ 3,000
Defined Easement	$ 7,000
Temporary Construction Easements	$ 490,000
Total Damages	$ 4,590,000

From the DOT Administrative Settlement

This acquisition is required in connection with the Department of Transportation's (Department) project for Walk Railroad Bridge Replacement in the City of Norwalk. This Administrative Settlement concerns the initial fee acquisition of 69 +/- sq. ft. of land, a 202 +/- Sq. ft. permanent easement to construct and maintain three distinct construction easements encompassing areas ranging from 1,315 +/- sq. ft. to 7,443 +/- sq. ft. and associated temporary rights. The easements and rights as described are needed during the initial stage of the project's construction for a period of two (2) years.

The Department commissioned an initial appraisal January 19, 2023, by fee Appraiser Barbara J. Pape who estimated damages in the amount of $4,590,000.00. The proposed areas are referenced in Map 1 of 2. Upon review, the appraisal was registered on April 12, 2023, and concurrence received by Federal Transit Authority (FTA) on May 5, 2023.

The Department also determined that construction forces would need additional areas for five (5) years beyond the original timeline. The proposed areas referenced in Map 2 of 2 are necessary for the continuation of two temporary rights to install a traffic controller, traffic pedestal/signals, conduit and 585 +/- sq. ft. of sidewalk. An additional temporary right is needed to install window, overhead, generator and electric box protection, install chain link fence and gates and remove trees, parking lot islands and light and relocate dumpster and handicap parking spot. The additional acquisition would increase the total area in construction easement #1 by 24,740 +/- sq. ft., reduce the total area in construction easement #2 by 3,222 +/- sq. ft and negate the need for construction easement #3. The following is the need for two proposed temporary construction easements:

Easement #1: Staging, crane operations, storage of materials, installation of temporary fencing and conduit and construction of temporary driveway.

Easement #2: Access, temporary conduit, wood pole, overhead wires, traffic controller, pedestal signals and striping.

Pursuant to the additional property rights needed, the Department commissioned from Ms. Pape a secondary projected appraisal valuation for the described areas based on a hypothetical forecast beginning February 2025. The intent was to reach a settlement for all current and future property rights needed, while enabling the Department to proceed with the initial acquisition required to start construction activities should negotiations not result in an agreement.

VALUATION: The DOT appraisal was completed February 2, 2023 by Independent Appraiser Barbara J. Pape, with a prospect date of valuation of February 2, 2025.

This appraisal, with a prospective valuation date, was prepared with the following Extraordinary Assumptions and Hypothetical Conditions.

Extraordinary Assumptions

The valuations developed for the subject are prospective, and made under specific Extraordinary Assumptions. Therefore, the following Extraordinary Assumptions were taken for valuation purposes:

The prospective date of valuation is February 2, 2025, two years into the future. We assumed the quality of construction of the site and building improvements to be the same or reasonably similar to the site and building improvements observed during the original visual inspection, February 2, 2023; with the exception of lost trees, landscaping, pavement and curbing due to the prior Temporary Work Easement.

We assumed the condition of the site and building improvements to be the same or reasonably similar as observed during the original inspection February 2, 2023; with the exception of the south driveway and areas disturbed by the prior Temporary Work Easement.

We acknowledge the prior taking reduced the site to 84,981 SF/1.9509 acres, with 84,779 SF of unencumbered site area and 202 SF of encumbered site area. 69 SF with 8 linear feet of frontage was included in the prior taking; the results of the taking and easement are incorporated in the Before and after valuations herein as past events.

The Temporary Work Easements remove 65 parking spaces from use by the ownership and tenants; it was assumed the estimated reduction in parking was accurate.

It was assumed the 65 parking spaces lost to the Temporary Work Easements are replaced by increasing the number of licensed parking spaces in the Maritime Garage opposite the subject on Marshall Street, where the ownership had 225 licensed spaces for the subject as of the date of original inspection. Therefore the valuations developed assume there will be 290 leased spaces (via license) for the subject.

It was assumed the costs to replace the 65 parking spaces, which approximated $1,002/space, is $65,130 per year based on current costs as of February 2, 2023. The costs of parking in the garage (Maritime Garage) had not increased significantly over the past five years; therefore we assumed similar costs going forward.

The installations concurrent with and necessary for the Temporary Work Easements include interrupting the one-way traffic around the building; the south drive is lost to the easement. The entry from Marshall Street will become two-way with traffic control, and the driveway terminating approximately 150' into the site at the beginning/north end of Temporary Work Easement area One. It was assumed this element of the easement will not prohibit acceptable access to the remaining parking and building for tenants and visitors.

The first floor south side windows will be protected during the easement period; it was assumed the protection would not interfere with the tenants business operations. The window protection and fencing, and secure walkway structure will obscure views and denigrate the site aesthetic.

The installation of secure walkways for pedestrian access, relocation of the dumpster, and secure site installations for the construction areas will alter the site. We assumed these installations would not interfere with access to the building and site.

This is a prospective valuation of the subject. Current (2/2/2023) market dynamics, rental rates and terms, operating expense costs, overall (R_o's) and internal rates of return (IRR's), and market conditions are forecast two years into the future.

We assumed current trends, the evolving office market dynamics, and the real estate market's end user demand tendencies will continue. We do not anticipate future events to be dramatically more 11adverse or advantageous.

We take no responsibility for unknown events beyond our original date of inspection. This appraisal is made acknowledging the office markets are stressed and in a recessionary cycle, continue to evolve, and exhibit change.

Extraordinary Assumptions may affect assignment results. No Hypothetical Conditions were applied.

Hypothetical Conditions

- None.

Site Description: The original area of 85,050 sf is reduced by 69 sf to 84,981 sf to reflect the prior taking and the Site is now subject to a 202 sf permanent easement to maintain the railroad bridge.

Improvements Description: No Change

Highest and Best Use: No Change

Prospective Before Valuation:

<u>Prospective Land Valuation</u>: Based on the sales comparison approach, the Appraiser considered the same six commercially-zoned comparable sales in Norwalk (2021-2022) that were utilized in the first acquisition and concluded that the fair market value of the entire property (land only) is

increased to 2.98% to $46.70/square foot. The value of the land, before the future taking, is then 84,981 sq.ft. x $46.70/sq.ft. = $3,968,612, rounded to $3,970,000.

Note: Market Conditions (Time) adjustments were only made to the three sales that closed in 2021.

<u>Prospective Income Capitalization Approach</u>: The Appraiser analyzed the same eight rentals of similar space in Norwalk that were utilized in the first acquisition and concluded the following:

We forecast two market leasing categories; Front/North and Rear/South. Economic rent was forecast at $26.00/SF on net terms. The Lower Level Space was owner management space, with a $0.00/SF rental value. This is typical to the commercial sectors.

The market leasing assumptions for the prospective projected holding period are summarized following:

Leasing Assumptions	Rate	Renewal	Terms	Term	Concessions	Commission	Mo. Vacant
Front/North	$26.00	65.00%	NNN	5 yrs.	None	5%-2.5%	12
Rear/South	$26.00	60.00%	NNN	3 Yrs.		5%-2.5%	15
Lower Level	$0.00	100%		Owner/Occ.	None		

Market rent increases at less than CPI; contract rent will increase at 2.50% annually over the lease term for all lease categories. This was consistent with contract terms and market data.

Prospective Vacancy

Vacancy is composed of down time due to tenant roll and a deduction for assumed vacancy and potential credit loss. We deducted vacancy at 7.00% in addition to rent not received due to roll over; and credit loss at ½%. Effective vacancy, credit loss and down time year one is 8.11% of effective income. Estimated vacancy and downtime due to roll over considers market ambiguity.

In the Discounted Cash Flow model forecast, general vacancy was a standard allocation over the holding period. The estimate considers the subject's history, market dynamics, and the subject's status within the top market tier going forward. Turn over vacancy and concessions represents rent that is not received in addition to deductions for general vacancy and credit loss.

The vacancy and credit loss rate reflects anticipated property performance and market conditions going forward. The office sector will most probably continue to see activity deceleration and challenging dynamics. Counter balancing this, the subject offers a unique high-end facility in a positive venue with a high walk score.

The vacancy and credit collection factor of 7% aligns with the national investment survey data below, and considers Norwalk proper exhibits vacancy well above the national averages.

General expenses were grown at Years 1-3: 2.75%, 4-10: 2.50%. Rent growth was 2.5% over the forecast holding period.

FINANCIAL ASSUMPTIONS

An appropriate rate focuses on perceived risk, the availability of alternative investments, current and anticipated vacancy counterbalanced by locational attributes, unique characteristics as well as condition and age of the structure in relationship to the competitive submarket.

Discount Rate Selection

Discount rates as published by PwC and exhibited on the preceding page ranged from 6.00% to 9.00-9.50%. We developed an opinion of future cash flows, including the property value at reversion, and discounted that income stream at an internal rate of return (IRR) that, going forward, is required by investors for the property type.

A discount rate, also referred to as a yield rate, of 8.75% was selected, based on local rates extracted from the market and PwC survey data presented above. This single rate discounts all future benefits (cash flows and equity reversion) to present value. The rate reflects near and longer term anticipated vacancy as well as the external adversities within the local and extended market, and market sector overall.

TERMINAL RATE SELECTION

A terminal capitalization rate is used to develop an opinion of value for the subject at the end of the projected investment-holding period. The rate is applied to the following year's net operating income before deductions are made for commissions due for the presumed sale of the property.

A terminal, or going out rate of 7.50% was indicated. The rate going out is nearly always higher as the building would be older, and while the markets could potentially have less inventory, they conversely, may be more competitive and the economy presents unknowns.

DIRECT CAPITALIZATION RATE

A Direct Capitalization model, the capitalization of near term net operating income, offers a snap shot of property performance, but does not include the return on capital over time. Direct Capitalization is appropriate for stabilized assets. We capitalize the prospective stabilized net operating income, months 13-24. We select an overall rate of 7.25%, based on the current and anticipated vacancy, income and costs for year two, at forecast stabilization.

REVERSIONARY SALE COSTS

The costs of sale at the end of the forecast holding period were estimated at 3%. This was in line with local market costs.

After fully supporting market-based vacancy, operating expenses, discount rate and terminal capitalization rate, the Appraiser developed a cash flow analysis as follows:

SCHEDULE OF PROSPECTIVE CASH FLOW/THE LOCK BUILDING
In Inflated Dollars for the Fiscal Year Beginning 2/1/2025

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Ending	Jan-2026	Jan-2027	Jan-2028	Jan-2029	Jan-2030	Jan-2031	Jan-2032	Jan-2033	Jan-2034	Jan-2035
Potential Gross Revenue										
Base Rental Revenue	$1,931,371	$2,519,582	$2,623,549	$2,657,616	$2,695,746	$2,752,429	$2,966,597	$2,998,405	$3,063,857	$3,147,293
Absorption & Turnover Vacanc				(166,007)	(141,872)	(207,169)	(508,222)		(521,423)	(84,894)
Scheduled Base Rental Revenu	1,931,371	2,519,582	2,623,549	2,491,609	2,553,874	2,545,260	2,458,375	2,998,405	2,542,434	3,062,399
CPI & Other Adjustment Reven		2,658	24,360	59,114	91,491	105,594	70,980	110,943	123,225	114,713
Expense Reimbursement Revenu										
Real Estate Tax	269,521	366,957	405,724	390,997	404,777	405,794	385,097	474,516	407,735	485,750
Utilites	235,383	320,476	354,331	341,418	353,506	354,354	336,318	414,410	356,090	424,224
Sewer	3,218	4,380	4,843	4,666	4,834	4,844	4,598	5,665	4,866	5,799
Insurance	28,824	39,244	43,389	41,807	43,289	43,397	41,184	50,747	43,606	51,950
Management	83,395	144,161	168,302	159,026	168,674	160,815	149,750	203,230	159,447	206,620
G&A	10,979	14,949	16,529	15,926	16,490	16,531	15,687	19,330	16,610	19,787
Repairs & Maintenance	132,098	179,854	198,855	191,607	198,391	198,890	188,745	232,571	199,841	238,079
Total Reimbursement Revenue	763,418	1,070,021	1,191,973	1,145,387	1,189,961	1,184,665	1,121,379	1,400,469	1,188,195	1,432,209
Total Potential Gross Revenue	2,694,789	3,592,261	3,839,882	3,696,110	3,835,326	3,835,519	3,650,734	4,509,817	3,853,854	4,609,321
General Vacancy	(188,635)	(251,458)	(268,792)	(104,341)	(136,532)	(75,819)		(315,687)		(243,701)
Collection Loss	(13,474)	(17,961)	(19,199)	(18,481)	(19,177)	(19,178)	(18,254)	(22,549)	(19,269)	(23,047)
Effective Gross Revenue	2,492,680	3,322,842	3,551,891	3,573,288	3,679,617	3,740,522	3,632,480	4,171,581	3,834,585	4,342,573
Operating Expenses										
Real Estate Tax	405,045	416,184	427,629	438,320	449,277	460,509	472,022	483,823	495,918	508,316
Utilites	353,740	363,467	373,463	382,799	392,369	402,178	412,233	422,539	433,102	443,930
Sewer	4,835	4,968	5,105	5,232	5,363	5,497	5,635	5,775	5,920	6,068
Insurance	43,318	44,509	45,733	46,876	48,048	49,249	50,480	51,742	53,036	54,362
Management	124,634	166,142	177,595	178,664	183,981	187,026	181,624	208,579	191,729	217,129
G&A	16,500	16,954	17,420	17,855	18,302	18,759	19,228	19,709	20,202	20,707
Repairs & Maintenance	198,522	203,981	209,591	214,831	220,201	225,706	231,349	237,133	243,061	249,138
Parking Lic.	231,086	233,397	235,731	238,088	240,469	242,874	245,302	247,755	250,233	252,735
Reserves	36,303	37,301	38,327	39,285	40,267	41,274	42,306	43,363	44,447	45,559
Total Operating Expenses	1,413,983	1,486,903	1,530,594	1,561,950	1,598,277	1,633,072	1,660,179	1,720,418	1,737,648	1,797,944
Net Operating Income	1,078,697	1,835,939	2,021,297	2,011,338	2,081,340	2,107,450	1,972,301	2,451,163	2,096,937	2,544,629
Leasing & Capital Costs										
Tenant Improvements	37,500	164,534		445,093		511,900	895,751	105,053	776,197	223,115
Leasing Commissions	24,375	64,012		195,621		122,323	351,263	22,651	217,316	84,894
Total Leasing & Capital Costs	61,875	228,546		640,714		634,223	1,247,014	127,704	993,513	308,009
Cash Flow Before Debt Service & Taxes	$1,016,822	$1,607,393	$2,021,297	$1,370,624	$2,081,340	$1,473,227	$725,287	$2,323,459	$1,103,424	$2,236,620

PROSPECTIVE PRESENT VALUE - CASH FLOW BEFORE DEBT SERVICE plus PROPERTY RESALE
Discounted Annually (Endpoint on Cash Flow & Resale) Over A Nine - Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.25%
Year 1	Jan-2026	$1,016,822	$939,327	$937,163	$935,009	$932,864	$930,730
Year 2	Jan-2027	1,607,393	1,371,723	1,365,409	1,359,138	1,352,911	1,346,725
Year 3	Jan-2028	2,021,297	1,593,479	1,582,489	1,571,601	1,560,812	1,550,122
Year 4	Jan-2029	1,370,624	998,175	989,007	979,944	970,984	962,127
Year 5	Jan-2030	2,081,340	1,400,244	1,384,186	1,368,348	1,352,729	1,337,322
Year 6	Jan-2031	1,473,227	915,592	903,007	890,624	878,437	866,445
Year 7	Jan-2032	725,287	416,404	409,734	403,185	396,757	390,445
Year 8	Jan-2033	2,323,459	1,232,287	1,209,754	1,187,684	1,166,065	1,144,889
Year 9	Jan-2034	1,103,424	540,619	529,511	518,656	508,047	497,679
Total Cash Flow		13,722,873	9,407,850	9,310,260	9,214,189	9,119,606	9,026,484
Property Resale @ 7.50% Cap		32,910,535	16,124,409	15,793,097	15,469,332	15,152,925	14,843,692
Total Property Present Value			$25,532,259	$25,103,357	$24,683,521	$24,272,531	$23,870,176
Rounded to Thousands			$25,532,000	$25,103,000	$24,684,000	$24,273,000	$23,870,000
Per SqFt			246.16	242.03	237.98	234.02	230.14
Percentage Value Distribution							
Assured Income			17.52%	17.72%	17.93%	18.13%	18.33%
Prospective Income			19.33%	19.37%	19.40%	19.44%	19.48%
Prospective Property Resale			63.15%	62.91%	62.67%	62.43%	62.19%
			100.00%	100.00%	100.00%	100.00%	100.00%

After selecting an 8.75% discount rate and 7.50 terminal capitalization rate, the appraiser concluded the market value of the property was $24,685,000 (rounded).

Year One Net Income was capitalized at 7.25%, indicating a value of $25,260,000.

Reconciliation and Value Conclusion – Prospective Valuation - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	$3,970,000
Sales Comparison Approach – Building	n/a
Income Capitalization Approach – Building	$24,685,000
Conclusion of Market Value	$24,685,000

DOT ACQUISITION: The DOT acquires the acquisition of the following:

THE TEMPORARY WORK EASEMENTS

The State was acquiring two Temporary Construction Easements for a five-year period. These are summarized following.

TEMPORARY CONSTRUCTION EASEMENT ONE

Temporary Construction Easement One was for the purposes of staging crane operations, storage of materials, installation of temporary fencing and temporary conduit and construction of temporary driveway during Walk Bridge Replacement Acquired: 24,740 SF. During Construction Maritime Place Parcel 6 LLC and their designees will be able to obtain coordinated access to dumpsters within the limits of the construction easement.

The Construction Easement taken will be restored by removing temporary appurtenances, reseeding unpaved areas and repairing/replacing all damaged pavement, curbs and other structures.

Temporary Construction Easement One, located at the south/rear side of the site extends from the southern half of the west parking area, wraps around the south side of the building and extends through the east parking lot 112' +/- encompassing 65 parking spaces in total.

TEMPORARY CONSTRUCTION EASEMENT TWO

Temporary Construction Easement Two was for the purposes of access between Marshall Street and Construction Easement One, installation of Temporary Conduit, Temporary wood Pole, Temporary overhead wire, Temporary traffic controller, Temporary traffic pedestal signals and Temporary striping during Walk Bridge replacements acquired: 3,222 SF. Said easement is not to be used for storage of materials or equipment. Use of said easement shall not impede use of the driveway by others.

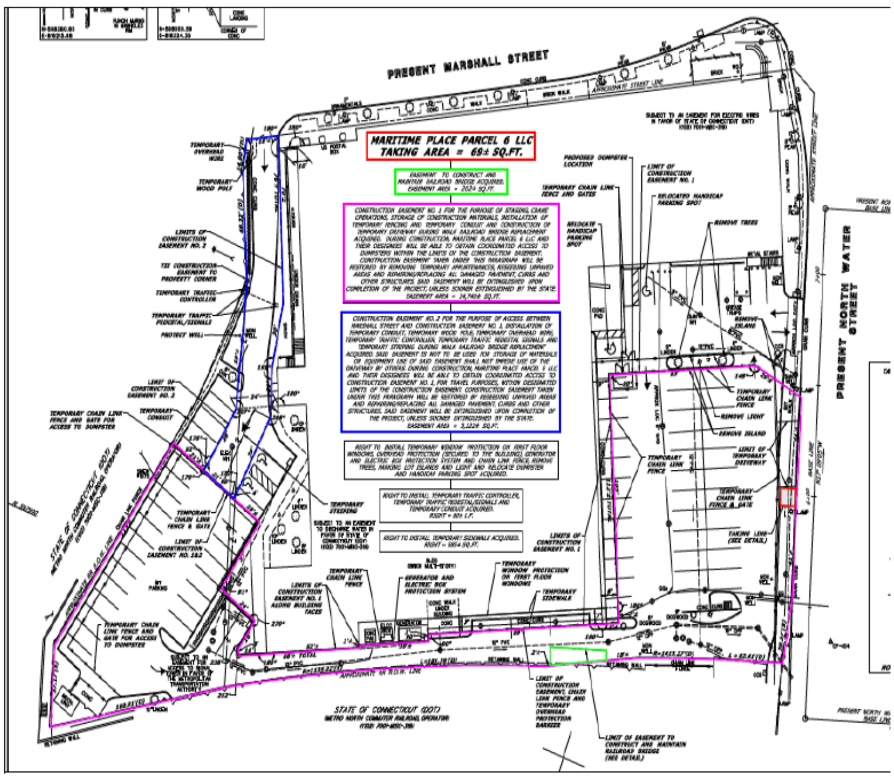
The Construction Easement taken will be restored by removing temporary appurtenances, reseeding unpaved areas and repairing/replacing all damaged pavement, curbs and other structures.

The State is acquiring the right to install temporary window protection on first floor windows, overhead protection (secured to the building) , generator and electric box protection system and chain link fence, remove trees, parking lot islands and light and relocate dumpster and handicap parking space acquired.

The State is acquiring the Right to Install Temporary Traffic Controller, Temporary Traffic signals and Temporary Conduit: 80 SF.

The State is acquiring the right to install temporary sidewalk: 585 SF.

The easement area is located at the west side of the site encompassing the west driveway from Marshall Street to Temporary Construction Easement Two.



Impacts of the Taking

AFTER THE TAKING & EASEMENT TAKINGS

After the easement takings the subject property consisted 1.9509 acre parcel of land with 327.19 lineal feet of street frontage on the south side of Marshall Street, and 259.87 lineal feet on the west side of North Water Street with two formal curb cuts. Aggregate frontage: 587.06 LF.

The site was fully developed and provided onsite parking for 83 vehicles of which 18 were available for owner and tenant use. Sixty-five (65) parking spaces were taken by the Temporary Construction easement areas. Supplemental parking was assumed provided via licenses in the Maritime garage opposite the subject on Marshall Street. The costs for parking increased 22.41%.

The south end of the site has fencing, secured walkways, and the aesthetics associated with construction sites, which are adverse to office tenancy. The first floor south windows are covered with stainless steel wire mesh, the upper floor views are of the construction areas. Views to the south have been of the train tracks long term, and the apartments on the opposite side of the train tracks since construction in 2013. An urban aesthetic is typical to the immediate market area. That said, the north side of the subject building and views from the northerly windows are unaffected.

Tenancy declined, tenants proximate to the work area were assumed to vacate the premises, other tenants received reduced rents as incentive to remain. Rental revenue and net operating incomes declines commiserate with increased vacancy as detailed in the body of the report.

The site aesthetic was denigrated, with construction fencing and protection installations. The first floor south windows were covered with stainless steel wire mesh, there was a covered securer walkway along the south side of the building, trees and islands/curbing were removed. These conditions persist for a five-year period.

The site was bordered to the south and west by the Metro North train tracks; a narrow south drive is taken for a Temporary Construction easement, restricting drive through traffic and changing onsite travel patterns. Functional utility was compromised. The subject venue was, in context, still an urban environ.

As of the prospective date of valuation, the building sees 64.39% of the space occupied and 35.61%% vacant. Two basement level units remain owner-occupied and non-revenue generating. Tenancy, vacancy and rates fluctuate over the forecast holding period due to the temporary easements impact.

From a brokerage/marketing position, while the space was a class A facility, the site aesthetics are compromised for an extended period, and parking is predominantly off site, with 94.16% in the Maritime garage by license.

After the easement takings, the Temporary Construction Easements produce an annual revenue payment. However, this is not a dollar for dollar offset to the site, building, and functional utility changes as will be demonstrated by the Income Capitalization Approach analyses.

The changes to the subject over the holding period during the Temporary Construction Easement period are best measured by income analysis.

Sixty-five onsite parking spaces are removed from use. Replacement spaces, which we assumed in the Extraordinary Assumptions, will be provided by license in the Maritime Garage, result in increased operating costs. **Extraordinary Assumptions may affect assignment results.**

There is signalized access at the northwest drive for five years. The south and west parking lots are restricted; no drive through traffic is afforded. Landscaping and curbing at the west and south parking areas are lost. The site aesthetic is downgraded, and onsite travel restricted. The south facing units will have security structures and covering and denigrated views, changing from an urban aesthetic to a construction site.

The values estimated for the Temporary Construction Easements represent the rental of the land. Severance is estimated by the Before and After valuations presented in the body of the report.

Prospective After Valuation:

After - Prospective Land Valuation: Based on the sales comparison approach, the Appraiser considered the same six commercially-zoned comparable sales in Norwalk (2021-2022) as in the Before Valuation and concluded that the fair market value of the entire property (land only) was unchanged at $46.70/square foot. The value of the land, after the future taking, is then 84,981 sq.ft. x $46.70/sq.ft. = $3,968,612, rounded to $3,970,000.

After - Prospective Income Capitalization Approach: The Appraiser analyzed the same eight rentals of similar space in Norwalk that were utilized in the first acquisition and concluded the following:

Total Occupied SF:	72,070 SF	69.48%
Total Available SF:	31,652 SF	30.52%

Market leasing Assumptions were based on the changed site dynamics and support. The assumptions are presented in chart format following.

We identify two rent zones; the Office/Rear, the units on the north side of the building and Office/South, the units on the south side proximate to the Temporary Work Easement areas.

The market leasing assumptions for the projected holding period are summarized following:

Leasing Assumptions	Rate	Renewal	Terms	Term	Concessions	Fit Out	Commission	Mo. Vacant
Front/North	$24.00	60.00%	NNN	5 yrs.	1 Mo.	$30/SF	5%-2.50%	36
Rear/South	$20.00	50.00%	NNN	3 Yrs.	2 Mo.	$30/SF	5%-2.50%	60
Lower Level	$0.00	100%		Owner/Occ.	None		N/A	

Market rent increases at less than CPI; contract rent will increase at 2.50% annually over the lease term for all lease categories. This was consistent with contract terms and market data. The subject will underperform the market due to the altered site dynamics and aesthetics.

The chart preceding summarizes economic rents incorporated into the Prospective Discounted Cash Flow developed for the subject After the Temporary Easement Taking. Economic rents declined. Absorption time increased on roll over. Renewal space received tenant installation allowance, and renewal probabilities declined.

Prospective Vacancy – increased to 10%

General expenses were grown at Years 1-3: 2.75%, 4-10: 2.50%. Rent growth was 2.5% over the forecast holding period.

FINANCIAL ASSUMPTIONS

An appropriate rate focuses on perceived risk, the availability of alternative investments, current and anticipated vacancy counterbalanced by locational attributes, unique characteristics as well as condition and age of the structure in relationship to the competitive submarket.

Discount Rate Selection

Discount rates as published by PwC and exhibited on the preceding page ranged from 6.00% to 9.00-9.50%. We developed an opinion of future cash flows, including the property value at reversion, and discounted that income stream at an internal rate of return (IRR) that, going forward, is required by investors for the property type.

A discount rate, also referred to as a yield rate, of 8.75% was selected, based on local rates extracted from the market and PwC survey data presented above. This single rate discounts all future benefits (cash flows and equity reversion) to present value. The rate reflects near and longer term anticipated vacancy as well as the external adversities within the local and extended market, and market sector overall.

TERMINAL RATE SELECTION

A terminal capitalization rate is used to develop an opinion of value for the subject at the end of the projected investment-holding period. The rate is applied to the following year's net operating income before deductions are made for commissions due for the presumed sale of the property.

A terminal, or going out rate of 7.50% was indicated. The rate going out is nearly always higher as the building would be older, and while the markets could potentially have less inventory, they conversely, may be more competitive and the economy presents unknowns.

DIRECT CAPITALIZATION RATE

A Direct Capitalization model, the capitalization of near term net operating income, offers a snap shot of property performance, but does not include the return on capital over time. Direct Capitalization is appropriate for stabilized assets. We capitalize the prospective stabilized net operating income, months 13-24. We select an overall rate of 7.25%, based on the current and anticipated vacancy, income and costs for year two, at forecast stabilization.

REVERSIONARY SALE COSTS

The costs of sale at the end of the forecast holding period were estimated at 3%. This was in line with local market costs.

After fully supporting market-based vacancy, operating expenses, discount rate and terminal capitalization rate, the Appraiser developed a cash flow analysis as follows:

SCHEDULE OF PROSPECTIVE CASH FLOW AFTER THE TAKING
In Inflated Dollars for the Fiscal Year Beginning 2/1/2023

For the Years Ending	Year 1 Jan-2026	Year 2 Jan-2027	Year 3 Jan-2028	Year 4 Jan-2029	Year 5 Jan-2030	Year 6 Jan-2031	Year 7 Jan-2032	Year 8 Jan-2033	Year 9 Jan-2034	Year 10 Jan-2035
Potential Gross Revenue										
Base Rental Revenue	$1,552,006	$1,989,247	$2,077,703	$2,039,476	$2,062,334	$2,477,183	$2,660,216	$2,742,622	$2,757,729	$2,771,590
Absorption & Turnover Vacanc	(121,777)	(155,300)	(68,445)	(112,621)	(207,786)	(366,252)	(936,791)	(1,004,976)	(103,212)	(145,024)
Base Rent Abatements		(2,757)	(8,556)		(9,235)		(13,505)	(31,612)	(26,596)	
Scheduled Base Rental Revenu	1,430,229	1,831,190	2,000,702	1,926,855	1,845,313	2,110,931	1,709,920	1,706,034	2,627,921	2,626,566
CPI & Other Adjustment Reven		8,006	18,421	41,494	66,682	51,869	60,673	29,015	73,181	127,512
Expense Reimbursement Revenu										
Real Estate Tax	247,033	329,221	369,821	374,403	368,786	361,744	304,773	306,525	468,889	472,428
Utilites	215,744	287,519	322,976	326,978	322,075	315,924	266,168	267,699	409,498	412,589
Sewer	2,949	3,930	4,414	4,469	4,404	4,318	3,639	3,660	5,597	5,640
Insurance	26,418	35,208	39,549	40,039	39,440	38,687	32,594	32,781	50,145	50,526
Management	61,298	101,890	121,380	121,320	115,870	123,596	85,619	83,283	174,292	179,412
G&A	10,063	13,411	15,067	15,252	15,024	14,736	12,416	12,486	19,100	19,245
Repairs & Maintenance	121,076	161,359	181,257	183,503	180,751	177,299	149,376	150,235	229,812	231,549
Total Reimbursement Revenue	684,581	932,538	1,054,464	1,065,964	1,046,350	1,036,304	854,585	856,669	1,357,333	1,371,389
Total Potential Gross Revenue	2,114,810	2,771,734	3,073,587	3,034,313	2,958,345	3,199,104	2,625,178	2,591,718	4,058,435	4,125,467
General Vacancy	(101,882)	(137,403)	(245,758)	(202,072)	(108,827)				(312,953)	(282,025)
Collection Loss	(10,574)	(13,859)	(15,368)	(15,172)	(14,792)	(15,996)	(13,126)	(12,959)	(20,292)	(20,627)
Effective Gross Revenue	2,002,354	2,620,472	2,812,461	2,817,069	2,834,726	3,183,108	2,612,052	2,578,759	3,725,190	3,822,815
Operating Expenses										
Real Estate Tax	405,045	416,184	427,629	438,320	449,277	460,509	472,022	483,823	495,918	508,316
Utilites	353,740	363,467	373,463	382,799	392,369	402,178	412,233	422,539	433,102	443,930
Sewer	4,835	4,968	5,105	5,232	5,363	5,497	5,635	5,775	5,920	6,068
Insurance	43,318	44,509	45,733	46,876	48,048	49,249	50,480	51,742	53,036	54,362
Management	100,118	131,024	140,623	140,853	141,736	159,155	130,603	128,938	186,260	191,141
G&A	16,500	16,954	17,420	17,855	18,302	18,759	19,228	19,709	20,202	20,707
Repairs & Maintenance	198,522	203,981	209,591	214,831	220,201	225,706	231,349	237,133	243,061	249,138
Parking Lic.	290,603	293,509	293,509	293,509	293,509	293,509	293,509	293,509	293,509	293,509
Reserves	36,303	37,301	38,327	39,285	40,267	41,274	42,306	43,363	44,447	45,559
Total Operating Expenses	1,448,984	1,511,897	1,551,400	1,579,560	1,609,072	1,655,836	1,657,365	1,686,531	1,775,455	1,812,730
Net Operating Income	553,370	1,108,575	1,261,061	1,237,509	1,225,654	1,527,272	954,687	892,228	1,949,735	2,010,085
Leasing & Capital Costs										
Tenant Improvements	145,570	62,180	283,767		208,801		491,963	714,753	496,632	
Leasing Commissions		8,215	7,486		27,520		40,246	94,205	58,369	
Total Leasing & Capital Costs	145,570	70,395	291,253		236,321		532,209	808,958	555,001	
Cash Flow Before Debt Service & Taxes	$407,800	$1,038,180	$969,808	$1,237,509	$989,333	$1,527,272	$422,478	$83,270	$1,394,734	$2,010,085

PROSPECTIVE PRESENT VALUE AFTER THE TEMPORATAKING/CASH FLOW BEFORE DEBT SERVICE plus PROPERTY RESALE
Discounted Annually (Endpoint on Cash Flow & Resale) Over Nine - Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.25%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 9.75%	P.V. of Cash Flow @ 10.00%
Year 1	Jan-2026	$407,800	$374,128	$373,272	$372,420	$371,572	$370,727
Year 2	Jan-2027	1,038,180	873,816	869,821	865,854	861,913	858,000
Year 3	Jan-2028	969,808	748,869	743,741	738,658	733,622	728,631
Year 4	Jan-2029	1,237,509	876,683	868,685	860,779	852,963	845,236
Year 5	Jan-2030	989,333	642,999	635,675	628,452	621,326	614,298
Year 6	Jan-2031	1,527,272	910,662	898,231	885,996	873,956	862,105
Year 7	Jan-2032	422,478	231,110	227,433	223,823	220,278	216,798
Year 8	Jan-2033	83,270	41,790	41,031	40,288	39,560	38,846
Year 9	Jan-2034	1,394,734	642,175	629,069	616,260	603,741	591,503
Total Cash Flow		8,070,384	5,342,232	5,286,958	5,232,530	5,178,931	5,126,144
Property Resale @ 7.75% Cap		25,158,484	11,583,665	11,347,272	11,116,227	10,890,397	10,669,653
Total Property Present Value			$16,925,897	$16,634,230	$16,348,757	$16,069,328	$15,795,797
Rounded to Thousands			$16,926,000	$16,634,000	$16,349,000	$16,069,000	$15,796,000
Per SqFt			163.19	160.37	157.62	154.93	152.29
Percentage Value Distribution							
Assured Income			16.49%	16.67%	16.85%	17.03%	17.22%
Prospective Income			15.07%	15.11%	15.16%	15.20%	15.23%
Prospective Property Resale			68.44%	68.22%	67.99%	67.77%	67.55%
			100.00%	100.00%	100.00%	100.00%	100.00%

After selecting a 9.5% discount rate and 7.75 terminal capitalization rate, the appraiser concluded the market value of the property was $16,350,000 (rounded).

Year One Net Income was capitalized at 7.50%, indicating a value of $14,635,000.

Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	$3,970,000
Sales Comparison Approach – Building	n/a
Income Capitalization Approach – Building	$16,170,000
Conclusion of Market Value	$16,170,000

Calculation of Permanent Damages

Item	Value
Before Valuation	$24,685,000
After Valuation	$16,170,000
Permanent Damages (Severance)	$8,515,000

Calculation of Temporary Damages

*The values of the temporary construction easements represent the rental of the land, and does not include severance. Severance is established by the Before and After valuations.

EASEMENT	Area/SF	Rate		Factor	Ann Rate	Period	Value
Temp. Const. Easement 1	24,740 SF x	$46.70/SF	= $1,55,358	X 0.4=	$462,114 x	5 yrs.=	$2,310,716
Temp. Const. Easement 2	3,222 SF x	$46.70/SF	=$150,467	X 0.4 =	$60,186 x	5 yrs.=	$300,934
							$2,611,650
						*Total Rounded	$2,610,000

Calculation of Total Damages

Total Damages were then summarized by the Appraiser as follows:

Value Before	$24,685,000
Value After	$16,170,000
Severance Damages	$ 8,515,000
Breakout of Damages	
Severance	$ 8,515,000
Temporary Construction Easements	$ 2,610,000
Total Damages	$ 11,125,000

RECOMMENDATION: Board approval of Damages in the amount of $4,590,000 for the Current Taking and approval of Damages in the amount of $11,125,000 for the Future Taking, for Damages totaling $15,715,000, is recommended for the following reasons:

1. The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.

2. The acquisition value is supported by the two independent appraisal reports.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

PRB #	23-192
Origin/Client:	DAS/SCSU
Transaction/Contract Type:	AE / CA Services Contract
Project Number:	CF-RS-366
Contract:	CF-RS-366-CA
Consultant:	Jacobs Property Management Co.
Property:	New Haven, Crescent St (501) – SCSU
Project purpose:	Chase Hall Renovations
Item Purpose:	New Consultant Contract

PROPOSED AMOUNT: $1,355,574

At the State Properties Review Board meeting held on August 29, 2022, the Board voted, under PRB #22-130 to approve the Consultant's Contract - CF-RS-366-ARC – for design and construction administration services in conjunction with the Project – Chase Hall Renovations. The Consultants Fee was $1,962,805. The construction phase duration was estimated at 426 days plus 90 days for project closeout. The overall construction and total project budget were established at $22,490,659 and $33,000,000 respectively.

On August 30, 2023, the state retained PDS Engineering & Construction, Inc. as the CMR for this Project.

- The CMR Contract anticipates a construction phase of 426 days plus 90 days for close out (pg 23 CMR).
- No date for the GMP Amendment has been set.
- Liquidated Damages are $3,875/day for each calendar day beyond the established Substantial Completion Date (TBD). (pg 11 CMR)
- Liquidated Damages for the Date of Acceptance are $2,964/day for each calendar day beyond the ninety (90) calendar days after the established Substantial Completion. (pg 11 CMR)

Under this proposal (PRB #23-192), DAS is now seeking Board approval of a new Consultant Contract – CF-RS-366-CA – to expend $1,355,574 for construction administration, commissioning services (building envelope and systems), Net Zero consulting and Move Management services to support the Project – Chase Hall Renovations.

From the CA Contract:

The scope of professional services to be provided by the Construction Administrator under this contract consists of providing the services called for in the contract in connection with the following construction work provided by a Construction Manager at Risk (CMR):

The project is for comprehensive renovations to the Chase Hall, total of approximately 60,000 gross square feet ("GSF"), resulting from a complete re-programming of the space usage. The work will include renovating all floors including change in layouts, installation of new MEPFP system to meet the current code requirements. Improvement to the exterior envelope and site is also part of this project. The project will also incorporate the International Green Construction Code (IgCC) requirements.

The Architect, the C.A. and the CMR will work in conjunction to establish a construction phasing plan and schedule for construction.
All building systems will be replaced including but not limited to, Heating, Ventilation and Air Conditioning (HVAC) systems and controls, plumbing, electrical, lighting, audio and visual (A/V) systems and controls, building security and access controls and telecom infrastructure, elevators, fire suppression and control systems. Interior doors, and exterior fenestration and entryways shall be replaced and/or added where identified in the contract documents.

The contract documents will document, coordinate and design conduits, raceways, telecommunication rooms, etc. required for IT and security systems pursuant to the Connecticut State Colleges and Universities telecommunication standards and the DAS Consultants Procedure Manual. Additional coordination with Comcast will be required to integrate their internet infrastructure into the building.

The contract documents will provide sound control between spaces, and noise and vibration control of major mechanical systems.

Hazardous materials: The main hazmat concern on this project is mold resulting from moisture intrusion through the exterior walls. WCSU previously had a major mold remediation and drywall replacement project done on the building. However, if mold becomes a concern again during either Preconstruction or Construction, DAS will hire an environmental testing firm to inspect, test, and provide reports. Abatement would be performed by the CMR during Construction. The CA shall assist DAS as needed with soliciting bids for testing and inspection, coordinate inspections and tests, review hazmat reports, etc.

Hazardous materials: DAS will hire a hazmat consultant to identify the hazardous materials within the building and to provide design documents for the CMR to perform the abatement work as part of their contract during construction phase. All materials containing hazardous concentrations above regulated levels will be handled in accordance with EPA regulations and guidelines and performed by a licensed Abatement Contractor. The hazmat consultant shall monitor this work in accordance with the contract documents and the CA will be responsible to coordinate the work between the CMR and the hazmat consultant. CA shall be responsible to collect all necessary documentation related to hazardous materials and provide to DAS at the end of the project.

Commissioning of the building systems and building envelope is a requirement.

The Construction Administrator's construction phase services shall be for a time period of Four Hundred Sixty-Seven (467) calendar days (the Construction Phase Time), plus an additional Ninety (90) calendar days for project closeout, commencing with the date set forth in the written notice to proceed sent to the Construction Administrator by the DAS Project Manager. The construction phase time identified above is the initial estimate of the construction duration (includes an extra 10% of the construction duration) by DAS and will be re-evaluated by the Construction Administrator, Architect and Construction Manager at Risk (CMR) at the end of the Construction Documents phase after the design for the project is substantially complete.

In August 2022 DAS issued a Request for Qualifications for Construction Administrator (CA) and Commissioning Agent (CxA) Consultant Services related to the Construction Manager at Risk project – Chase Hall Renovations. DAS elicited 10 responses to the advertisement.

Through a competitive qualifications-based selection process the following five shortlisted firms were interviewed: Colliers Project Leaders USA NE, LLC, The Morganti Group, Inc., Turner Construction Company, Inc., Arcadis US and Jacobs Project Management Co. After interviews, the three most highly qualified Consultants – Colliers, Arcadis and Jacobs – were selected to submit a cost proposal for review. Each of the three firms were then subsequently interviewed for thoroughness of their proposals and given an opportunity to revise their cost proposal.

At the conclusion of the process DAS identified Jacobs Project Management Co. ("JPM") as the most qualified firm representing the best value to the State.

This contract is for Construction Administrator (CA) and Commissioning Agent (CxA) Consultant Services for the Construction Manager at Risk project – Chase Hall Renovations. The overall construction and total project budget have been established at $21,419,675 and $33,000,002 respectively.

DAS and CSCU confirmed funding in the amount of $346,432 is available for pre-construction services at this time.

The overall compensation rate for this basic service is $1,098,225 with an additional $257,349 for special services (net zero, move management & commissioning), for a total fee of $1,355,574.

Jacobs Project Management Basic Fees (PRB #23-192)	COST ($) (BASIC)	COST ($) (SPECIAL)	TOTAL COST	C. Budget ($)	(%) Budget
Pre-Design Phase	$0				
Schematic Design Phase	$28,711				
Design Development Phase	$80,224				
Contract Document Phase	$141,718				
Procurement Phase	$44,496				
Construction	$803,076				
TOTAL BASIC SERVICE FEE (#18-101) (A)	$1,098,225			$21,149,675	5.19%
SPECIAL SERVICES:					
Move Management		$93,025			
Net Zero & CTHPB Consulting		$27,283			
Building Systems & Building Envelope Commissioning		$137,041			
TOTAL SPECIAL SERVICES(B)		$257,349			
TOTAL FEE (PRB #23-192) (A) + (B)			$1,355,574	$21,149,675	6.41%

- The August 2022 RFQ elicited 10 responses. The Selection Panel interviewed five firms and had the three most qualified consultants submit proposals, and ultimately recommended the retention of Jacobs Project Management Co. The selection was approved by Deputy Commissioner Hobbs on 4/6/2023.
- JPM is an international firm, locally located in Wethersfield and has a staff of over 56,000 employees and a local staff of 22 employees including 3 project managers, 4 construction managers, 6 engineers (various disciplines) and 1 procurement specialist.
- Jacobs Associate General Counsel provided a list of open/closed claims. None were related to projects funded by the State of Connecticut.
- The submittal is accompanied by a Campaign Contribution Affidavit notarized on 10/17/23.

Staff inquired with DAS regarding the following:

1. What is the status of this Project?
   DAS Response: Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations, is in the Design Development (DD) phase.
   Staff Response: If the ARC is in the DD Phase, please clarify why DAS-CS is including SD Phase services in this Proposed CA Contract for $28,711?
   11-15 DAS Response: The original timeline would have allowed the CA to perform SD phase services. The project has progressed to the DD phase. As such, the CA will not be performing SD services and would not be able to bill or be paid for them. DAS Real Estate and Construction Services does not pay for services not performed.
   Staff Response: The CA Contract should be revised to remove SD Services as DAS-CS noted the CA will not be providing those services. The fees should be reconciled based on the fee matrix provided. See Q-10 for explanation/clarification.

2. Provide breakdown of costs in the Budget in the SPRB memo – Items 2, 3 and 8

   DAS Response: DAS Real Estate and Construction has uploaded to the SPRB SharePoint site a revised SPRB memo budget.
   Staff Response: DAS provided a breakdown of Items 2, 3 and 8.

   Under Item 9.7 – Redicheck + Other Misc. – the original budget was $188,977, and in this revised budget the line item was increased by $730,000 to $918,997. Pl clarify what changed and why?
   11-15 DAS Response: Original project budgets are estimates. As projects progress, monies are moved within the budget to reflect the actual commitments when they are realized and to meet the project requirements. The bottom-line total remains the same.

Staff Response: Please provide further breakdown of what is included in other miscellaneous costing $918,997.

3. Please reconcile the Construction Budget identified in the CA Contract and Form 1105 ($21,419,675) with the Construction Budget on page 4 of the DCS Memo to SPRB ($22,149,675).
DAS Response: DAS Real Estate and Construction has uploaded to the SPRB SharePoint site a revised SPRB memo budget.
Staff Response: The Construction Budget is now consistent with the CA Contract and Form 1105. OK

4. Exhibit A of the CA Contract and the DCS Memo to SPRB specifically reference International Green Construction Code (IgCC) requirements. Pl confirm these services are included in the proposed fee.
DAS Response: Yes, International Green Construction Code requirements are included in the proposed fee.
Staff Response: OK

5. Identify fees for Pre-design phase in Exhibit B – Also, the scope items and the associated fees should be aligned.
DAS Response: DAS Real Estate and Construction did not seek pre-design phase services from CA firms with regard to Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations.
Staff Response: (see pg 26 for pre-construction phase); "pre-design" is mentioned 7 times (pg 24, pg 46-Cx, pg 65-RFQ, pg 80 form 1140)
11-15 DAS Response: DAS Real Estate and Construction did not seek pre-design phase services from the CA firms. The project has a pre-design study executed by the A/E previously.

With regard to the RFQ web advertisement, the project description references the pre-design study, but the scope sought from the CA in section 1.13 does not, as DAS Real Estate and Construction did not seek pre-design phase services from CA firms.

The Board should note that the pre-construction phase and the pre-design phase are not the same. The pre-construction phase encompasses all the design phases (schematic design, design development, and construction documents), the pre-design phase (when included), and the bidding phase.
Staff Response: Ok, just wanted to confirm that there is no pre-design phase and associated fees as it was mentioned numerous times in various documents.

6. Please clarify if Chase Hall will be occupied during this Project, and if occupied, the impact on the construction duration.
DAS Response: During the construction phase of Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations, the building will be unoccupied.
Staff Response: OK

7. Please provide initial cost proposal, cost proposal template spreadsheet, a list of all proposed sub-consultants and their respective scopes of work, and clarifications and/or exclusions to the Consultant's fee proposal from the other two firms – Colliers Project Leaders and Arcadis US.
DAS Response: DAS Real Estate and Construction Services has uploaded to the SPRB SharePoint site the Selection Approval Memo for Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations

Staff Response: SPRB has already received DAS-CS Form 1267. SPRB requests Form 1264-1 for the two other firms – Colliers and Arcadis. Additionally, similar to BI-2B-483-ARC provide DAS-CS Memorandum to DC Hobbs, as well as the rankings utilized in this review as DAS-CS Legal was 'cc' on Memorandum (see attached).
11-15 DAS Response: The DAS Real Estate and Construction Services memo to Deputy Commissioner Hobbs has been uploaded to the SPRB SharePoint site.
Staff Response: DAS-CS provided the Memorandum. Pl provide Form 1264-1 (Construction Administrator's Total Fee Proposal) for Colliers and Arcadis similar to what is provided for Jacobs on page 77 of 136 of the submission.

8. Please provide the negotiation team's review, summary and recommendations before meeting with the best value firm.

   DAS Response: The DAS Real Estate and Construction Services selection memo recommendations indicate the best value selection for this project. DAS procedures do not include individual recommendations but simply ask the selection panel to rank the firms 1st, 2nd, 3rd, and so on. As such, there is nothing to provide.
   Staff Response: OK

9. Provide letter of recommendation submitted to Dep. Commissioner Hobbs.
   DAS Response: DAS Real Estate and Construction Services has uploaded to the SPRB SharePoint site the Selection Approval Memo for Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations.
   Staff Response: OK

10. Provided a Staffing Matrix identifying the Consultant's efforts for this Project.
    DAS Response: DAS Real Estate and Construction Services has uploaded to the SPRB SharePoint site the CA Staffing Matrix Template for Project # CF-RS-366 Southern Connecticut State University, Chase Hall Renovations.
    Staff Response: Staff reviewed the Consultant's phases in the Matrix and compared to the schedule of fees in the Contract. The Basic Fees do not align with the Contract, but Special Fees including Net Zero CTHPB and Commissioning are not identified in the Matrix. The breakdown of fees in the Contract does align with the Consultant's Fee Proposal in Form 1264-1.

RECOMMENDATION: Staff recommend suspension of this Proposal pending response from DAS.

7. VOTES ON PRB FILE:

PRB FILE #23-183 – Mr. Berger moved and Mr. Valengavich seconded a motion to continue the suspension of PRB FILE #23-183, pending receipt of additional information from DAS. The motion passed unanimously.

PRB FILE #23-188-A – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #23-188-A. The motion passed unanimously.

PRB FILE #23-202 – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #23-202. The motion passed unanimously.

PRB FILE #23-192 – Mr. Halpert moved and Mr. Valengavich seconded a motion to suspend PRB FILE #23-192, pending receipt of additional information from DAS-CS. The motion passed unanimously.

8. **NEXT MEETING –** Monday, November 20, 2023 – will be held solely by means of electronic equipment.

The meeting adjourned.

APPROVED: ________________________________ Date: ________
John Valengavich, Secretary