

# STATE PROPERTIES REVIEW BOARD

## Minutes of Meeting Held On January 6, 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 January 6, 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 January 3, 2022 Meeting. The motion passed unanimously.

### 2. COMMUNICATIONS

Staff presented the Board with a monthly voucher statement pursuant to CGS 13a-73(h) identifying DOT real estate acquisitions for less than \$5,000.

### 3. REAL ESTATE- UNFINISHED BUSINESS

### 4. REAL ESTATE – NEW BUSINESS

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

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 Chazee 200 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).

	<b>New Lease - #16-003</b>	<b>First Amendment - #21-190</b>
Leased Premises, NUSF 364 West Middle Turnpike, Manchester	25,906 nusf, 2 <sup>nd</sup> floor <u>9,162 nusf, 1<sup>st</sup> floor</u> 35,068 nusf, total	25,906 nusf, 2 <sup>nd</sup> floor <u>9,162 nusf, 1<sup>st</sup> floor</u> 35,068 nusf, total
Base Rent	\$16.00/nusf = \$561,087.96/year	Yr #1: \$11.82/nusf = \$414,404.70/year Yrs #2-5: \$16.50/nusf = \$578,622/year (+3.125%)
Parking in Base Rent	238 spaces on site (6.8 spaces/1,000 nusf)	238 spaces on site (6.8 spaces/1,000 nusf)
Additional Rent	Same. DAS estimates \$4.51/nusf for electricity and janitorial needs.	Same. DAS estimates \$2.57/nusf for operating expenses.
Term	5 years	5 years

Renewal Option	5 years @ \$17.28/nusf = \$605,975.04 (+8.0%) 5 years @ \$18.66/nusf = \$654,368.88 (+8.0%)	5 years @ \$17.75/nusf = \$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 DCF 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/sf	\$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 pending response from DAS.

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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

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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):

1. L & J Manchester III, LLC  
1441 Broadway, NY, NY 10018
2. 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.

DAS requests approval of a new 5-year lease for the Department of Children & Families at 364 West Middle Turnpike, Manchester. DCF has been at this location since 1996 when the agency leased 25,906 NUSF. The 1996 lease expired in 2006; and a new lease for 40,198 NUSF with 2 renewals was approved by the Board in 2008. This lease expired 2/9/2014.

The new base rental rate of \$16.00/NUSF is 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. Staff notes that prior files indicate that the space being relinquished was used by MARC, which is a service provider to DSS. MARC is now located at 151 Sheldon Road, Manchester.

	<b>Expired Lease - #07-359</b>	<b>New Lease - #16-003</b>
Leased Premises, NUSF 364 West Middle Turnpike, Manchester	25,906 nusf, 2 <sup>nd</sup> floor <u>14,292 nusf, 1<sup>st</sup> floor</u> 40,198 nusf, total	25,906 nusf, 2 <sup>nd</sup> floor <u>9,162 nusf, 1<sup>st</sup> floor</u> 35,068 nusf, total
Base Rent	14.50/nusf = \$582,871/year	\$16.00/nusf = \$561,087.96/year
Parking in Base Rent	193 spaces on site (4.8 spaces/1,000 nusf)	238 spaces on site (6.8 spaces/1,000 nusf)
Additional Rent	Heat, electric, janitorial & rubbish removal; security	Same. DAS estimates \$4.51/nusf for electricity and janitorial needs.
Term	2/10/2009 – 2/9/2014	5 years
Renewal Option	5 years @ \$16.63/nusf (+15%) 5 years @ \$19.10/nusf (+15%)	5 years @ \$17.28/nusf = \$605,975.04 (+8.0%) 5 years @ \$18.66/nusf = \$654,368.88 (+8.0%)
Carpet & Paint	Standard language requiring new carpet & paint upon renewal	Standard language regarding new carpet and paint at renewals. See note below regarding work to be done at beginning of the initial term
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.	

At lease commencement, the Lessor is providing new paint throughout; and new carpet in carpeted areas and new vinyl tile in tile areas. It is anticipated that HVAC improvements and new thermostatic controls, window caulking and additional insulation will reduce energy costs.

**Market Data**

The subject property is located at the rear of the Manchester Parkade, whose anchor store is Stop & Shop. The 316,000 GSF building was constructed in 1960, and the DCF office space was renovated in 1996. Retail space at the Parkade is currently offered at \$12.00/SF, NNN. No office space is currently advertised at this site.

The most recent RFS was issued October 2015 (LP #15-34) elicited one response from East Hartford Business Park LLC for property at 88 Long Hill Street, East Hartford. The property is 515,000 SF of industrial space that would require office tenant improvements, toward which the owner would contribute \$15.00/SF. It appears that the offered rental rate was \$15.00/SF, NNN.

Listings available online through Loopnet indicate that retail space is typically offered at \$12.00/SF, NNN and newly renovated office space is offered at \$16.00/SF, NNN.

**RECOMMENDATION:** Staff recommends that the Board approve PRB #16-003 for the DCF Manchester Regional Office for the following reasons:

1. All necessary documentation has been provided.
2. The base rental rate is \$0.63/SF below the renewal rate in the expired lease; energy improvements should further reduce the DCF's occupancy costs.
3. Data indicates that the base rental rate of \$16.00/NUSF plus utilities is within the range of office leases in this market. The response to the RFS did not offer any superior alternative site.
4. The Lessor's work will address building maintenance and other requirements identified by DCF.
5. An environmental affidavit, as required by Article 4.03 of the State standard lease has been certified to by Edward P. Fennel Jr., P. E. as of 11/11/2015.
6. The amount of space and cost for same under the new lease are below the recommendations in the current State Facility Plan, which recommends 38,546 SF and \$1,017,970 (\$26.41/SF) for the DCF Manchester Regional Office.



**5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS**

**6. ARCHITECT-ENGINEER - NEW BUSINESS**

**7. OTHER BUSINESS**

**8. VOTES ON PRB FILE:**

**PRB FILE #21-190** – Mr. Valengavich moved and Mr. Berger seconded a motion to suspend PRB 21-190. The motion passed unanimously.

**9. NEXT MEETING** – Monday, January 10, 2022.

The meeting adjourned.

**APPROVED:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
John Valengavich, Secretary