

**STATE PROPERTIES REVIEW BOARD**

**Minutes of Meeting Held On January 8, 2024**

**– 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 January 8, 2024. 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 389034483#.

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 389034483#. If you have any questions or need assistance to attend these Meetings, or for some reason the Call-In Numbers do not work, please contact SPRB Director Dimple Desai, immediately, at [dimple.desai@ct.gov](mailto: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:**

Thomas Jerram

**Guests Present – solely by means of electronic equipment:**

Mr. Valengavich moved and Mr. Berger 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 4, 2024 Meeting. The motion passed unanimously.

**2. COMMUNICATIONS**

**3. REAL ESTATE- UNFINISHED BUSINESS**

<b><i>PRB File #:</i></b>	23-231
<b><i>Transaction/Contract Type</i></b>	RE / Lease Renewal
<b><i>Origin/Client</i></b>	DAS / WCC
<b><i>Property:</i></b>	New Haven, State St (700)
<b><i>Lessor:</i></b>	Daymarr Realty, LLC
<b><i>Project Purpose:</i></b>	Renewal for Continued Occupancy
<b><i>Item Purpose:</i></b>	Exercise 2 <sup>nd</sup> Renewal Option

January 4, 2024 Update:

At the State Properties Review Board meeting held on December 28, 2023, the Board voted to suspend this file pending Board clarification of the following issues:

1. Please confirm that the Certificate of Insurance provided by the Lessor includes the required Commercial General Liability coverage pursuant to Article 9.01 of the Lease.

DAS Response: Attached.

Staff Response: A new Certificate of Insurance with Commercial General Liability Coverage was provided. OK

2. Please clarify if there have been any changes to Exhibit E – Statement of Financial Interest – since the 2019 First Amendment to Lease.

DAS Response: Updated attached.

Staff Response: An updated Statement of Financial Interest was provided with noticeable changes from the previously submitted document in 2019. OK

SPRB recommends approval of this Second Renewal Option for the following reasons;

1. The rent during the initial term increases 5.0% to \$20.47/NUSF and fixed for five years;
2. Carpet replacement and fresh paint will be completed within 90 days of renewal;
3. Real Estate Taxes are currently \$2.96/sf, of which \$3.84/sf is included in the Base Rent; and
4. All required affidavits are complete.

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The original base Lease was approved by the SPRB in 1995 under PRB #95-367 for the use of 8,800 square feet of office space on the 2<sup>nd</sup> floor and parking for 8 cars. The Lease was for a 5-year term at an initial annual rent of \$15.40/nusf. This Agency relocated from 746 Chapel Street in New Haven.

The most recent base Lease was approved by the SPRB in 2013 under PRB #13-266 for continued use of 8,800 nusf of office space for an initial five-year term, with two, five-year options. The initial rental was \$18.75/nusf on a gross plus electric basis. The Lease included a first option to extend the Lease for a five-year term at \$20.44/nusf (+9%) and a second option at \$22.28/nusf (+9%).

More recently, on April 11, 2019, the SPRB under PRB #19-082, approved a First Amendment to the 2013 standard lease agreement to extend the Lease for a five year term, reducing the option rent to \$19.49/nusf, a reduction of \$0.95/nusf, to reflect a credit for waiving requirements of Section 4.06 of the Lease. The First Amendment also reduced the second option to \$20.47/nusf (-\$1.81/nusf).

Under this Proposal (PRB #23-231), DAS and WCC now seek approval to exercise the Second Renewal Option for a 5-year term for continued use and occupancy of within the building, with parking for 17 cars.

The annual rental during the 5-year term of the Second Renewal Option is \$180,099.72 per year (\$20.47/NUSF). There are no options to renew the Lease. All Lessee expenses (electric & inc over BY Taxes) are unchanged.

Item	First Amendment	Second Renewal Option
PRB#	PRB #19-082	#23-231
Address	700 State Street, New Haven	Same
Leased Premises NUSF	8,800 nusf	Same
Lease Term	1/13/2019– 1/12/2024	1/13/2024– 1/12/2029
Annual Rent	\$171,523.56	\$180,099.72
Base Rent/SF/Year	\$19.49	\$20.47
Renewals	5 years @ \$180,099.72 = \$20.47/NUSF (+5%)	None
Granite Sq. Garage Parking	17	17 (5.18 spaces/1,000 Nusf rented)
Repaint/Recarpet Intervals	5 years	Lessor to repaint within 90 days of renewal; carpet replacement within 90 days of renewal.
Additional Rent	Electricity; 20% of property tax increase over base year	Same
Termination	None	None

Note: Annual taxes are \$216,064.30 (GL 2022), or approximately \$2.96/sf of finished area. Base Year Taxes are estimated at \$3.84/finished square feet.

The RFS indicates 13 staff with no vacant authorized positions. The RFS was approved by DAS on August 21, 2023. DAS stated no state-owned space is available to co-locate this WCC office.

DAS advertised the need pursuant to CGS §4b-34 in the New Haven Register on August 24, 2023 (LP 23-26) for 8,800 nusf and parking for 12 vehicles with responses due September 8, 2023. No responses were received.

DAS Leasing Staff had provided the following rentals 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
265 Church New Haven	GSA	6,750	15 Year Started 2/2019	0	\$37.93	\$0.00	\$37.93
620 Grand Ave New Haven	DOC	11,075	10 Year 11/2018 Start	1 10 Year	\$18.25 w/1% annual increases	\$8.75/sf TI, \$5.85/sf opex	\$32.35/sf
470 James St New Haven	Advance CT	4,870	7 Year Started 2018	0	\$19.87 w/2% annual increases	NNN \$7.00/sf	\$26.87

Milestone dates for this Second Renewal Option are as follows:

- 8-21-2023 – RFS approved by DAS Deputy Commissioner Petra;
- 8-24-2023 – LP 23-26 for 8,800 nusf and parking for 12 vehicles with responses due 9-8-2023.
- 8-11-2023 – LP 23-22 for 9,620 nusf and parking for 60 vehicles with responses due 9-4-2023.
- 10-10-2023 – Lessor waives advance 90-day Notice (10-12-2023).
- 10-12-2023 – Advance 90-day Notice to Lessor for Renewal.
- 11-08-2023 – WCC affirms renewal;
- 12-04-2023 – DAS approves renewal;
- 12-18-2023 – OPM approves renewal; and

- 12-19-2023 – DAS submits Proposal to SPRB at 4:04PM (PRB #23-231).

DAS provided the following narrative in support of this proposed Lease:

WCC has occupied 8,800 NUSF w/ 17 parking spaces at this location for use as a district court since at least 1994. DAS is requesting approval to exercise the second renewal option to allow WCC's continued use and occupancy of this space.

The current lease term ends on January 12, 2024. This 5-year renewal term is to commence on January 13, 2024 and expire on January 12, 2029. Under the second renewal, the base rent will increase by 5% from \$19.49/NUSF to \$20.47/NUSF or \$171,523.56 annually to \$180,099.72 annually. In addition to the base rent, WCC is responsible to pay electric consumption. The Lessor waived the 90-Day Advanced Notice date for this renewal on October 10, 2023.

When the lease was renewed in 2019, the space was partially re-carpeted and re-painted. DAS and WCC have agreed that the Demised Premises does need new carpet and paint at this time, due to damage that recently occurred throughout the space as a result of a quickly resolved pest infestation. In accordance with 4.06 and Exhibit D of the Lease, as amended, the Lessor shall re-carpet and re-paint within 90 days of approval of the second renewal option.

Staff inquired with DAS regarding the following:

1. Please confirm that the Certificate of Insurance provided by the Lessor includes the required Commercial General Liability coverage pursuant to Article 9.01 of the Lease.

DAS Response:

Staff Response:

2. Please clarify if there have been any changes to Exhibit E – Statement of Financial Interest – since the 2019 First Amendment to Lease.

DAS Response:

Staff Response:

3. In the DAS Memo to SPRB the need for carpet replacement referenced damage as a result from “a quickly resolved pest infestation” and in a communication from WCC to DAS Property Agent also referenced “the previous rodent issue” necessitating carpet replacement. In light of this information, please clarify how on page 6 of the Lease Compliance Inspection Report the Compliance Officer (10-25-2023) can reply OK to ‘Carpet and Paint’ in light of the previous comments necessitating replacement. Was the Compliance Office aware of the pest/rodent issue?

12-21-23 DAS Response: No, the compliance officer was not aware of the issue. It was resolved within a day or two, there was no need to get the compliance officer involved. There was no damage, and the Lessor had all carpet professionally cleaned so there was no evidence of any kind of issue. WCC staff and leadership want the carpet replaced.

...They (staff) are working on getting the information from the lessor which hopefully they can get to you in time for the Board's next meeting.

Staff Response: Again, the Lease Compliance Report should memorialize all events for the Leased Premises, and utilized as a quick reference for all stakeholders when needed.



**MARKETBEAT**  
**New Haven**  
Office Q3 2023  
**CUSHMAN & WAKEFIELD**

**MARKET STATISTICS**

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
New Haven CBD	3,348,323	0	408,499	12.2%	27,830	124,406	76,882	725,000	\$29.03	\$27.37
Periphery	2,477,213	22,379	451,271	19.1%	-74,173	-66,071	4,937	0	\$25.32	\$26.13
Eastern New Haven	578,870	0	21,656	3.7%	2,589	-6,311	5,289	0	\$19.44	\$19.44
Western New Haven	1,800,228	0	550,419	30.6%	-16,322	-63,810	3,525	0	\$19.96	\$20.13
Northern New Haven	2,685,791	9,400	475,097	18.0%	-31,984	-64,088	38,041	0	\$21.80	\$23.00
<b>TOTAL MARKET</b>	<b>10,830,425</b>	<b>31,779</b>	<b>1,906,942</b>	<b>17.8%</b>	<b>-92,060</b>	<b>-75,874</b>	<b>127,674</b>	<b>725,000</b>	<b>\$23.67</b>	<b>\$23.26</b>

  

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*
Class A	5,175,362	31,779	1,311,947	26.0%	-80,209	-109,300	76,165	725,000	\$23.26
Class B	5,715,063	0	605,834	10.4%	-11,851	33,426	51,509	0	\$24.58

\*Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space  
\*\*Not reflective of U.S. Marketbeat tables

Courtesy of Cushman & Wakefield

Recommendation: SPRB recommend suspension of this Proposal, pending response from DAS.

1. The rent during the initial term is increased by 5% to \$20.47/nusf plus electric;
2. Real Estate Taxes are currently \$3.84/sf, included in the Base Rent; and
3. The renewal rate is below current asking rates in New Haven CBD for similar space (per C&W)

**4. REAL ESTATE – NEW BUSINESS**

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Open Session and into Executive Session at 9:40. The motion passed unanimously.

**EXECUTIVE SESSION**

**PRB #:** 23-223  
**Transaction/Contract Type:** RE / Lease  
**Origin/Client:** DAS / CHRO

**Statutory Disclosure Exemptions: 1-210(b)(24)**

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Executive Session and into Open Session at 9:59. The motion passed unanimously.

**OPEN SESSION**

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

**6. OTHER BUSINESS:**

**7. VOTES ON PRB FILE:**

**PRB FILE #23-231** – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #23-231. The motion passed unanimously.

**PRB FILE #23-223** – Mr. Halpert moved and Mr. Berger seconded a motion to approve PRB FILE #23-223. The motion passed unanimously.

**8. NEXT MEETING** – Thursday, January 11, 2024 – will be held solely by means of electronic

equipment.

The meeting adjourned.

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