

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On March 8, 2012 State Office Building, Hartford, Connecticut

The State Properties Review Board held its regularly scheduled meeting on March 8, 2012 in the State Office Building.

Members Present: Edwin S. Greenberg, Chairman
Bennett Millstein, Vice Chairman
Bruce Josephy, Secretary
Mark A. Norman
Pasquale A. Pepe

Members Absent: John P. Valengavich

Staff Present: Brian A. Dillon, Director
Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

Mr. Josephy moved and Mr. Norman seconded a motion to enter into Open Session. The motion passed unanimously.

OPEN SESSION

ACCEPTANCE OF MINUTES OF MARCH 1, 2012. Mr. Norman moved and Mr. Millstein seconded a motion to approve the minutes of March 1, 2012. The motion passed unanimously.

REAL ESTATE- UNFINISHED BUSINESS

REAL ESTATE- NEW BUSINESS

PRB # 12 - 050 **Transaction/Contract Type:** RE / Lease
Origin/Client: DOT / DOT
File No.: AERO-5600-37
Lessee: Avis Rent A Car System, LLC
Property: Bradley International Airport ("BIA"), Windsor Locks

Project Purpose: Service Center Site Interim Lease and Operating Agreement
Item Purpose: On-Airport Interim Lease and Operating Agreement to provide the 2nd Party space at BIA which includes an operating building for offices, fuel pumps, and wash bays, an area with canopy covered parking and additional designated open parking. The agreement also provides rights to access defined locations at the BIA Terminal for customer transportation at various airport locations.

PRB # 12 - 051 **Transaction/Contract Type:** RE / Lease
Origin/Client: DOT / DOT
File No.: AERO-5600-603
Lessee: CAMRAC, LLC d/b/a Enterprise Rent-A-Car

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Property: Bradley International Airport (“BIA”), Windsor Locks

Project Purpose: Service Center Site Interim Lease and Operating Agreement

Item Purpose: On-Airport Interim Lease and Operating Agreement to provide the 2nd Party space at BIA which includes an operating building for offices, fuel pumps, and wash bays, an area with canopy covered parking and additional designated open parking. The agreement also provides rights to access defined locations at the BIA Terminal for customer transportation at various airport locations.

PRB # 12 - 052 **Transaction/Contract Type:** RE / Lease

Origin/Client: DOT / DOT

File No.: AERO-5600-35

Lessee: The Hertz Corporation

Property: Bradley International Airport (“BIA”), Windsor Locks

Project Purpose: Service Center Site Interim Lease and Operating Agreement

Item Purpose: On-Airport Interim Lease and Operating Agreement to provide the 2nd Party space at BIA which includes an operating building for offices, fuel pumps, and wash bays, an area with canopy covered parking and additional designated open parking. The agreement also provides rights to access defined locations at the BIA Terminal for customer transportation at various airport locations.

PRB # 12 - 053 **Transaction/Contract Type:** RE / Lease

Origin/Client: DOT / DOT

File No.: AERO-5600-34

Lessee: Vanguard Car Rental USA d/b/a Alamo & National

Property: Bradley International Airport (“BIA”), Windsor Locks

Project Purpose: Short Term Air Carrier Lease and Operating Agreement

Item Purpose: On-Airport Interim Lease and Operating Agreement to provide the 2nd Party space at BIA which includes an operating building for offices, fuel pumps, and wash bays, an area with canopy covered parking and additional designated open parking. The agreement also provides rights to access defined locations at the BIA Terminal for customer transportation at various airport locations.

Ms Goodhouse said that DOT requests Board approval of agreements with four (4) car rental companies, referenced above, that operate services from state-owned sites at BIA. The initial term is 5 years. For each of the 7 car rental agencies, the table below lists the existing payments and projected payments under the proposed agreements. The four Agreements subject to Board review and approval contain 3 revenue streams detailed in the proposed Agreement –

- (1) Ground rent from land lease area. The annual payment is \$0.80/SF for the land leased. The projected total payment over 5 year period is \$2,368,892. This is a 17% increase over the current ground rental rate.
- (2) Minimum annual guaranteed (MAG) payment. The contractor remits the MAG payment amount, or 10% of net gross receipts – whichever is greater. The MAG will increase annually as stated in each

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agreement. Historically, the MAG payment has exceeded 10% of net gross receipts; and the 5-year projected MAG payment is \$32,851,108.

- (3) Customer Facility Charges (“CFCs”) – All seven agencies collect a fee of \$3.50 per vehicle per transaction day. This fee will be used for the purpose of creating a Consolidated Rent-A-Car (“Conrac”) Facility, which is a new parking garage facility designed to house all of the car rental companies and their service facilities in one on-airport location, convenient to the terminal. The first phase of design of the Conrac has been completed. The location is a site adjacent to the existing parking garage, across from the terminal. The working cost estimate is \$120 million. All 7 of the car rental agencies wish to be a part of the Conrac. DOT has been collecting CFC’s since 12/2009, and through January 2012 the total amount received by DOT in CFC’s is \$10,660,685.

The existing 25 year ± agreements with Hertz, Avis, National and Budget expired on June 30, 2009. So that other car companies could submit proposals to supply either on-airport or off-airport car rental services, an RFP was issued 2/23/2009 with responses due on 4/24/2009. Participation in the RFP would provide each of the qualified car rental companies with an agreement for an “interim” period until the Conrac Facility is ready for occupancy.

The 7 qualified responses were ranked based solely on their proposed MAG payments. The rankings would also result in location preferences in negotiating for the long-term use of the Conrac Facility. Enterprise is replacing Budget as an On-Airport Service provider. In new agreements, Enterprise is leasing Area B, having guaranteed a higher MAG than Budget in response to the 2009 RFP. The off-airport operators will be invited, in order of ranking, to negotiate with the State for a new agreement providing for the long-term use of the Conrac Facility.

RECOMMENDATION: Ms. Goodhouse recommended Board approval of the rental agency service site interim lease and operating agreements. The ground lease rate @ \$0.80/SF, capitalized at a land rental rate of 6%, indicates an airport commercial land value of \$580,800/acre, which is reasonable, compared with available sales data for industrial/commercial land along Route 75 in Windsor Locks. The contract awards resulted from the RFP issued in 2009 when 7 responses were received from the car agencies active at the airport. The sole determining factor for selection was the amount of the Minimum Annual Guaranteed payment, and the respondents were ranked accordingly. The Agreement provides a revenue stream to finance the design & construction of the Consolidated Rent-A-Car (Conrac) parking garage facility.

PRB # 12-058 **Transaction/Contract Type:** RE / Conveyance
Origin/Client: DAS/ECSU
Property: 312 & 356 High Street, Willimantic, CT

Project Purpose: Conveyance of Real Property
Item Purpose: Approval pursuant to CGS 10a-150 for the gift of two (2) parcels of land located at 312 and 356 High Street, Willimantic. The conveyance from the ECSU Foundation Inc. to the State of Connecticut is intended to support the Eastern Connecticut State University campus.

Mr. Dillon reported that DAS is requesting SPRB approval pursuant to CGS10a-150 for the State Board of Regents of Higher Education (“BRHE”) to accept a gift of two parcels of land for Eastern Connecticut State University (“ECSU”). The land is being donated by the ECSU Foundation Inc and is intended to support ECSU in its long term planning efforts to enhance the campus frontage along High Street and more specifically to support its Fine Arts Program.

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Connecticut General Statute 10a-150 empowers the state university system to accept gifts of land, and requires approval by the State Properties Review Board.

The proposed a gift of land encompasses two parcels located at 312 High Street and 356 High Street respectively. Each of these parcels is a former residential single family home. DAS has provided SPRB the following documents to support the transfer of these parcels:

Resolution of the Board of Trustees
Certification of Title for 312 High Street
Certification of Title for 356 High Street
Survey for 312 High Street
Survey for 356 High Street

DAS has informed SPRB staff that it is their understanding that the residential units on each of the parcels will be demolished to allow for ECSU's planned enhancements along High Street and support of the Fine Arts Program. The deed does contain a reversion clause that should ECSU not use the property for its intended purpose the land shall revert back to ESCU Foundation Inc.

Mr. Dillon recommended Board approval because the proposed transaction is consistent with the statutory guidelines of CGS sec. 10a-150.

ARCHITECT-ENGINEER - UNFINISHED BUSINESS

ARCHITECT-ENGINEER – NEW BUSINESS

OTHER BUSINESS

The Board took the following votes in Open Session:

PRB FILEs #12-050, #12-051, #12-052 & #12-053 - Mr. Norman moved and Mr. Millstein seconded a motion to approve PRB Files #12-050, #12-051, #12-052 & #12-053. The motion passed unanimously.

PRB FILE #12-058- Mr. Pepe moved and Mr. Norman seconded a motion to approve PRB File #12- 058. The motion passed unanimously.

The meeting adjourned.

APPROVED: _____ **Date:** _____
Bruce Josephy, Secretary