



OFFICE OF MANAGEMENT & BUDGET

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MEMORANDUM

To: The Honorable Marvin L. Abney
Chairman, House Finance Committee

The Honorable William J. Conley, Jr.
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: July 7, 2020

Subject: New Article Relating to Approval of Leases (20-H-7171)

The Governor requests that the new article entitled "Relating to Lease Agreements for Leased Office and Operating Space" submitted on July 2 be amended to include the attached section 3 that authorizes the State Properties Committee to enter into a multi-year lease agreement on behalf of the Rhode Island Council on Postsecondary Education and the University of Rhode Island for the parcel of land at 25 West Independence Way on the Kingston Campus.

If you have any questions regarding this amendment, please feel free to call me at 222-6300.

TAM: 21-Amend-06
Attachment

Cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor

SECTION 3. *Rhode Island Council on Postsecondary Education, 25 West Independence Way, Kingston, RI.*

WHEREAS, The University of Rhode Island (the University) has academic programs in Physical Therapy, Communicative Disorders, and Kinesiology with teaching, research, and outreach that benefit Rhode Island adults and children with injuries and disabilities; and

WHEREAS, The Independence Square Foundation (the Foundation) is a non-profit corporation that develops and manages community center buildings, leasing space at affordable rates to not-for-profit operations, with a historical emphasis on operations supporting individuals with disabilities; and

WHEREAS, The Foundation promotes and fosters collaborative relationships between its non-profit tenants in the interest of enhancing the range and quality of services offered to these special populations, recognized at the National level as a unique model to be emulated: and

WHEREAS, In 1991, the University and the Board of Governors for Higher Education/Council on Postsecondary Education (the Board), and the State Properties Committee (the Properties Committee) approved a lease of land (Ground Lease), for ten years, with ten years renewable, for a parcel of land at 25 West Independence Way on the Kingston Campus of the University in Kingston, Rhode Island to the Foundation, enabling Independence Square to build a 40,000 square foot community center building for not-for-profit tenants; and

WHEREAS, in 2007, the University, the Board, and the Properties Committee have approved a 25 year extension to the existing Ground Lease, the 25-year term extension, commencing as of the January 1, 2009, of the Ground Lease being a requirement of the Federal Government for the commitment of Federal sources to the project; and

WHEREAS, the University, the Board and the Properties Committee, at the same time , approved space lease (Lease) commencing as of the January 1, 2009 and terminating on January 31, 2034, wherein Landlord leased to Tenant approximately 16,368 rentable square feet of space located Building III for the University's Kinesiology program within the new phase of building at 25 West Independence Way and that Program, associated students and faculty have benefited from the quality, accessible, and well maintained facilities for the duration of that Lease; and

WHEREAS, in 2012, the University, the Board and the Properties Committee approved a First Amendment to Lease (First Amendment) commencing as of the 1st day of October, 2012 and terminating on December 1, 2033, wherein Landlord leased to Tenant approximately 512 rentable square feet of space located in Suite L of Building III; and

WHEREAS, in 2016, the University, the Board and the Properties Committee approved a Second Amendment to Lease (Second Amendment) commencing as of the 17th day of August, 2016 and terminating on August 31, 2020, wherein Landlord leased to Tenant approximately 2,269 rentable square feet of space located in Suite N of the Building III; and

WHEREAS, in 2019, the University, the Board and the Properties Committee approved a Third Amendment to Lease (Third Amendment) commencing as of the 16th day of August, 2019 and terminating on August 31, 2020, wherein Landlord leased to Tenant approximately 1,270 rentable square feet of space located in Suite M of the Building III; and

WHEREAS, in 2019, the University, the Board and the Properties Committee approved a Fourth Amendment to Lease (Fourth Amendment) commencing as of the 1st day of January, 2020 and terminating on August 16, 2020, wherein Landlord leased to Tenant approximately 2,868 rentable square feet of space located in Suite K of Building III; and

WHEREAS, in 2020, the University and the Board have approved a term extension for amendments 1-4 to bring them to be coterminous with the original lease, terminating on January 31, 2034; and

WHEREAS it is in the best interest of the University programs, associated students and faculty to have continued access to the quality, accessible, and well-maintained facilities for the duration of the Lease; and

WHEREAS, The Lease Extension Agreement requires the University to pay an additional Base Rent, plus the University's proportionate share of building operating expenses, including heating, cooling, lighting, and basic electrical service, such Base Rent, for the extension period, in total, shall be \$1,416,381.24. The proportionate share of building operating expenses are calculated on an annualized basis, this proportionate share of building operating expenses being subject to annual increases in operating expenses in future years; now, therefore be it

RESOLVED, That this General Assembly of the State of Rhode Island and Providence Plantations hereby recognizes that the extension period payments of Additional Base Rent will not exceed \$1,416,381.24 for the duration of the Lease, plus the proportionate share of building operating expenses; and be it further

RESOLVED, That this General Assembly hereby approves this Lease Agreement and its associated Additional Base Rent and proportionate operating; and be it further

RESOLVED, That this Joint Resolution shall take effect upon passage by this General Assembly;