



State of Rhode Island and Providence Plantations
RHODE ISLAND BOARD OF EDUCATION
80 Washington Street
Providence, Rhode Island 02903-3400

March 26, 2015

Barbara Cottam
Chair

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Secondary Education**

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TO: Members of the Council on Postsecondary Education

FROM: Jim Purcell, Ed.D., Commissioner, Postsecondary Education

RE: Approval of a Memorandum of Understanding associated with the Lease Agreement between the Council on Postsecondary Education and Commonwealth Ventures South Street Landing Master Tenant, LLC in support of the Development and Lease of Space for the Rhode Island Nursing Education.

At the Board of Education's June 16, 2014 meeting, the Board voted to authorize the Chair to execute the Lease Agreement between the Board and Commonwealth Ventures Master Tenant, LLC for the development and long-term lease of space for which is now referred to as the Rhode Island Nursing Education Center (RINEC). The lease has since received the approval of the State Properties Committee and the General Assembly in accordance with § 37-6-2(d).

However, it became clear in early discussion among the parties that there was some misunderstanding related to the costs related to some of the design work and the responsible party. Therefore, the attached Memorandum of Understanding (MOU) was drafted with direct discussion with the developer and his counsel to reinforce the language in the Lease that spoke to the inclusion of professional design and consultant services within the total capital design, construction, and financing for the RINEC Tenant Improvements as attached memo from Dr. Dooley and Dr. Carriuolo addresses in depth.

The Council's approval is now sought to execute this MOU which serves as prudent due diligence as the project advances into the construction design document phase.

Therefore, I recommend:

THAT the Council on Postsecondary Education approves the attached Memorandum of Understanding between the Council on Postsecondary Education and Commonwealth Ventures South Street Landing Master Tenant, LLC in support of the development and lease of space for the Rhode Island Nursing Education Center.

THE
UNIVERSITY
OF RHODE ISLAND
OFFICE OF THE
PRESIDENT

THINK BIG  WE DO™

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David M. Dooley, Ph.D.
President



TO: James Purcell, Commissioner RI Postsecondary Education

FROM: David M. Dooley, President University of Rhode Island
Nancy Carriuolo, President Rhode Island College

David M. Dooley
Nancy Carriuolo

DATE: March 16, 2015

SUBJECT: REQUEST FOR APPROVAL OF A MEMORANDUM OF UNDERSTANDING ASSOCIATED WITH THE LEASE AGREEMENT BETWEEN THE BOARD OF EDUCATION AND COMMONWEALTH VENTURES SOUTH STREET LANDING MASTER TENANT, LLC IN SUPPORT OF THE DEVELOPMENT AND LEASE OF SPACE FOR THE RHODE ISLAND NURSING EDUCATION CENTER

At their meeting of June 16, 2014, the Rhode Island Board of Education voted to authorize the Chair to execute the Lease Agreement between the Board and Commonwealth Ventures Master Tenant, LLC and the Rhode Island Board of Education for the development and long term lease of space for what is now referred to as the Rhode Island Nursing Education Center (RINEC). This Center will be developed and shared by the students, faculty and staff engaged in nursing education and research at both the University of Rhode Island and Rhode Island College. Following the Board of Education's action, the Lease received the approval of the State Properties Committee, and the General Assembly, in accordance with Section 37-6-2 (d) of the Rhode Island General Law pertaining to major lease commitments.

Shortly after the Lease was approved by all parties a dialog commenced between the University and Rhode Island College business staffs, our outside legal counsel, and Commonwealth Ventures and their counsel with regard to the upcoming professional design services scope of services and cost. There were some early indications that the Developer's staff and contracted professional firms were under the impression that some of the design services for the RINEC space would be directly paid by the two institutions, and the State which was not consistent with the understanding of the two institutions, the Department of Administration, or our counsel.

A Memorandum of Understanding (MOU) was drafted in conjunction with direct discussions with the Developer and his counsel to serve as a clarifying appendage to the Lease Agreement, reinforcing the language in the Lease that spoke to the inclusion of professional design and consultant services within the total capital design, construction, and financing for the RINEC Tenant Improvements net of the application of Federal Historic Preservation Tax Credits that set a maximum project investment limit of \$25M that would be reflected in the

RINEC Tenant Improvement annual rental payments under the Lease. This value is identified both in the Lease Agreement and the authorizing statute approved by the State during the 2014 Legislative Session.

Enclosed is the final version of the Memorandum of Understanding along with a specific breakdown of the architects, engineering, and consulting services that both the developer and the representatives of the University and the College have agreed to.

This MOU is viewed as prudent due diligence by the Developer, the State, the University, and the College as the RINEC Project advances into the construction design document phase. The present outlook would have fixed pricing of the RINEC improvements completed by September 2015 by the developer's construction management firm, with construction projected to commence in October 2015, with a targeted completion date of November 2016.

The Council's approval is sought to execute this MOU at this important juncture on the RINEC Developer Lease Project.

Cc: Donald H. DeHayes
Christina L. Valentino
Ronald Pitt
Lysa Teal
J. Vernon Wyman
Mary Sullivan
Jane Williams
Susan LaPanne

MEMORANDUM OF UNDERSTANDING
REGARDING
TENANT IMPROVEMENTS FOR THE NURSING EDUCATION CENTER
IN THE
SOUTH STREET LANDING PROJECT

This MEMORANDUM OF UNDERSTANDING (“MOU”) is made this ____ day of _____, 2015 by and between CV South Street Landing Master Tenant, LLC, a Rhode Island limited liability company having its usual place of business at 10 Channel Street, Boston, Massachusetts 02210 (Landlord) and the RHODE ISLAND COUNCIL ON POSTSECONDARY EDUCATION, a public corporation established pursuant to Rhode Island General Laws Title 16, Chapter 59 successor in interest to the Rhode Island Board of Education and Rhode Island Board of Governors for Higher Education as Tenant under the Lease hereinafter described (“Tenant”).

Whereas, the “South Street Landing Lease by and between CV South Street Landing Master Tenant, LLC as Landlord and the Rhode Island Board of Education (for the University of Rhode Island and Rhode Island College) as Tenant” (the “Lease”) has been executed effective as of July 1, 2014 and provides for Tenant to lease certain space containing approximately 132,449 RSF (the “Leased Premises” or the “Premises”) to be created as a part of the Landlord’s South Street Landing Project” (the “Project”), and

Whereas, under the terms of the Lease, Landlord is obligated to perform Landlord’s Work, which includes both Base Building work and Initial Tenant Improvements, and the Final Tenant Improvement Plans and Specifications and the respective obligations of the parties with respect to approval and comment deadlines and construction milestones will become part of a joint letter between the parties defined as the “Landlord’s Work Letter”, and

Whereas, the University of Rhode Island College of Nursing and the Rhode Island College School of Nursing will, upon completion for occupancy, benefit from the Initial Tenant Improvements that will constitute a Nursing Education Center, providing shared educational and associated facilities for teaching, research, and collaborative learning and professional development for their respective nursing education programs, and

Whereas, under Section 1.1 of the Lease: (a) “TI Costs” is defined as “the total of all costs incurred by Landlord in connection with or allocable to the construction, installation and financing of the Initial Tenant Improvements, including, without limitation, design costs permitting fees, interest and financing fees”, and (b) “Net TI Costs” is defined as (i) the total TI Costs, minus (ii) the net amount received by Landlord with respect to any Federal Historic Tax Credits attributable to the TI Costs”, and, pursuant to Section 4.4 of the Lease, the parties have agreed that the Net TI Costs shall not exceed a maximum of \$25,000,000 (the “Maximum Net TI Costs”), and

Whereas, the allocation of costs between Base Building Costs and TI Costs will not be finalized until more refined plans and specifications have been developed, and

Whereas, Landlord has agreed that the Tenant will not incur any Base Building Costs, TI Costs or other costs associated with the delivery of the Leased Premises until the space is ready for occupancy, with the exception of (i) the costs of Tenant's own professional services for legal and project management services that it has engaged (collectively, the "Tenant Legal and Project Management Costs"), and (ii) the costs (collectively, the "Tenant FF&E Costs") of Tenant's purchase, delivery, installation, and placement of technology, equipment, fixtures, furnishings and other personal property) required for Tenant to occupy and operate within the Premises and enable the instructional facilities to serve their specialized purposes in support of the Nursing Education Center (collectively, the "Tenant's FF&E"); and

Whereas, with respect to installation and interconnection of Tenant's FF&E, particularly certain technology and equipment, the Parties desire to cooperate in determining the most cost effective and efficient method of undertaking and completing such work, whether as part of Initial Tenant Improvements to be completed by Landlord, or work to be performed by Tenant, its equipment suppliers or other contractors of Tenant; and

Whereas, Landlord and Tenant agree that the timely execution of the obligations of the parties associated with the Initial Tenant Improvements is best served by having a fully integrated complement of design, consultation, specification, scheduling, and commissioning activities bearing upon the successful and accurate delivery and operational functionality of the completed Initial Tenant Improvements in concert with the installation, interconnection, and placement of Tenant's FF&E; and

Whereas, the Parties desire to document the mutual understanding of Landlord and Tenant with respect to the below defined "Tenant Design Costs" and the incorporation of all such "Tenant Design Costs" paid by Landlord into the TI Costs and the Maximum Net TI Costs for the Premises, as described in Articles 4 and 10 of the Lease.

Now therefore, in consideration of the mutual promises contained herein the Landlord and the Tenant (the Parties) hereby agree as follows:

1. The Parties agree that in addition to the design costs for the layout of the Premises, including mechanical and electrical systems and the interconnection of the mechanical and electrical systems and the Tenant's FF&E with the primary power, water supply and drainage systems for the Project (collectively, the "Primary Design Costs") already contemplated under the Lease to be included in the Initial Tenant Improvements, the TI Costs shall also include all of the below defined "Tenant Design Costs" paid by Landlord. "Tenant Design Costs" are defined as costs to provide to Tenant such consultants and service providers as are deemed necessary or useful in the reasonable judgment of the Tenant to ensure that the Initial Tenant Improvements, once constructed, will result in a complete and fully-operational Nursing Education Center facility that meets the needs of the Tenant including, but not limited to: (a) architectural and engineering design services necessary to illustrate, specify, and describe in full, complete, and coordinated detail the requirements for the construction of the Tenant Improvements, including, but not limited to, structural, mechanical, electrical, plumbing, fire protection,

telecommunications and information technology requirements, and all other systems and equipment; (b) design and specification development services related to the furniture, fixtures, and equipment to be installed in the Leased Premises, (c) simulation operations consultation services, (d) medical equipment consultation and specification services, (e) audio visual consultation and specification services, (f) information technology consultation and specification services, (g) security system consultation and specification services, (h) specialty lighting and acoustical consultation and specification services, (i) testing services and (j) commissioning services, all associated solely with the Initial Tenant Improvements. As shown on the attached spreadsheet, which is incorporated herein and marked **Exhibit A**, the total Primary Design Costs are currently estimated to be \$1,153,000, and the total Tenant Design Costs are currently estimated to be \$1,307,226. Tenant shall be responsible for the payment of (i) all Tenant Legal and Project Management Costs, and (ii) all Tenant FF&E Costs.

2. The Parties agree that in the event that at any time (i) the projected total amount of the Tenant Design Costs exceeds \$1,307,000, or (ii) the projected total amount of TI Costs (including all Tenant Design Costs) exceeds \$25,000,000, then the Parties will discuss and use commercially reasonable efforts (including value engineering options) to reduce such respective costs to amounts below such limits.

3. The installation and interconnection work relating to Tenant's FF&E determined to be completed by Landlord as part of the Initial Tenant Improvements shall be specifically described in the Landlord's Work Letter, the Final Tenant Improvement Plans and Specifications, and the Cost Estimate for Initial Tenant Improvements.

4. All terms not specifically defined herein shall have the meanings ascribed to them in the Lease.

EXECUTED as a sealed instrument as of the day and year first written above.

LANDLORD:

CV South Street Landing Master Tenant, LLC, a
Rhode Island limited liability company

By: CV Properties, LLC, a Delaware limited
liability company, its Managing Member

By: _____
Richard A. Galvin
President

TENANT:

Rhode Island Council on Postsecondary
Education

By: _____
_____, Chair

TI Design Fees, Testing & Commissioning	Amount	
Primary Design Fee Included in CV's Dvlpmt Budget	1,153,000	TK&A - \$850k; DBVW - \$100k; RCG - \$45k; Odsh - \$100k; Cosentini - \$250k; Code - \$8k
Base Fee		
TK&A Construction Administration Services	Incl above	
Subtotal - Primary Design Fee Included in CV's Dvlpmt Budget	1,153,000	
Tenant Design Services Fees		
FF&E, SIM & IT		
Add'l Services - FF&E	150,000	TK&A - \$150k
Add'l Consultants - SIM Consulting	435,725	TK&A - \$175k; SMW - \$180k; T. Dongilli - \$72,225
Add'l Consultants - Medical Equipment	with SIM	
Add'l Consultants - IT Consulting	229,500	TK&A - \$75k; SMW - \$154.5k
Add'l Consultants - Audio Visual	with IT	
Add'l Consultants - Security System	with IT	
Add'l Consultants - Acoustical	with IT	
Add'l Consultants - Lighting	TBD	
Subtotal - FF&E, SIM and IT	815,725	
Other Services		
Testing Services / Construction Phase	63,013	
Building Commissioning	50,000	
Life Cycle	40,000	
LEED for tenant space	65,000	TKA - required due to separation of TI filing from BD
Subtotal - Other Services	218,013	
Reimbursables & Contingency		
Reimb Expenses	63,013	
Fees & Services Contingency	210,475	Expect additional energy modeling
Subtotal - Reimb & Contingency	273,488	
Subtotal - Tenant Design Services	1,307,226	
Building Design Fees, Testing & Commissioning	2,460,225	
CV Primary Design Costs	1,153,000	
NECTenant Design Costs	1,307,226	
Total TI Design, Testing & Commissioning	2,460,225	

TK&A	Isol / Kobus & Associates (Architects)	Odsh	Odsh Engineers (structural)
DBVW	Durkee, Brown, Viveros & Werentfels Architects	Cosentini	Cosentini Associates (MEPP Engineers)
RCG	RCG Architects	Code	Various Code Review Consultants
SMW	Shon Mison Wilke	T. Dongilli	Thomas Dongilli