

# AGENDA

## BUILDING COMMITTEE / SPECIAL STATE ADMINISTRATIVE BOARD

April 26, 2006

11:00 A.M. / 11:10 A.M.

Lake Superior Room 1<sup>st</sup> Floor Michigan Library and Historical Center

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### REVISIONS TO CONSTRUCTION CONTRACTS

1. DEPARTMENT OF ENVIRONMENTAL QUALITY, DETROIT – Former Statler Hilton Hotel – Demolition, Removal and Disposal  
File No. 761/04073.RRD – Index No. 48014  
Homrich, Inc., Carleton; CCO No. 5, Incr. \$38,890.62
2. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, PONTIAC – Pontiac National Guard Armory – Addition/Alterations  
File No. 511/04091.AGY – Index Nos. 11556 & 11584  
Bernco, Inc., St. Clair Shores; CCO No. 4, Incr. \$77,984.00

### LEASE FOR VACANT LAND

3. Lease #11125-2005-0133 with the Michigan Department of Corrections (DOC), Lessee and the Chippewa County Economic Development Corporation (CCEDC), Lessor

It is hereby recommended that the State Administrative Board, under authority of Act 431 of the Public Acts of 1984, as amended, approve the above referenced lease of 1.56 acres located in Kinross Township, Chippewa County 49788, further described as:

Part of the E ½ of the NE ¼ of Section 32, T45N, R1W, Kinross Township, Chippewa County, Michigan, described as commencing at the NE corner of said section 32: thence S0027°01"E 1662.91 feet along the east line of said Section 32; thence N8941'47"W 900.00 feet; thence S0027°01"E 25.72 feet to the POINT OF BEGINNING; thence continuing S002 7°01"E 756.47 feet; thence N0629'40"W 737.79 feet; thence N0758' 20"W 474.90 feet to a point on the northerly right-of-way line of Industrial Park Drive; thence along a curve to the left (Radius = 825.31 feet, Delta = 0555'40", Long Chord = N6138'17"E 85.35 feet) an arc distance of 85.39 feet along said right-of-way line; thence S0758'20"E 492.21 feet to the POINT OF BEGINNING. Containing 1.56 acres.

Said property is owned and managed by the CCEDC and is to be leased to DOC for purposes specified below and in the lease for the period 12/1/05 – 11/30/45 at an annual rate of \$700.00. Said lease may be extended for one additional forty-

year period with thirty days advance notice at Lessee's option. The Attorney General has approved this Lease as to legal form.

#### **ADDENDUM TO STATE AS LESSOR LEASE**

4. Addendum #1 To Lease #11061-2006-0052 between the Michigan Department of Management and Budget (DMB), Lessor and the State Employees Credit Union (SECU), as Lessee

It is hereby recommended that the State Administrative Board, under authority of Act 431 of the Public Acts of 1984, as amended, approve the above-referenced addendum #1 to lease 11061-2006-0052 adding 26 square feet to accommodate Lessee's ATM inside the Constitution Hall State Office Building. Constitution Hall is located at 525 West Allegan Street, Lansing, MI 48933. If the addenda is approved, the lease would then accommodate a total of 11 ATMs in Lansing-area State of Michigan office buildings in exchange for annual revenue to DMB totaling \$515.06 for this 11<sup>th</sup> site and \$8,777.88 for all ATM sites. All other provisions of the original lease shall apply to this 11<sup>th</sup> ATM location as well. The Attorney General has approved this Lease as to legal form.

#### **NEW LEASE FOR PRIVATE PROPERTY**

5. DEPARTMENT OF STATE, HART – Renewal of Lease #6671-2005-0202 effective May 1, 2006 through April 30, 2016 with James H. and Donna J. Hodges, Husband and Wife, 315 Church Street, Hart, Michigan 49420, as Lessor, and the Department of State, as Lessee, for 1,500 square feet of office space located at 3740 W. Polk Road, Hart, Michigan 49420. The annual per square foot rental rate for this space is \$21.83 (\$2,728.75 per month). This is a full service Lease. This Lease contains one 10-year renewal option with an annual per square foot rental rate of \$24.01 (\$3,001.25 per month). This Lease contains a Standard 90-day cancellation. The Attorney General has approved this Lease as to legal form.

#### **RENEWAL OF LEASE FOR PRIVATE PROPERTY**

6. DEPARTMENT OF HUMAN SERVICES, LANSING – Renewal of Lease #10182-2006-0077 effective September 1, 2006 through August 31, 2011 with Hollister Holding, LLC, a Limited Liability Company, 124 West Allegan, Suite 2100, Lansing, Michigan 48933, as Lessor, and the Department of Human Services, as Lessee, for 13,468 square feet of office space located at 106 West Allegan, Lansing, Michigan 48933. The annual per square foot rental rate for this space is \$18.50 (\$20,763.17 per month). This is a full service Lease. This Lease contains one five-year renewal option with an annual per square foot rental rate of 21.50 (\$24,130.17 per month). This Lease contains a Standard 90-day cancellation. The Attorney General has approved this Lease as to legal form.

## **RECOMMENDATION FOR CONSTRUCTION CHANGE ORDER**

7. DEPARTMENT OF MANAGEMENT AND BUDGET, DETROIT - CCO #7 for Lease #10785 approved by the State Administrative Board on December 21, 1999 by Item #12 between New Center Development, Inc., as Lessor, and the Department of Management and Budget, as Lessee. This CCO provides for insulation of the MSHDA offices, as requested by the Department of Management and Budget at a cost not-to-exceed \$3,800.00. The space is located at 3044 W. Grand Blvd., Detroit, Michigan 48202
8. DEPARTMENT OF MANAGEMENT AND BUDGET, DETROIT - CCO #8 for Lease #10785 approved by the State Administrative Board on December 21, 1991 by Item #12 between New Center Development, Inc., as Lessor, and the Department of Management and Budget, as Lessee. This CCO provides for the addition of MSHDA office space as requested by the Department of Management and Budget at a cost not-to-exceed \$43,907.36. The space is located at 3044 W. Grand Blvd., Detroit, Michigan 48202
9. DEPARTMENT OF COMMUNITY HEALTH, LANSING - CCO #2 for Lease #11072 approved by the State Administrative Board on December 7, 2004 by Item #39 between Gentilozzi Real Estate, Inc., as Lessor, and the Department of Community Health, as Lessee. This CCO provides for interior directional signage for Department space within the building, as requested by the Department of Community Health at a cost not-to-exceed \$1,224.12. The space is located at 109 W. Michigan Avenue, Lansing, MI 48933.
10. DEPARTMENT OF COMMUNITY HEALTH, LANSING - CCO #3 for Lease #11072 approved by the State Administrative Board on December 7, 2004 by Item #39 between Gentilozzi Real Estate, Inc., as Lessor, and the Department of Community Health, as Lessee. This CCO provides for labor and material to sound soak the walls of conference rooms, as requested by the Department of Community Health at a cost not-to-exceed \$12,455.19. The space is located at 109 W. Michigan Avenue, Lansing, MI 48933.
11. DEPARTMENT OF COMMUNITY HEALTH, LANSING - CCO #4 for Lease #11072 approved by the State Administrative Board on December 7, 2004 by Item #39 between Gentilozzi Real Estate, Inc., as Lessor, and the Department of Community Health, as Lessee. This CCO provides for labor and material for installation of an electrical circuit and water lines to operate a coffee vending machine, as requested by the Department of Community Health at a cost not-to-exceed \$958.46. The space is located at 109 W. Michigan Avenue, Lansing, MI 48933.

# SUPPLEMENTAL AGENDA

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### LAND CONTRACT

1. On September 30, 2005, pursuant to 2002 PA 6, this Board authorized the Department of Management and Budget (DMB) to sell the Northville property to REIS Northville, LLC (REIS) by land contract pursuant to the terms set forth in a Purchase Agreement and First Amendment to Purchase Agreement executed on August 31, 2005. On October 2, 2005, DMB executed the Land Contract. The terms set forth in the Land Contract are consistent with the terms this Board authorized on September 30, 2005.

The sale of the Northville property has been the subject of a host of legal actions brought by Grand Sakwa Northville Seven Mile, LLC (a competitor of REIS), Gary Sakwa (an owner of Grand Sakwa), several persons who are affiliated with Gary Sakwa (in their capacities as taxpayers), and Michigan's Promise, LLC (a non-profit corporation operated by lobbyist Rick Johnson). All of the above are represented by the same attorneys. One of the arguments raised by the attorneys is that this Board did not approve the Land Contract.

Although it is has been the long-standing practice of this Board, consistent with the efficient administration of government, to approve only the key terms of the business transactions it authorizes and although the terms set forth in the Land Contract are consistent with the terms this Board authorized on September 30, 2005, the People of the State of Michigan will be best served in this particular transaction if the Board specifically approves the Land Contract.