

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
September 23, 2019

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room II of the Cordell Hull State Office Building, Nashville, Tennessee, with the following members and Departments present. Commissioner McWhorter called the meeting to order at 11:01 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Stuart McWhorter, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
David Lillard, State Treasurer
Justin Wilson, Comptroller of the Treasury

ORGANIZATION

- Austin Peay State University
- University of Tennessee
- Department of Correction
- Department of Environment & Conservation
- Department of General Services
- State Building Commission

PRESENTER

Mitch Robinson
Michelle Crowder
Wes Landers
Bill Avant
Jennifer Murphy
Ann McGauran

CONSENT AGENDA

Approved the following items which had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **University of Tennessee – Martin**
Transaction: Acquisition – Lease (Land)
Provision(s): Waiver of advertisement

- B. Agency: **University of Tennessee – Knoxville**
Transaction: Acquisition – Lease Amendment (Space)
Provision(s): Waiver of advertisement

- C. Agency: **University of Tennessee – Knoxville / Institute for Public Service**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- D. Agency: **Tennessee Board of Regents / Cleveland State Community College**
Project Title: Campus Parking and Road Updates
SBC Project No: 166/013-02-2018
Requested Action: Approval of a revision in project budget and funding in order to award a contract

- E. Agency: **Tennessee Wildlife Resources Agency**
Transaction: Acquisition – Fee (Purchase)
Provision(s): Waiver of advertisement and one appraisal

- F. Agency: **Department of Environment and Conservation**
Transaction: Acquisition – Easement (Conservation)
Provision(s): Waiver of advertisement and appraisals

- G. Agency: **Department of Environment and Conservation**
Transaction: Disposal – Lease (Land)
Provision(s): Waiver of appraisals and REM Fees

- H. Agency: **Department of General Services**
Transaction: Disposal – Fee
Provision(s): Waiver of one appraisal

- I. Agency: **Department of General Services**
Transaction: Acquisition – Lease (Space)
Provision(s): n/a

- J. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- K. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

AUSTIN PEAY STATE UNIVERSITY

Acquisition – Fee (Purchase)

Requested Action: Approval of an acquisition in fee with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 19-06-002

- **Location:** Austin Peay State University
Montgomery County - 0.52 +/- acres (2 tracts) – 415-419 N 2nd Street, Clarksville, TN
- **Owner(s):** Charles & Connie Melvin
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Plant Funds (Non-Aux) (A)

Comment: These properties are in APSU's 2017 Master Plan and serve as a buffer between APSU's campus property and the adjacent residential neighborhood. The building on the property is currently occupied by a smoke shop. The lease for this tenant will be assumed by APSU at closing, and expires on November 30, 2020 with a five year renewal option. Rent will be deposited in Plant Funds. After the lease expires, the building will be converted for use by APSU.

Date of Last Transfer: 9/03/1991
Purchase Price: \$136,000
Property Assessor's Value: \$217,800
Square Footage Improvements: 4,386

Minutes: 09/23/2019 Vice President for Finance & Administration Mitch Robinson stated that the owners are interested in selling quickly therefore the University Foundation may purchase the property from the sellers and later the University would acquire it from the Foundation.

The Subcommittee approved an acquisition in fee with waiver of advertisement and one appraisal.

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: Approval of a lease with waiver of advertisement

Transaction Description: Transaction No. 2016-08-01

● **Proposed Lease**

- **Location:** University of Tennessee-Chattanooga
Hamilton County - 1100 Market Street, Chattanooga, TN
- **Landlord:** DEW Edney, LLC
- **Term:** 5 years with six (6) three (3) year renewal options
- **Area / Costs:** 8,830 Square Feet

Annual Contract Rent (incl Util. & Jan.)	\$116,869.90	\$14.03/sf
2 nd Year Operating Expense Increase (max est)	\$978.41	\$0.12/sf
Total Annual Effective Cost	\$117,848.31	\$14.15/sf

- **Source of Funding:** Plant Funds (Non-Aux)(A)
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00 (for reference only)

Comment:

The University is a founding member of the Chattanooga Smart Community Collaborative (CSCC) with the City of Chattanooga, the Electric Power Board, Erlanger Health System, and Hamilton County among others. The CSCC brings together academia, industry and the community to develop and apply innovative solutions to challenges in Chattanooga and the surrounding area. The Edney Building serves as the hub for the CSCC and leasing space will provide faculty, staff and students the opportunity to collaborate with other CSCC members in the building as well as directly with the public. Waiver of advertisement is requested due to the advantages of co-locating with other CSCC members and the lease rate below the market for comparable buildings.

The lease can be terminated due to lack of funding by the appropriate Legislative Body and for convenience with one (1) year prior written notice. The Landlord will provide a \$15,000 Tenant Improvement allowance. The University is responsible for annual operating expense increases over the base year which are capped at 3% per year. The rental rate increases to \$14.96/sf or \$124,616.80 per year in Option 1, \$15.90/sf or \$132,447 per year in Option 2, \$17.77/sf or \$148,024.10 per year in Option 3, \$19.64/sf or \$163,601.20 per year in Option 4, \$21.51/sf or \$179,178.30 per year in Option 5 and \$23.38/sf or \$194,755.40 per year in Option 6.

Previous Action: 08/22/2019 ESC The Subcommittee approved deferring this item to a future meeting.

Minutes: 09/23/2019 Secretary Hargett asked if the University met with the Hamilton County delegation to answer questions. Interim Executive Director Michelle Crowder replied that President Boyd and Chancellor Angle have both meet with the delegates from Chattanooga and everything is fine.

The Subcommittee approved a lease with waiver of advertisement.

DEPARTMENT OF CORRECTION

South Central Correctional Facility, Clifton, Wayne County, Tennessee

Requested Action: **Approval to issue a Request for Proposals**

Project Title: SCCF Private Management and Operation

Project Description: A private management and operations contract for TDOC. The contract will be for a three-year term with a two-year option.

SBC Number: 142/018-01-2019

Comment: The current agreement with CoreCivic (SBC No 142/018-01-2013) expires June 30, 2020. The initial contract term will be from July 1, 2020 to June 30, 2023.

Previous Action: 09/12/2019 SBC Referred to ESC with authority to act

Minutes: 09/23/2019 ESC Deputy Commissioner Wes Landers stated that the Department has received the requisite Legislative authorizations.

The Subcommittee approved issuing an RFP.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Acquisition – Fee (Third Party)

Requested Action: **Approval of acquisition in fee and to utilize third party with waiver of advertisement and one appraisal**

Transaction Description: Transaction No. 19-08-001

- **Location:** Justin P. Wilson Cumberland Trail State Park (JPWCTSP)
Cumberland County – 6,957.51 +/- acres (11 Tracts) – 0 Hebbertsburg Road, 8812 Chestnut Hill Road, and 0 Highway 70E, Crab Orchard, TN
- **Owner(s):** Lone Star Energy, Inc.
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 19/20 State Lands Acquisition Fund (A)
State Lands Acquisition Fund Reserves (R)
Federal Funds (LWCF) (F)
- **Third Party:** The Conservation Fund (TCF)

Comment: Per T.C.A. § 67-4-409, this property has been approved for purchase by the Commissioner of Environment and Conservation, the Commissioner of Agriculture and the Executive Director of Tennessee Wildlife Resources Agency.

The property is contiguous with JPWCTSP and critical to completion of the Cumberland Trail. This acquisition provides for the continuance of the JPWCTSP from Catoosa WMA to Ozone Falls SNA. This acquisition will protect the upper Fall Creek watershed, forming the stream that plunges 110 feet at Ozone Falls SNA. These tracts include protection of the western and southern view of scenic and two natural landmarks of historical significance, Crab Orchard Mountain and Spencer's Rock. After the trail is determined TDEC may consider disposal of any surplus property.

The State will close this acquisition with two deeds, with the portion of the property funded by SLAF to be conveyed by the first deed, which conveyance will satisfy the match required for the federal grant to pay for the remainder of the property to be conveyed by the second deed.

Utilization of the third party is requested because it would allow The Conservation Fund to acquire the tract in a more timely fashion. No additional third party costs are requested as a part of this transaction.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	December 13, 2004
Purchase Price:	\$5,750,000
Property Assessor's Value:	\$1,924,700
Square Footage Improvements:	None

Minutes: 09/23/2019 Approved acquisition in fee and utilizing third party with waiver of advertisement and one appraisal

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-10-935 and 17-10-936

● **Proposed Lease**

- **Location:** Stewart County – 1011 Spring Street, Dover, TN
- **Landlord:** Neil, Ruth, Barry, and Deborah Mathis
- **Term:** 5 years with two 1-year renewal options
- **Area / Costs:** 4,523 Square Feet

Annual Contract Rent:	\$72,232.31	\$15.97/sf
Estimated Utilities Cost:	7,915.25	1.75/sf
Estimated Janitorial Cost:	4,975.30	1.10/sf
Total Annual Effective Cost:	\$85,122.86	\$18.82/sf

● **Current Lease**

- **Location:** Stewart County – 1011 Spring Street, Dover, TN
- **Landlord:** Neil, Ruth, Barry, and Deborah Mathis
- **Term:** 5 years (November 1, 2012 to October 31, 2017) (Holdover)
- **Area / Costs:** 4,672 Square Feet

Annual Contract Rent:	\$62,044.16	\$13.28/sf
Estimated Utilities Cost:	6,540.80	1.40/sf
Estimated Janitorial Cost:	5,139.20	1.10/sf
Total Annual Effective Cost:	\$73,724.16	\$15.78/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$14.00

Comment: This lease will provide office space for Department of Children's Services and the Department of Human Services. Four proposals from three proposers were received. Alternative Workplace Solutions has been implemented at this location. The proposed location will be renovated to meet the State's needs.

Rent does not increase during the renewal terms. The tenant may terminate this lease for convenience at any time by giving 90 days written notice to the landlord with the payment of a termination fee.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

Minutes: 09/23/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-10-912

● **Proposed Lease**

- **Location:** Sumner County – 855 North Bluejay Way, Gallatin, TN
- **Landlord:** Pedigo – Gallatin Properties, L.P.
- **Term:** 7 years
- **Area / Costs:** 6,841 Square Feet

First Year Contract Rent:	\$115,954.95	\$16.95/sf
Average Annual Contract Rent:	\$117,518.61	\$17.18/sf
Estimated Utilities Cost:	11,971.75	1.75/sf
Estimated Janitorial Cost:	7,525.10	1.10/sf
Average Annual Contract Rent:	\$137,015.46	\$20.03/sf

● **Current Lease**

- **Location:** Sumner County – 855 North Bluejay Way, Gallatin, TN
- **Landlord:** Pedigo – Gallatin Properties, L.P.
- **Term:** 5 years (July 1, 2010 to June 30, 2015) (Holdover)
- **Area / Costs:** 5,410 Square Feet

Annual Contract Rent:	\$69,900.00	\$12.92/sf
Estimated Utilities Cost:	7,574.00	1.40/sf
Estimated Janitorial Cost:	5,951.00	1.10/sf
Total Annual Effective Cost:	\$83,425.00	\$15.42/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Safety and Homeland Security. Six proposals from three proposers were evaluated. The increase in space needs is a result of additional staff. The proposed location will be renovated to meet the State's needs.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

The CBRE, Inc. commission is \$11,311.17 for the base 7-year term.

Minutes: 09/23/2019 Secretary Hargett asked for confirmation that the lease on the previous page was a five year lease with 2 one year options and this is a seven year lease without any options. Assistant Commissioner Jennifer Murphy replied that was correct.

The Subcommittee approved a lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-10-915

• **Proposed Lease**

- **Location:** Williamson County – 3830 South Carothers Parkway, Franklin, TN
- **Landlord:** Pedigo – Franklin Properties, L.P.
- **Term:** 7 years
- **Area / Costs:** 6,912 Square Feet

First Year Contract Rent:	\$136,512.00	\$19.75/sf
Average Annual Contract Rent:	\$ 138,486.86	\$20.04/sf
Estimated Utilities Cost:	12,096.00	1.75/sf
Estimated Janitorial Cost:	7,603.20	1.10/sf
Average Annual Contract Rent:	\$ 158,186.06	\$22.89/sf

• **Current Lease**

- **Location:** Williamson County – 3830 South Carothers Parkway, Franklin, TN
- **Landlord:** Pedigo – Franklin Properties, L.P.
- **Term:** 10 years (December 1, 2006 to November 30, 2016) (Holdover)
- **Area / Costs:** 5,900 Square Feet

Annual Contract Rent:	\$84,900.00	\$14.39/sf
Estimated Utilities Cost:	8,260.00	1.40/sf
Estimated Janitorial Cost:	6,490.00	1.10/sf
Total Annual Effective Cost:	\$99,650.00	\$16.89/sf

• **Source of Funding:** FRF Operating Funds

• **Procurement Method:** LPR on template

• **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Safety and Homeland Security. Two proposals from two proposers were evaluated. The increase in space needs is a result of additional staff. The proposed location will be renovated to meet the State's needs.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

The CBRE, Inc. commission is \$13,329.36 for the base 7-year term.

Minutes: 09/23/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-08-905

• Proposed Lease

- Location: Blount County – 303-305 Home Avenue, Maryville, TN
- Landlord: Home Avenue Partnership
- Term: 7 years with three 1-year renewal options
- Area / Costs: 14,250 Square Feet

Annual Contract Rent:	\$219,877.50	\$15.43/sf
Estimated Utilities Cost:	24,937.50	1.75/sf
Estimated Janitorial Cost:	15,675.00	1.10/sf
Total Annual Effective Cost:	\$260,490.00	\$18.28/sf

• Current Lease

- Location 1: Blount County – 303 – 305 Home Avenue, Maryville, TN
- Landlord: Arthur Henry & Ben R. Long
- Term: 10 years (September 1, 2003 to August 31, 2013) (Holdover)
- Area / Costs: 8,788 Square Feet

Annual Contract Rent:	\$68,403.89	\$7.78/sf
Estimated Utilities Cost:	12,303.20	1.40/sf
Estimated Janitorial Cost:	9,666.80	1.10/sf
Total Annual Effective Cost:	\$90,373.89	\$10.28/sf

- Location 2: Blount County – 244 S. Calderwood Street, Maryville, TN
- Landlord: West 2 East Land, LP
- Term: 8 months (October 1, 2014 to May 31, 2015) (Holdover)
- Area / Costs: 6,140 Square Feet

Initial Contract Rent:	\$127,000.00	\$20.68/sf
Estimated Utilities Cost:	8,596.00	1.40/sf
Estimated Janitorial Cost:	6,754.00	1.10/sf
Total Annual Effective Cost:	\$142,350.00	\$23.18/sf

- Source of Funding: FRF Operating Funds
- Procurement Method: LPR on template
- FRF Rate: \$18.00

Comment: This lease will provide office space for Department of Children’s Services. Two proposals from two proposers were evaluated. The reduction in space needs is a result of implementation of Alternative Work Solutions at this location. The proposed location will be renovated to meet the State’s needs.

Rent will not increase during the renewal terms. Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state’s best interest at this time.

The Knox Office Realty commission is \$25,011.07 for the 7-year term; if all renewal options are exercised the commission will be \$30,370.59.

Minutes: 09/23/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-08-900

• **Proposed Lease**

- **Location:** Blount County – 200 East Broadway Street, Maryville, TN
- **Landlord:** James D. and Teresa A. Horn
- **Term:** 7 years with three 1-year renewal options
- **Area / Costs:** 8,250 Square Feet

Annual Contract Rent:	\$197,175.00	\$23.90/sf
Estimated Utilities Cost:	14,437.50	1.75/sf
Estimated Janitorial Cost:	9,075.00	1.10/sf
Average Annual Contract Rent:	\$220,687.50	\$26.75/sf

• **Current Lease**

- **Location:** Blount County – 303 – 305 Home Avenue, Maryville, TN
- **Landlord:** Arthur Henry & Ben R. Long
- **Term:** 10 years (September 1, 2003 to August 31, 2013) (Holdover)
- **Area / Costs:** 9,712 Square Feet

Annual Contract Rent:	\$75,596.11	\$7.78/sf
Estimated Utilities Cost:	13,596.80	1.40/sf
Estimated Janitorial Cost:	10,683.20	1.10/sf
Total Annual Effective Cost:	\$99,876.11	\$10.28/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Human Services. Three proposals from three proposers were evaluated. The reduction in space needs is a result of implementation of Alternative Work Solutions at this location. The proposed location will be renovated to meet the State's needs.

Rent reduces with each renewal option, if exercised, as follows: \$10.00/sf in year 8, \$11.00/sf in year 9, and \$12.00/sf in year 10.

The tenant may terminate this lease for convenience at any time by giving 120 days written notice to the landlord with the payment of a termination fee.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

The Knox Office Realty commission is \$44,857.31 for the base 7-year term; if the renewal options are exercised the commission will be \$49,281.38.

Minutes: 09/23/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Fee (Purchase)

Requested Action: Approval of acquisition in fee with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 15-08-011
• **Location:** Davidson County – 9.30 +/- acres – 310 Great Circle Road, Nashville, TN
• **Owner(s):** Aurora Properties, LLC (formerly Hearthwood Properties #4, LLC)
• **Estimated Purchase Price:** \$26,680,000.00
• **Source of Funding:** \$15,400,000.00 19/20 FRF CurrFunds-CapImp (A)
\$ 4,700,000.00 19/20 FRF CurrFunds-CapImp (A/R)
\$ 6,800,000.00 FRF Reserves (R)

Comment: This is a FY 19/20 line-item in the capital budget (TennCare Building Purchase).

The State of Tennessee entered into a lease in 2003 for office space at 310 Great Circle in Nashville. The lease expires March 15, 2020 and includes an Option to Purchase for \$26,680,000. It was determined that it is in the state's best interest to exercise the purchase option.

Date of Last Transfer: July 6, 2006
Purchase Price: \$1,417,878.00
Property Assessor's Value: \$22,000,000.00
Square Footage Improvements: 211,280 sf

Minutes: 09/23/2019 Secretary Hargett stated that the current owner has asked to explore a 1031 exchange and it would be great if the state can work with the seller however the motion to approve is not contingent on that exchange. Assistant Commissioner Jennifer Murphy stated that they will work with the owner on a 1031 exchange so long as that process isn't in conflict with the best interest of the State. Ms. Murphy stated that the owner has asked for an additional 30 days and General Services feels that a 30 day extension won't harm the interest of the State.

The Subcommittee approved acquisition in fee with waiver of advertisement and one appraisal.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on August 22, 2019.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following three capital improvements with total project cost of less than \$100,000 in accordance with Item 2.04(A)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: National Pan-Hellenic Council (NPHC) Plaza
Project Description: Create a NPHC Plaza with a concrete walkway and 10 plaques near Governors Hall.
SBC Project No. 369/005-05-2019
Total Project Budget: \$65,000
Source of Funding: Gifts (O)
Approval: Approved project
Approval Date: 09/23/2019
 - 2) **State Procurement Agency:** Austin Peay State University
Location: Clarksville, Tennessee
Project Title: Demolition – 239 Georgia Avenue
Project Description: This project provides for the demolition of 239 Georgia Avenue in Clarksville, Tennessee in accordance with the Austin Peay State University 2017 Master Plan.
SBC Project No. 373/003-06-2019
Total Project Budget: \$20,000
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project
Approval Date: 09/23/2019
 - 3) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Location: Nashville, Tennessee
Project Title: Bicentennial Capitol Mall State Park POW-MIA Chair of Honor
Project Description: Install POW-MIA Chair of Honor monument at the Bicentennial Capitol Mall State Park and all required related work.
SBC Project No. 126/124-01-2019
Total Project Budget: \$27,000
Source of Funding: Gift-In-Place (O)
Approval: Approved accepting gift-in-place construction, with plans and specifications to be approved by the State Architect.
Approval Date: 09/23/2019

- 2) **State Procurement Agency:** STREAM / Department of General Services
Location: Statewide, Tennessee
Project Title: State Building Audio/Visual Infrastructure Upgrade
Project Description: Provides for planning and implementation of AV installations for shared conference areas in state owned and lease office buildings.
SBC Project No. 529/000-09-2013
Total Project Budget: \$9,100,000
Source of Funding: 13/14 FRF CurrFunds-CapImp (A)
Approval: Approved a revision in scope
Approval Date: 09/10/2019

Approvals of Acquisitions and Disposals of State Property

- Reported the following acquisition of land in accordance with Item 2.04(E)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Transaction Description: Transaction No. 19-08-004
Location: Booker T. Washington State Park (BTWSP)
 Hamilton County – 37.5 ± acres (4 tracts) – 8550 Old Champion Road and 0 Old Champion Road, Chattanooga, TN
Owner(s): Foothills Land Conservancy (FLC)
Estimated Purchase Price: Gift
Source of Funding: 19/20 State Lands Acquisition Fund (REM Fees) (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 08/29/2019

- Reported the following two disposals of TDOT property in accordance with Item 2.04(E)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Transportation
Transaction Description: Transaction No. 19-04-016
Location: Loudon County – 0.242 ± acres – 775 Hwy 321 N, Lenoir City, TN
Estimated Sale Price: \$187,550
Grantee: Larry Hill d/b/a Loudon Real Estate
Approval: Approved disposal in fee with waiver of advertisement and one appraisal
Approval Date: 08/29/2019

 - 2) **State Procurement Agency:** STREAM / Department of Transportation
Transaction Description: Transaction No. 19-06-015
Location: Knox County - .676 acres – near Sherrill Blvd and Seller Ln, Knoxville, TN
Estimated Sale Price: \$88,300
Grantee: Trustees of Trust "C" U/W William A. "Pat" Scruggs
Approval: Approved disposal in fee with waiver of advertisement and one appraisal
Approval Date: 08/29/2019

Disposal Easements

- Reported the following disposal easement in accordance with Item 3.02(E) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Tennessee Board of Regents
Grantee: Mallory Valley Utility District of Williamson County, TN
Type: Water Utility
SBC Project: Williamson County Center Relocation - CoSCC
SBC No. 166/015-01-2012

Designer Selections

- Reported the following two designer selections for capital projects as delegated to the State Architect in accordance with Items 2.04(A)(1) and 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:

- 1) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Browning/Evins Residence Hall Roof Replacement
SBC Project No. 364/011-02-2019
Total Project Budget: \$250,000
Source of Funding: Plant Funds (Aux-Housing) (A)
Designer: Richard C. Rinks & Associates, Inc.
Approval Date: 08/15/2019
- 2) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Roaden University Center West Patio & Landscaping
SBC Project No. 364/011-04-2019
Total Project Budget: \$405,000
Source of Funding: Plant Funds (Aux-Dining) (A)
Designer: Heibert + Ball Land Design, LLC
Approval Date: 08/08/2019

- The following designer selections represent projects approved by the State Building Commission and recommended by the State Procurement Agencies. Secretary Hargett stated that, while they used the normal criteria in determining final selections including maintaining the geographical balance, current work capacity, and quality and quantity of workload over past several years, it was still primarily a process driven by the individual agencies.

- | | |
|---|--|
| 1) University of Tennessee – Chattanooga
(ADA Compliance UTC & UTSI)
Total Project Budget: \$267,600
SBC Project No. 540/000-01-2017
Designer: TINKER MA INC | 3) University of Tennessee – Knoxville
(ADA Compliance UTK & UTIA)
Total Project Budget: \$1,070,400
SBC Project No. 540/000-03-2017
Designer: MBI COMPANIES INC |
| 2) University of Tennessee Space Institute
(ADA Compliance UTC & UTSI)
Total Project Budget: \$66,900
SBC Project No. 540/000-01-2017
Designer: TINKER MA INC | 4) University of Tennessee Institute of Agriculture
(ADA Compliance UTK & UTIA)
Total Project Budget: \$267,600
SBC Project No. 540/000-03-2017
Designer: AECOM TECHNICAL SERVICES INC |

5) **University of Tennessee – Knoxville**
(Haslam Field Expansion)
Total Project Budget: \$5,000,000
SBC Project No. 540/009-08-2016
Designer: **JOHNSON ARCHITECTURE INC**

7) **Tennessee Technological University**
(Engineering Building)
Total Project Budget: \$55,000,000
SBC Project No. 364/011-06-2019
Designer: **UPLAND DESIGN GROUP INC**

6) **University of Tennessee – Martin**
(Cooper Hall Roof Replacement)
Total Project Budget: \$965,000
SBC Project No. 540/011-03-2019
Designer: **HAIZLIP STUDIO PLLC**

8) **East Tennessee Regional Health Office**
(ETRHO Interior Renovations & Chiller Replacement)
Total Project Budget: \$2,680,000
SBC Project No. 408/001-01-2019
Designer: **SPARKMAN & ASSOCIATES ARCH**

Other Business

There being no further business, the meeting adjourned at 11:13 a.m.

* * * * *

UNIVERSITY OF TENNESSEEAcquisition – Lease (Land)

Requested Action: Approval of waiver of advertisement

Transaction Description: Transaction No. 2019-09-01

- **Proposed Lease**

- **Location:** University of Tennessee - Martin
McNairy County – 232 +/- acres – 2983 Hardin Graveyard Road, Adamsville, TN
- **Landlord:** Memphis Museums, Inc.
- **Term:** 20 years with one (1) twenty (20) year option to extend

- **Source of Funding:** Student Fees

- **Procurement Method:** Negotiated

- **FRF Rate:** NA

Comment:

The Coon Creek Science Center is one of a dozen of the most significant fossil sites in North America and has yielded over 600 different species or marine creatures preserved as unaltered fossils. The University conducts some research and education at the site and would use the property to offer enhanced undergraduate and graduate courses, public summer programming, and research. Memphis Museums, Inc. would continue some programming at the site as well as rights to significant discoveries.

Improvements include a small residence, cabins, dining hall/classroom and storage sheds. This property includes two parcels.

This request is for approval to commence negotiations with the landlord. Waiver of advertisement is requested due to the unique nature and attributes of this property.

Date of Last Transfer:	March 4, 1988 and November 17, 2008
Purchase Price:	\$200,000 and NA
Property Assessor's Value:	\$210,000 and \$20,000
Square Footage Improvements:	Residence – 1,788 sf; dining hall/classroom seats 50; 5-15 bed cabins (no HVAC)

Minutes: 09/23/2019 Approved waiver of advertisement

UNIVERSITY OF TENNESSEE

Acquisition – Lease Amendment (Space)

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 98-07-902

- **Proposed Amendment**

- **Term:** 30 years with two (2) five (5) year extension options
- **Area / Costs:** 19,216 Square Feet

Twenty First Year Contract Rent (incl. janitorial)	\$384,320.00	\$20.00
Average Annual Contract Rent (Years 1-30 incl. janitorial)	\$379,870.06	\$19.77
Estimated Annual Utility Cost	\$33,628.00	\$1.75
Total Annual Effective Cost (Years 1-30)	\$413,498.06	\$21.52

- **Current Lease**

- **Location:** University of Tennessee – Knoxville (UTK)
Lot 18, Pellissippi Corporate Center, Knoxville, TN
- **Landlord:** Pellissippi Investors, LLC
- **Term:** 20 years – December 1, 1999 – November 30, 2019
- **Area / Costs:** 19,216 Square Feet

Annual Contract Rent (incl. janitorial)	\$354,520.90	\$18.45
Estimated Utilities Cost	\$33,628.00	\$1.75
Total Annual Effective Cost	\$388,148.90	\$20.20

- **Source of Funding:** Grants and existing state appropriations
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

Comment:

In October 1997, the ESC approved participating in an RFP for a build-to-suit facility to be shared with the Department of Energy. In July 1998, the ESC approved the lease of a portion of the 84,000 square foot facility. The facility was constructed for use by UTK's Center for Transportation Research (CTR) and the Department of Energy for the purpose of expanding transportation research and development. It is a special use facility with a mix of research labs and office space that have redundant power and electricity/HVAC capacities well beyond typical office buildings.

UTK's CTR oversees various programs associated with the education, research, training, and workforce aspects of the transportation field. UTK and DOE continue to collaborate on research projects. Given the unique space type and the ongoing partnership with DOE, waiver of advertisement is requested.

Rent increases by 2.5% annually during the renewal terms.

Previous Action: 10/02/1997 Approved participating in the RFP and evaluation process and enter into a lease
07/28/1998 Approved a lease agreement

Minutes: 09/23/2019 Approved a lease amendment with waiver of advertisement

UNIVERSITY OF TENNESSEEAcquisition - Lease Amendment

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 10-12-901

- **Proposed Amendment**

- **Term:** July 1, 2001 – June 30, 2031
- **Area / Costs:** 36,996 square feet
(includes maintenance, utilities, and janitorial)

Twenty First Year Contract Rent	\$582,687.00/yr	\$15.75/sf
Average Annual Contract Rent (Years 1-30)	\$530,976.29/yr	\$14.35/sf
Estimated Operating Expense Increase (max)	<u>\$5,549.40/yr</u>	<u>\$0.15/sf</u>
Total Annual Effective Cost (Years 1-30)	\$536,525.69/yr	\$14.50/sf

- **Term:** Completion of Build Out – June 30, 2031
- **Area/Costs:** 7,750 square feet
(includes maintenance, utilities, and janitorial)

First Year Contract Rent	\$122,062.50/yr	\$15.75/sf
Average Annual Contract Rent	\$130,640.10/yr	\$16.86/sf
Estimated Operating Expense Increase (max)	<u>\$1,162.50/yr</u>	<u>\$0.15/sf</u>
	\$131,802.60/yr	\$17.01/sf

- **Current Lease**

- **Location:** University of Tennessee – Knoxville / Institute for Public Service
Davidson County, 193 Polk Avenue, Nashville, TN
- **Landlord:** SH/Polk Ave Associates, LLC
- **Term:** July 1, 2001 through June 30, 2021
- **Area / Costs:** 36,996 square feet \$484,647.60/year \$13.10/sf
(includes maintenance, utilities and janitorial)
- **Source of Funding:** Existing state appropriations and program revenues
- **FRF Rate:** \$21.00/sf (for reference only)

Comment:

In 2000, an RFP was issued and the ESC approved the lease of space at the Polk Center. This space was subsequently built out to the University's specifications. In 2010, the ESC approved a new ten year lease for the space. The University proposes to extend the agreement for an additional ten years and add an additional 7,750 square feet for the Institute of Public Service. Rent for additional space will commence upon buildout. Rent for the existing space will not increase until July 1, 2021. The additional space will be used as a training center to support training and technical assistance to business and industry across the state. Parking needs are significant and this location can meet those requirements. This lease can be terminated for convenience with 180 days-notice.

The interior of the space has recently been refurbished by the landlord and no upgrades are needed to the existing space. Landlord will fund approximately \$200,000 for the build out of the additional space. Based on a rental rate at or below market, adequate parking for large groups, and meeting occupancy requirements, waiver of advertisement is requested.

Previous Action: 12/18/2010 Approved a lease agreement

Minutes: 09/23/2019 Approved a lease amendment with waiver of advertisement

TENNESSEE BOARD OF REGENTS

Cleveland State Community College, Cleveland, Bradley County, Tennessee

Requested Action: Approval of a revision in project budget and funding in order to award a contract

Project Title: Campus Parking and Road Updates

Project Description: Expand parking and loop road behind campus.

SBC Number: 166/013-02-2018

Total Project Budget: \$1,542,000.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$1,500,000.00	\$ 0.00	\$1,500,000.00	18/19	CurrFunds-CapMaint	(A)
	0.00	42,000.00	42,000.00		Plant Funds (Non-Aux)	(A)
Original Project Budget:	\$1,500,000.00					
Change in Funding:		\$42,000.00				
Revised Project Budget:			\$1,542,000.00			

Comment: Four bids were received on August 28, 2019. An increase in funding is needed to award a contract to Cherokee Construction Co. for base bid only. There will be no additional designer fees.

Previous Action:

07/12/2018	SBC	Approved project
07/23/2018	ESC	Approved designer selection (March Adams and Associates)
09/12/2019	SBC	Referred to ESC with authority to act

Minutes: 09/23/2019 ESC Approved a revision in project budget and funding in order to award a contract

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Purchase)

Requested Action: Approval of acquisition in fee with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 19-04-001

- **Location:** Marion County – 12.09 +/- acres – Hwy 134, Whitwell, TN
- **Owner(s):** Eric & Wilma Burhans
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Federal Funds (Wildlife Restoration) (F)
The Nature Conservancy (TNC) (O)

Comment: The State Wildlife Action Plan (last updated 2015) includes a priority to acquire caves housing significant populations of bat species that are considered rare or vulnerable to white nose syndrome, a fungal disease that has had devastating effects on bat populations in Tennessee and other states. TWRA biologists have identified this property as housing rare tri-colored bats. The Nature Conservancy will be providing the required 25% matching funds for the federal grant.

No additional management costs are anticipated with this acquisition, as the plan is to block access to the cave to protect the bat colony and perform periodic checks on the health of the colony.

Date of Last Transfer: June 29,2007
 Purchase Price: \$35,000
 Property Assessor's Value: \$38,600.00
 Square Footage Improvements: N/A

Minutes: 09/23/2019 Approved acquisition in fee with waiver of advertisement and one appraisal

DEPARTMENT OF ENVIRONMENT AND CONSERVATIONAcquisition – Easement (Conservation)

Requested Action:	Approval of acquisition by conservation easement with waiver of advertisement and appraisals
Transaction Description:	Transaction No. 19-07-001
• Location:	Rutherford County – 42.00 +/- acres – 2150 NW Broad Street, Murfreesboro, TN
• Owner(s):	Ozark Automotive Distributors, Inc. (OADI)
• Estimated Purchase Price:	Gift
• Source of Funding:	19/20 Historical Commission Op Funds (Wars Commission) (REM Fees) (A)
Comment:	<p>American Battlefield Trust (ABT) is in the process of purchasing this property from OADI. THC has agreed to hold the conservation easement until the property is transferred to the National Park Service (NPS), at which time the conservation easement will be released.</p> <p>This tract lies in between two larger tracts previously preserved by ABT and transferred to the National Park Service now known as the Stones River National Battlefield.</p> <p>There has been some environmental contamination and land use restrictions have been placed on this tract in the past, but ABT will resolve any environmental liability risks and/or land use restrictions prior to acquisition.</p>
Minutes:	09/23/2019 Approved acquisition by conservation easement with waiver of advertisement and appraisals

DEPARTMENT OF ENVIRONMENT AND CONSERVATIONDisposal – Lease (Land)

Requested Action: Approval of disposal by lease with waiver of appraisals and REM Fees

Transaction Description: Transaction No. 19-08-006

- **Location:** Sunk Lake Natural Area (SLNA)
Lauderdale County – 1,872 +/- acres (4 Tracts) – 0 Sunk Lake Road and 0 Long Hole Road, Ripley, TN
- **Tenant:** U.S. Fish and Wildlife Service (USFWS)
- **Term:** 10 years (October 1, 2019-September 30,2029)
- **Area / Costs:** 1,872 +/- acres / No Cost

Comment: TDEC requests approval to continue USFWS's management of the Sunk Lake Natural Area. USFWS has managed the SLNA for the past 30 years at no cost to the State. The agreement recently expired, and this transaction will provide for a new agreement, and is consistent with the terms of the prior agreement. A waiver of REM Fees is requested by the parties and recommended by the Commissioner of Finance and Administration because of the benefit received by the State from this transaction and payment of a fee would not be in the interest of the program.

Advertisement is not required pursuant to TCA §12-2-114.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	February 20, 1986 (1,333.80 +/- acres)
Original Cost to State:	\$0.00
Square Footage Improvements:	N/A

Date of Last Transfer:	December 22, 1999 (393.17 +/- acres)
Original Cost to State:	\$387,703 (Larger Tract)
Square Footage Improvements:	N/A

Date of Last Transfer:	December 22, 1999 (282.52 +/- acres)
Original Cost to State:	\$387,703 (Larger Tract)
Square Footage Improvements:	N/A

Date of Last Transfer:	June 4, 1990 (145.91 +/-)
Original Cost to State:	\$76,483
Square Footage Improvements:	N/A

Minutes: 09/23/2019 Approved disposal by lease with waiver of appraisals and REM Fees

DEPARTMENT OF GENERAL SERVICES

Disposal – Fee

Requested Action: Approval of disposal in fee with waiver of one appraisal

Transaction Description: Transaction No. 19-08-012
• **Location:** Coffee County – 0.24 +/- acres – 111 East Lincoln Street, Tullahoma, TN
• **Estimated Sale Price:** Fair Market Value

Comment: The property is surplus to the Department of Labor and Workforce Development's needs.

The proceeds from the sale, less any State investment, are required by federal law (29 CFR Part 97) to go to the replacement or upgrading of existing Reed Act buildings and will be deposited into the Department of Labor's Unemployment Trust Fund as stated in TEG#3-07 #6, and used pursuant to the requirements of the Federal Reed Act. The State Investment amount will be deposited in to the Facility Revolving Fund (FRF) in accordance with T.C.A. §12-2-119.

Date of Last Transfer: June 7, 1961
Previous Owner: Frances Marion Peck Callaway
Original Cost to State: \$72,946.96
Square Footage Improvements: 4,326 sf

Minutes: 09/23/2019 Approved disposal in fee with waiver of one appraisal

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-10-922

• **Proposed Lease**

- **Location:** Blount County – 2137 East Broadway Avenue, Maryville, TN
- **Landlord:** Maryville Food City, LLC
- **Term:** 7 years
- **Area / Costs:** 5,856 Square Feet

First Year Contract Rent:	\$81,000.00	\$13.83/sf
Average Annual Contract Rent:	\$83,314.29	\$14.23/sf
Estimated Annual Utility Cost:	10,248.00	1.75/sf
Estimated Annual Janitorial Cost:	6,441.60	1.10/sf
Average Annual Contract Rent:	<u>\$100,003.89</u>	<u>\$17.08/sf</u>

• **Current Lease**

- **Location:** Blount County – 318-320 & 306 Home Avenue, Maryville, TN
- **Landlord:** A & B Partnership, GP
- **Term:** 10 years (March 1, 2005 to February 28, 2015) (Holdover)
- **Area / Costs:** 5,590 Square Feet

Annual Contract Rent:	\$57,000.00	\$10.20/sf
Estimated Utilities Cost:	7,826.00	1.40/sf
Estimated Janitorial Cost:	6,149.00	1.10/sf
Total Annual Effective Cost:	<u>\$70,975.00</u>	<u>\$12.70/sf</u>

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Safety and Homeland Security. Five proposals from five proposers were evaluated. The proposed location will be renovated to meet the State’s needs.

The tenant may terminate this lease for convenience at any time by giving 90 days written notice to the landlord with the payment of a termination fee.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state’s best interest at this time.

The Knox Office Realty commission is \$18,954.00 for the 7-year term.

Minutes: 09/23/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICESAcquisition - Lease Amendment

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 07-12-900

- **Proposed Amendment**

- **Term:** 13 years (January 1, 2009 – November 30, 2022)

- **Area / Costs:** 13,250 Square Feet

Annual Contract Rent:	\$143,640.00	\$10.84/sf
Estimated Annual Utility Cost:	23,187.50	1.75/sf
Estimated Annual Janitorial Cost:	14,575.00	1.10/sf
Total Annual Effective Cost:	\$181,402.50	\$13.69/sf

- **Current Lease**

- **Location:** Wilson County – 217 East High Street, Lebanon, TN

- **Landlord:** Marks Group, LP

- **Term:** 10 years (January 1, 2009 – December 31, 2019)

- **Area / Costs:** 13,250 Square Feet

Annual Contract Rent:	\$143,640.00	\$10.84/sf
Estimated Annual Utility Cost:	18,550.00	1.40/sf
Estimated Annual Janitorial Cost:	14,575.00	1.10/sf
Total Annual Effective Cost:	\$176,765.00	\$13.34/sf

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Children's Services.

This amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how best meet programmatic needs in support of the Agency's real estate strategy.

Based on a review of the financial aspects, occupancy requirements and market indicators, this lease is deemed to be in the State's best interest at this time.

Previous Action: 08/25/2008 ESC Approved lease agreement

Minutes: 09/23/2019 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICESAcquisition - Lease Amendment

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 07-09-904

- **Proposed Amendment**

○ Term:	13 years (January 1, 2010 – December 31, 2022)		
○ Area / Costs:	<u>18,477 Square Feet</u>		
	Annual Contract Rent:	\$222,278.31	\$12.03/sf
	Estimated Annual Utility Cost:	32,334.75	1.75/sf
	Estimated Annual Janitorial Cost:	<u>20,324.70</u>	<u>1.10/sf</u>
	Total Annual Effective Cost:	\$274,937.76	\$14.88/sf

- **Current Lease**

○ Location:	Rutherford County – 434 Jay Hawk Court, Murfreesboro, TN		
○ Landlord:	CHR, LLC		
○ Term:	10 years (January 1, 2010 – December 31, 2019)		
○ Area / Costs:	<u>18,477 Square Feet</u>		
○ Current:	Annual Contract Rent:	\$202,100.00	\$10.94/sf
	Estimated Annual Utility Cost:	25,867.80	1.40/sf
	Estimated Annual Janitorial Cost:	<u>20,324.70</u>	<u>1.10/sf</u>
	Total Annual Effective Cost:	\$248,292.50	\$13.44/sf

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Children's Services.

This amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how best meet programmatic needs in support of the Agency's real estate strategy.

Based on a review of the financial aspects, occupancy requirements and market indicators, this lease is deemed to be in the State's best interest at this time.

Previous Report: 08/25/2008 ESC Approved lease agreement

Minutes: 09/23/2019 Approved a lease amendment with waiver of advertisement

Approved:



Tre Hargett
Secretary, State Building Commission Executive Subcommittee
Secretary of State