SECTION IV

PROPOSAL EVALUATION METHOD

The Evaluation process is designed to identify the proposal which is the best overall fit for State tenancy. All communications with proposers will be conducted in accordance with the Real Estate Asset Management Lease Communications and Negotiations Policy and Procedure (the “Policy”), which is posted on the State of Tennessee’s website (www.tnrfp.com)

INITIAL REVIEW

- Following the proposal submittal deadline, the Solicitation Coordinator will open and assess the proposals received and determine:
  - If the proposal adequately meets the requirements of the Lease Proposal Request for further evaluation;
  - If the State will request clarification for consideration prior to evaluation, or;
  - If the State will determine the proposal non-responsive and reject it.

EVALUATION

- For all proposals not otherwise rejected, the Leasing Agent or Broker will perform an evaluation of the proposal to determine the net present value of the Total Cost to the State during the period of time between the commencement of the lease and the end of the term of the lease which includes requested renewal options. The “Total Cost” will include base rent, the costs of moving from the existing location to the proposed location, estimates of additional rent such as pass through of operating expenses or separately metered utilities, costs associated with any landlord services not included in the base rent, costs associated with delayed occupancy, costs associated with any improvements to be made to the proposed premises at the cost of the State costs associated with renovating in place, costs associated with deviations from the specifications requested by the State, and any other cost factors properly and reasonably allocable to the proposed lease. In calculating the net present value, the “Discount Rate” found on the Office of the State Architect website (https://www.tn.gov/finance/article/fa-osarealestate-leasing-info) pursuant to State Building Commission Policy 7.01.I. applicable to the proposed term will be used.

- The Leasing Agent or Broker will review each non-rejected proposal and evaluate it against the Lease Proposal Request and Pro Forma Lease to determine the proposer’s ability to meet the needs of the State.

- If a proposal contains terms or provisions which, in part, meet the needs of the State, but other parts of the proposal would require modification before they can be considered, the Leasing Agent or Broker may contact the proposer to determine if the proposer is willing to propose terms acceptable to the State. This shall be done in accordance with the Policy.

- The Leasing Agent or Broker may conduct site visits with or without agency participation.

- The State reserves the right to award a lease on the basis of the initial proposals received, and it is expected that each proposal will contain the proposer’s best rental rate and terms. The State may elect to further request Best and Final terms. During this Best and Final period, the Leasing Agent or Broker may, through communications with proposers in accordance with the Policy,
invite the proposers to modify their initial proposals in writing.

FINAL EVALUATION AND RECOMMENDATION

- If a Best and Final period is conducted, the Leasing Agent or Broker will evaluate the final proposals received and rank them in order based upon the lowest net present value of the Total Cost. If no Best and Final period is conducted, the Leasing Agent or Broker will rank the initial proposals in order based upon the lowest net present value of the Total Cost. Any comments, observations from visits or other factors other than lowest net present value of the Total Cost that are taken into account in evaluating a lease for State tenancy, shall be included in written form in the Final Recommendation.

- In making his or her Final Recommendation, the Leasing Agent or Broker may take into account other relevant factors, including, but not limited to, property ownership/management, building condition, site and vicinity, and suitability for State tenancy. The STREAM Director of Leasing shall review the Final Recommendation and determine the selected proposal.

- The STREAM Director of Leasing shall issue to all proposers a notice of intent to award the lease based on the selected proposal. If the STREAM Director of Leasing intends to award the lease to proposal that is not the lowest net present value of the Total Cost, justification for such a determination must be provided in writing and approved by the Deputy Commissioner (STREAM) of the Department of General Services, and may be based upon one or more of the following:
  - The proposal with the lowest net present value of the Total Cost proposes a location that an agency occupant determines is unacceptable to it, as expressed in writing and signed by the commissioner or head of said agency;
  - The STREAM Director of Leasing determines that the features or amenities of the site or building proposed by the proposal with the lowest net present value of the Total Cost is not in the best interests of the State;
  - Documented evidence of poor past performance by the proposer having the proposal with the lowest net present value of the Total Cost as a landlord to the State; or
  - Based on a totality of the above and other considerations, an award based on another proposal is in the best interests of the State.