

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
April 19, 2021

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room I of the Cordell Hull State Office Building, Nashville, Tennessee, with the following members and Departments present. Commissioner Eley called the meeting to order at 11:02 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Butch Eley, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
David Lillard, State Treasurer
Jason Mumpower, Comptroller of the Treasury

ORGANIZATION

- Department of Environment & Conservation
- Department of General Services
- State Building Commission

PRESENTER

Real Property Manager Daniel Chuquin
Deputy Commissioner John Hull
State Architect Ann McGauran

CONSENT AGENDA

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

- A. Agency: **Department of Transportation**
Transaction: Acquisition – Fee (Purchase)
Provision(s): Waiver of advertisement and one appraisal

- B. Agency: **Department of Transportation**
Transaction: Disposal – Lease (Land)
Provision(s): Waiver of advertisement and one appraisal

- C. Agency: **Department of Environment & Conservation**
Transaction: Disposal – Fee (with Right to Hire Realtor)
Provision(s): Waiver of one appraisal

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

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

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

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

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

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

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

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

DEPARTMENT OF ENVIRONMENT & CONSERVATION

Acquisition – Fee

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

Transaction Description: Transaction No. 21-02-009

- **Location:** Lamar Alexander Rocky Fork State Park (LARFSP)
Unicoi County – 1.5± Acres – 280 Jennie Moore Road, Flag Pond, TN
- **Owner(s):** Richard & Janet Murphy
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 20/21 State Lands Acquisition Fund (A)

Comment: Per T.C.A. §67-4-409, this property is on the state lands acquisition priority list and 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.

This acquisition will serve as a temporary Visitor's Center at LARFSP while the permanent Visitor's Center is being constructed. The existing house on this property was recently renovated and is in move-in condition. After the permanent Visitor's Center is opened, this house and garage will be used as a Park Ranger residence.

Date of Last Transfer: 01/04/2019
Purchase Price: \$120,000.00
Property Assessor's Value: \$103,100.00
Square Footage Improvements: House (1,472 s.f., 1936); Garage (400 s.f.)

Minutes: 04/19/2021 Approved acquisition in fee with waiver of advertisement and one appraisal

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 13-10-939

• **Proposed Amendment**

○ **Term:** 7 years (July 1, 2016 – June 30, 2023)

○ **Area / Costs:** 7,800 Square Feet

Annual Contract Rent (includes utilities) (Years 6-7)	\$139,236.00	\$17.85/sf
Estimated Annual Janitorial Cost	8,580.00	1.10/sf
Total Annual Effective Cost	\$147,816.00	\$18.95/sf

• **Current Lease**

○ **Location:** Knox County – 5401 Kingston Pike, Suite 300, Knoxville, TN

○ **Landlord:** Twelve Oaks General Partnership

○ **Term:** 5 years (July 1, 2016 – June 30, 2021)

○ **Area / Costs:** 7,800 Square Feet

Annual Contract Rent (includes utilities) (Year 5)	\$139,236.00	\$17.85/sf
Estimated Annual Janitorial Cost	8,580.00	1.10/sf
Total Annual Effective Cost	\$147,860.00	\$18.95/sf

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

• **FRF Rate:** \$18.00

Comment: This lease will provide office space for Comptroller of the Treasury. The original Lease did not require ESC approval.

A request for waiver of advertisement and to amend the current lease by two years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the advertisement phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this lease.

The State will not have the right to terminate for convenience during the amended term. 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: 04/19/2021 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 19-03-912

● **Proposed Lease**

- **Location:** Cumberland County – 136 Dooley Street, Suite 201, Crossville, TN
- **Landlord:** Wrenetta and Dale Braun
- **Term:** 10 Years
- **Area / Costs:** 6,660 Square Feet

Annual Contract Rent	\$101,165.40	\$15.19/sf
Estimated Utilities Cost	11,655.00	1.75/sf
Estimated Janitorial Cost	7,326.00	1.10/sf
Total Annual Effective Cost	\$120,146.40	\$18.04/sf

● **Current Lease**

- **Location:** Cumberland County – 136 Dooley Street, Suite 201, Crossville, TN
- **Landlord:** Wrenetta and Dale Braun (formerly Paul Gaw General Partnership)
- **Term:** 12 years (August 1, 2009 - July 31, 2022)
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent	\$69,000.00	\$11.50/sf
Estimated Utilities Cost	10,500.00	1.75/sf
Estimated Janitorial Cost	6,600.00	1.10/sf
Total Annual Effective Cost	\$86,100.00	\$14.35/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Children’s Services. One proposal from one proposer was received and evaluated. The increase to space is needed to meet the agency’s programmatic requirements. The proposed location will be renovated to meet the State’s needs. The lease is estimated to commence August 1, 2022 based on the renovations needed.

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: 04/19/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 21-02-909 (DCS), 21-02-910 (DHS)

● **Proposed Lease**

- **Location:** Obion County – 1416 & 1418 Stad Avenue, Union City, TN
- **Landlord:** Pedigo-Union Properties, L.P.
- **Term:** 3 years (July 1, 2021 – June 30, 2024)
- **Area / Costs:** 12,267 Square Feet

Annual Contract Rent	\$125,400.00	\$10.22/sf
Estimated Utilities Cost	21,467.25	1.75/sf
Estimated Janitorial Cost	13,493.70	1.10/sf
Total Annual Effective Cost	\$160,360.95	\$13.07/sf

● **Current Lease**

- **Location:** Obion County – 1416 & 1418 Stad Avenue, Union City, TN
- **Landlord:** Pedigo-Union Properties, L.P.
- **Term:** 10 years (July 1, 2005 – June 30, 2015) (Holdover)
- **Area / Costs:** 12,267 Square Feet

Annual Contract Rent	\$109,858.00	\$8.96/sf
Estimated Utilities Cost	17,713.80	1.40/sf
Estimated Janitorial Cost	13,493.70	1.10/sf
Total Annual Effective Cost	\$140,525.40	\$11.46/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Negotiated
- **FRF Rate:** \$15.00

Comment: This bridge lease will provide office space for Department of Children’s Services and Department of Human Services and bridge the gap in time until commencement of both new leases for both agencies. The agenda includes two separate items for approval of the new long-term leases.

It is in the best interest of the State to allow continuity of operations at this location until the new leases are ready for occupancy. Waiver of advertisement is not required for the bridge lease pursuant to SBC Policy.

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: 04/19/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 19-05-906

• **Proposed Lease**

- **Location:** Obion County –1418 Stad Avenue, Union City, TN
- **Landlord:** Pedigo-Union Properties, L.P.
- **Term:** 7 Years with one 3-year renewal option
- **Area / Costs:** 6,050 Square Feet

First Year Contract Rent	\$77,137.50	\$12.75/sf
Average Annual Contract Rent	78,174.64	12.92/sf
Estimated Annual Utilities Cost	10,587.50	1.75/sf
Estimated Annual Janitorial Cost	6,655.00	1.10/sf
Total Average Annual Effective Cost	\$95,417.14	\$15.77/sf

• **Current Lease**

- **Location:** Obion County – 1416 & 1418 Stad Avenue, Union City, TN
- **Landlord:** Pedigo-Union Properties, L.P.
- **Term:** 10 years (July 1, 2005 – June 30, 2015) (Holdover)
- **Area / Costs:** 12,267 Square Feet (6,610 sf – DCS)

Annual Contract Rent	\$109,858.00	\$8.96/sf
Estimated Utilities Cost	17,173.80	1.40/sf
Estimated Janitorial Cost	13,493.70	1.10/sf
Total Annual Effective Cost	\$140,025.50	\$11.46/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$15.00

Comment: The previous lease included two agencies in a total of 12,267 square feet, however this lease will provide a renovated space for only one agency, the Department of Children’s Services. One proposal from one proposer was received and evaluated. Alternative Workplace Solutions will be implemented at this location. The proposed location will be renovated to meet the State’s needs. The lease is estimated to commence February 2023 based on the renovations needed. The agenda includes a separate item for approval of a bridge lease.

Rent increases in the renewal option, if exercised, to \$13.60/sf for years 8-10.

The tenant may terminate this lease for convenience at any time with 90 days’ written notice to the landlord and 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 CBRE, Inc. broker commission is \$7,524.31 for the 7-year base term, if the renewal option is exercised the commission will be \$10,918.36.

Minutes:

04/19/2021 Treasurer Lillard asked about the leases where the State has the right to terminate upon payment of a termination fee. He asked if the fee is for the unamortized improvements made on behalf of the tenant. Deputy Commissioner John Hull 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. 19-05-906

● **Proposed Lease**

- **Location:** Obion County – 700 Sherrill Street, Union City, TN
- **Landlord:** Smith Reed Partners
- **Term:** 7 Years with one 3-year renewal option
- **Area / Costs:** 3,436 Square Feet

Annual Contract Rent	\$46,214.20	\$13.45/sf
Estimated Annual Utilities Cost	6,013.00	1.75/sf
Estimated Annual Janitorial Cost	3,779.60	1.10/sf
Total Annual Effective Cost	\$56,006.80	\$16.30/sf

● **Current Lease**

- c **Location:** Obion County – 1416 & 1418 Stad Avenue, Union City, TN
- c **Landlord:** Pedigo-Union Properties, L.P.
- c **Term:** 10 years (July 1, 2005 – June 30, 2015) (Holdover)
- c **Area / Costs:** 12,267 Square Feet (5,657 sf – DHS)

Annual Contract Rent	\$109,858.00	\$8.96/sf
Estimated Utilities Cost	17,173.80	1.40/sf
Estimated Janitorial Cost	13,493.70	1.10/sf
Total Annual Effective Cost	\$140,025.50	\$11.46/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$15.00

Comment: The previous lease included two agencies in a total of 12,267 square feet, however this lease will provide a renovated space for only one agency, the Department of Human Services. Five proposals from three proposers were received and evaluated. Alternative Workplace Solutions will be implemented at this location.

The proposed location will be renovated to meet the State’s needs. The location is recommended based on its proximity and access to the majority of clients served and it is the lowest cost proposal over 10 years. Additionally, this lease includes a termination for convenience that is more advantageous to the state because there is no fee. The lease is estimated to commence February 2023 based on the renovations needed. The agenda includes a separate item for approval of a bridge lease.

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. broker commission is \$8,896.23 for the 7-year base term, if the renewal option is exercised the commission will be \$12,708.91.

Minutes: 04/19/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 19-09-901

● **Proposed Lease**

- **Location:** Davidson County – 404 James Robertson Parkway, Nashville, TN
- **Landlord:** 404 James Robertson Prop, LLC
- **Term:** 3 years (May 1, 2021 – April 30, 2024)
- **Area/Costs:** 15,823 Square Feet

First Year Annual Contract Rent (includes utilities & janitorial)	\$411,398.00	\$26.00/sf
Average Annual Contract Rent (includes utilities & janitorial)	\$427,221.00	\$27.00/sf

● **Current Lease**

- **Location:** Davidson County – 404 James Robertson Parkway, Nashville, TN
- **Landlord:** 404 James Robertson Prop, LLC (formerly Parkway Towers, LLC)
- **Term:** 10 years and 9 months (August 1, 2010 - April 30, 2021)
- **Area / Costs:** 7,971 Square Feet

Current Annual Contract Rent (includes utilities & janitorial)	\$20,591.27	\$15.50/sf
--	-------------	------------

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Negotiated
- **FRF Rate:** \$25.50

Comment: This lease will provide office space for the Volunteer Mortgage Loan Service (VLMS) program and is recommended based upon its proximity to Tennessee Housing Development Agency (THDA) main offices in the Andrew Jackson State Office Building and its accessibility to public transportation and parking for its customers. The increase to space is needed to meet the agency’s programmatic requirements. This is a short-term lease without duplicating infrastructure costs in another lease location that allows continuity of operations while state-owned space is readied for future occupancy.

The State will not have the right to terminate for convenience during the lease term. 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: 12/18/2020 ESC Approved waiving advertisement

Minutes: 04/19/2021 ESC Treasurer Lillard stated that he has concerns in situations where the State doesn’t have the right to terminate a lease as expressed before. Some of the leases are for Federally funded agencies, in whole or in part, and if Federal funds are to get reduced or eliminated for any reason then the State would be on the hook for payment of rent without reimbursement from the Federal government. Deputy Commissioner Hull replied that they don’t like that situation at Parkway Towers but they do need to remain there until they create enough space in a State owned building to relocate this group.

Treasurer Lillard stated that he understands and is not objecting to this lease but noting that prior to the 08/09 downturn you saw fewer of these

landlords negotiating deletion of the State's right to terminate for convenience. Now you are seeing more landlords doing this and it creates a liability problem for the State should Federal funds ever get reduced or eliminated.

The Subcommittee approved a lease.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on March 22, 2021.

Report of Items Approved by Office of the State Architect

Approvals of Revisions to Existing Capital Projects

- Reported the following approval of a revision in funding for capital project (no change in total project budget) in accordance with Item 2.04(B)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Tennessee Board of Regents / Southwest Community College
Location: Memphis, Tennessee
Project Title: Mechanical Systems Modernization
Project Description: Remove old VAV boxes that are controlled by the new building automation system and replace them with new energy efficient VAV boxes to maximize climate controls throughout the structure.
SBC Project No. 166/033-01-2016
Total Project Budget: \$1,110,000.00
Source of Funding: 16/17 CurrFunds-CapMaint (A)
Approval: Approved a revision in project funding (decrease in Admin. & Misc. and Commissioning, increase in MACC and Designer Fee to complete final phase)
Approval Date: 03/29/2021

Approvals of Acquisitions and Disposals of State Property

- Reported the following two acquisitions 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. 20-12-001
Location: Justin P. Wilson Cumberland Trail State Park (JPWCTSP)
Hamilton County – 4.14 ± acres – 0 Dayton Pike, Soddy-Daisy, TN
Owner(s): RMP LLC
Estimated Purchase Price: Fair Market Value
Source of Funding: 20/21 State Lands Acquisition Fund (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 04/05/2021

- 2) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Transaction Description: Transaction No. 21-01-009
Location: South Cumberland State Park (SCSP)
 Marion County – 217 ± acres out of 304.69 acres
 N. of Little Gizzard Creek, Tracy City, TN
Owner(s): Danny Joe Castle
Estimated Purchase Price: Fair Market Value
Source of Funding: 20/21 State Lands Acquisition Fund (A)
 Open Space Institute (OSI) (O)
Third Party: TennGreen Land Conservancy (TGLC) and The Conservation Fund (TCF)
Approval: Approved acquisition in fee and utilizing third party with waiver of advertisement and one appraisal
Approval Date: 03/29/2021

- Reported the following disposal 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. 21-02-014
Location: Hamilton County – 2.66 ± acres – I-75 & Hunter Lane, Chattanooga, TN
Estimated Sale Price: Fair Market Value
Grantee: C. Larry Armour
Approval: Approved disposal in fee with waiver of advertisement and one appraisal
Approval Date: 04/05/2021

Designer Selections

- Reported the following designer selection 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:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Conference Center Tunnel Repair
SBC Project No. 540/009-06-2021
Total Project Budget: \$400,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Architects Weeks Ambrose McDonald, Inc. (AWAM)
Approval Date: 03/12/2021

- 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.

- | | |
|---|---|
| <p>1) University of Tennessee Institute of Agriculture
(East TN Animal & Environmental Unit Improvements)
Total Project Budget: \$1,000,000.00
SBC Project No. 540/001-01-2021
Designer: Sparkman & Associates Arch, Inc.</p> | <p>6) University of Tennessee – Knoxville
(Regional Stormwater Storage Facility)
Total Project Budget: \$1,510,000.00
SBC Project No. 540/009-11-2021
Designer: Lose & Associates, Inc. dba Lose Design</p> |
| <p>2) University of Tennessee – Chattanooga
(Chattanooga State Office Building (CSOB) Building System Upgrades)
Total Project Budget: \$850,000.00
SBC Project No. 540/005-01-2021
Designer: West, Welch, Reed Engineers, Inc.</p> | <p>7) University of Tennessee Health Science Center
(Underground Storage Tank Removal/Replacement)
Total Project Budget: \$523,000.00
SBC Project No. 540/013-02-2021
Designer: EnSafe, Inc.</p> |
| <p>3) University of Tennessee – Chattanooga
(Electrical Service Upgrades)
Total Project Budget: \$685,000.00
SBC Project No. 540/005-02-2021
Designer: Vreeland Engineers, Inc.</p> | <p>8) East Tennessee State University
(Campus Consultant - Architect)
Total Project Budget: \$450,000.00
SBC Project No. 369/000-01-2021
Designer: Clark Nexsen, Inc.</p> |
| <p>4) University of Tennessee – Knoxville
(Carousel Theatre Replacement)
Total Project Budget: \$15,000,000.00
SBC Project No. 540/009-08-2021
Designer: Sanders Pace Architecture, LLC</p> | <p>9) East Tennessee State University
(Campus Consultant - MEP)
Total Project Budget: \$450,000.00
SBC Project No. 369/000-01-2021
Designer: Facility Systems Consultants, LLC</p> |
| <p>5) University of Tennessee – Knoxville
(Second Creek Rehabilitation)
Total Project Budget: \$800,000.00
SBC Project No. 540/009-09-2021
Designer: Civil & Environmental Consultants, Inc.</p> | <p>10) Jackson Airport Armory
(Army Aviation Support Facility Tarmac Repair)
Total Project Budget: \$5,870,000.00
SBC Project No. 361/042-01-2020
Designer: Allen & Hoshall, Inc.</p> |

Commissioner Eley stated that he noticed that several projects did not have multiple firms listed on the designer selection sheet and stated this was the first time he has seen this many. Commissioner Eley asked Secretary Hargett if he knew of any reasons for this. Secretary Hargett replied that it could be because there was only one respondent or one qualified respondent. He added that the State Procurement Agencies give the subcommittee up to three names and they can determine if they only want to provide one or two.

State Architect McGauran stated that for the University of Tennessee projects those listed were all that responded to the solicitation, and for the East Tennessee State University projects those listed were the qualified respondents based on the evaluations.

Other Business

There being no further business, the meeting adjourned at 11:16 a.m.

DEPARTMENT OF TRANSPORTATION**Acquisition – Fee (Purchase)**

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

Transaction Description: Transaction No. 21-03-005

- **Location:** Anderson County – 8.86± acres – 0 Cobb Hollow Road, Rocky Top, TN
- **Owner(s):** Mars Properties, a Tennessee Partnership
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 20/21 TDOT Op Funds (A)

Comment: TDOT's current Anderson County maintenance facility location is very constrained and does not allow for needed expansion, including adding a salt bin, additional maintenance buildings and a wash bay for equipment maintenance. This new location will meet the needs for this vital asset to maintain serviceability to commerce, including immediate access to the 1-75 Interstate corridor.

Date of Last Transfer:	11/26/1996
Purchase Price:	\$88,000.00 (inter-family transfer)
Property Assessor's Value:	\$105,700.00
Square Footage Improvements:	N/A

Minutes: 04/19/2021 Approved acquisition in fee with waiver of advertisement and one appraisal

DEPARTMENT OF TRANSPORTATION**Disposal – Lease (Land)**

Requested Action: **Approval of disposal by lease with waiver of advertisement and one appraisal**

Transaction Description: Transaction No. 21-02-007

- **Location:** Davidson County – 1.50 +/- acres – 459 Interstate Drive, Nashville, TN
- **Tenant:** 615GP, LLC d/b/a Music City Grand Prix
- **Term:** 1 year plus four 1-year renewal options (only 30 days occupancy each year)
- **Area / Costs:** 1.50 +/- acres / \$3,000.00 per year

Comment: Nashville has received an application and desires to host the “Music City Grand Prix,” an IndyCar- sanctioned temporary street race in downtown Nashville for the next five years. This request will allow the tenant to occupy the premises for 30 days each year so that a temporary grandstand and pedestrian bridge can be installed for spectators of the event. The proposed event should bring additional tax revenue to the City and State through increased tourism.

It is not anticipated that TDOT will incur any maintenance or other costs associated with this lease. The State will have the right to terminate the lease for cause or on 60 days’ notice for convenience. The rental rate is set at fair market value as determined by an appraisal.

TDOT requests waiver of advertisement due to the nature of the temporary short-term lease request. Any other lease request would more than likely not be approved by TDOT because of the need to preserve this land for future roadway expansion.

Proceeds of the lease will be deposited into the Highway Fund per T.C.A 12-2-112.

Date of Last Transfer:	Unknown
Previous Owner:	Unknown
Original Cost to State:	Unknown

Minutes: 04/19/2021 Approved disposal by lease with waiver of advertisement and one appraisal

DEPARTMENT OF ENVIRONMENT AND CONSERVATION**Disposal – Fee (with Right to Hire Realtor)**

Requested Action: Approval of disposal in fee, to utilize Central Procurement Office procedures to contract with a realty firm to assist with the disposal, and waiver of one appraisal

Transaction Description: Transaction No. 20-10-009

- **Location:** Burgess Falls State Park (BFSP)
Putnam County – 1.4 ± acres – 8487 Burgess Falls Road, Baxter, TN
- **Estimated Sale Price:** Fair Market Value
- **Estimated Realtor Cost:** To Be Negotiated

Comment: This property has been determined to be surplus to the Department's needs. The justification to hire a Realtor is that this is a residential property, in a rural community and is too small for STREAM to effectively manage the sale.

This property is part of a larger tract purchased under Transaction No. 15-12-010. Disposition of the house and immediately surrounding acreage will alleviate the burden of ongoing maintenance of the structure and approximately 1.4 ± acres.

The deed will include restrictions to prohibit junkyards, billboards, campgrounds (no mobile homes or RVs) or commercial uses on the property. Additionally, the State land can only be accessed through designated access points and not through shared boundaries and have a restricted building height not to exceed 20 feet.

The proceeds will be deposited into the State Lands Acquisition Fund per TCA 67-4-409.

Date of Last Transfer:	06/03/2019
Previous Owner:	Hugh Lee Sliger
Original Cost to State:	\$359,107.20 (larger tract)
Square Footage Improvements:	House (1,870 sf, 1985); House (876 sf, 1930)

Minutes: 04/19/2021 Approved disposal in fee, utilizing Central Procurement Office procedures to contract with a realty firm to assist with the disposal, and waiver of one appraisal

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 04-03-906

- **Proposed Amendment**

- **Term:** 15 years (June 1, 2008 – May 31, 2023)

- **Area / Costs:** 8,700 Square Feet

Annual Contract Rent	\$71,400.00	\$8.21/sf
Estimated Annual Utility Cost	15,225.00	1.75/sf
Estimated Annual Janitorial Cost	9,570.00	1.10/sf
Total Annual Effective Cost	\$96,195.00	\$11.06/sf

- **Current Lease**

- **Location:** Gibson County – 2205 Highway 45 ByPass South, Trenton, TN

- **Landlord:** Danny Corley and Dinah Corley

- **Term:** 13 years (June 1, 2008 - May 31, 2021)

- **Area / Costs:** 8,700 Square Feet

Annual Contract Rent	\$71,400.00	\$8.21/sf
Estimated Annual Utility Cost	15,225.00	1.75/sf
Estimated Annual Janitorial Cost	9,570.00	1.10/sf
Total Annual Effective Cost	\$96,195.00	\$11.06/sf

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

- **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Human Services.

A request for waiver of advertisement and to amend the current lease by two years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the advertisement phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this lease.

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: 04/23/2007 ESC Approved a lease agreement
03/19/2018 ESC Approved a lease amendment with waiver of advertisement

Minutes: 04/19/2021 ESC Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 14-06-912

- **Proposed Amendment**

- **Term:** 8 years (June 1, 2016 - May 31, 2024)

- **Area / Costs:** 7,370 Square Feet

Annual Contract Rent (includes utilities)	\$121,605.12	\$16.50/sf
Estimated Annual Janitorial Cost	8,107.00	1.10/sf
Total Annual Effective Cost	\$129,712.12	\$17.60/sf

- **Current Lease**

- **Location:** Hamilton County – 1501 Riverside Drive, Suites 230 & 240, Chattanooga, TN

- **Landlord:** Tallan Holdings Co.

- **Term:** 5 years (June 1, 2016 - May 31, 2021)

- **Area / Costs:** 7,370 Square Feet

Annual Contract Rent (includes utilities)	\$121,605.12	\$16.50/sf
Estimated Annual Janitorial Cost	8,107.00	1.10/sf
Total Annual Effective Cost	\$129,712.12	\$17.60/sf

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

- **FRF Rate:** \$18.00

Comment:

This amendment will provide office space for the Department of Intellectual and Developmental Disabilities. The original Lease provided office space for the Department of Education and the Department of Intellectual and Developmental Disabilities and did not require ESC approval. The Department of Education is consolidating its offices in Chattanooga and will not utilize this space during the amendment period.

A request for waiver of advertisement and to amend the current lease by three years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources. The long-term procurement is currently in the preliminary phase and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this lease.

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: 04/19/2021 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 11-03-909● **Proposed Amendment**○ **Term:** 11 years (August 1, 2013 – July 31, 2024)○ **Area / Costs:** 5,666 Square Feet

Annual Contract Rent (Years 9 - 11)	\$83,573.50	\$14.75/sf
Estimated Annual Utility Cost	9,915.50	1.75/sf
Estimated Annual Janitorial Cost	6,232.60	1.10/sf
Total Annual Effective Cost	<u>\$99,721.60</u>	<u>\$17.60/sf</u>

● **Current Lease**○ **Location:** Shelby County – 6174 Macon Road, Memphis, TN○ **Landlord:** Goldenrod King General Partnership, a Tennessee general partnership & 2224 S. Goldenrod Road General Partnership, a Tennessee general partnership (Goldenrod I & II, LLC)○ **Term:** 8 years (August 1, 2013 – July 31, 2021)○ **Area / Costs:** 5,666 Square Feet

Annual Contract Rent (Year 8)	\$83,573.50	\$14.75/sf
Estimated Annual Utility Cost	9,915.50	1.75/sf
Estimated Annual Janitorial Cost	6,232.60	1.10/sf
Total Annual Effective Cost	<u>\$99,721.60</u>	<u>\$17.60/sf</u>

● **Source of Funding:** FRF Operating Funds● **FRF Rate:** \$18.00**Comment:** This lease will provide administrative office space for Department of Safety.

A request for waiver of advertisement and to amend the current lease by three years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the market phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this Lease. An owned option is also being considered.

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: 05/22/2018 ESC Approved a lease amendment with waiver of advertisement**Minutes:** 04/19/2021 ESC Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 17-07-902

- **Proposed Amendment**

- **Term:** 5 years (July 1, 2019 – June 30, 2024)

- **Area / Costs:** 13,000 Square Feet

Annual Contract Rent (Year 3)	\$135,252.00	\$10.40/sf
Average Annual Contract Rent	137,975.07	10.45/sf
Estimated Annual Utility Cost	22,750.00	1.75/sf
Estimated Annual Janitorial Cost	14,300.00	1.10/sf
Total Average Annual Effective Cost	\$175,025.07	\$13.30/sf

- **Current Lease**

- **Location:** Washington County – 2557 Plymouth Ave., Johnson City, TN

- **Landlord:** Peter A. Paduch & Ben A. Paduch D/B/A Homesat, TN General Partnership

- **Term:** 2 years (July 1, 2019 – June 30, 2021)

- **Area / Costs:** 13,000 Square Feet

Annual Contract Rent	\$132,600.00	\$10.20/sf
Estimated Annual Utility Cost	22,750.00	1.75/sf
Estimated Annual Janitorial Cost	14,300.00	1.10/sf
Total Average Annual Effective Cost	\$169,650.00	\$13.05/sf

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

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Human Services and Tennessee Commission on Children and Youth. The original Lease did not require ESC approval.

A request for waiver of advertisement and to amend the current lease by three years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the preliminary phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agencies are confident a new procurement can be awarded prior to expiration of this lease.

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: 04/19/2021 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 09-06-920

- **Proposed Amendment**

- **Term:** 13 years (August 1, 2011 – July 31, 2024)

- **Area / Costs:** 5,650 Square Feet

Annual Contract Rent (Years 11 -13)	\$66,148.00	\$11.71/sf
Estimated Annual Utility Cost	9,887.50	1.75/sf
Estimated Annual Janitorial Cost	6,215.00	1.10/sf
Total Average Annual Effective Cost	\$82,250.50	\$14.56/sf

- **Current Lease**

- **Location:** Williamson County – 203 Beasley Drive, Suite A, Franklin, TN

- **Landlord:** Charles and Carol Raines

- **Term:** 10 years (August 1, 2011 – July 31, 2021)

- **Area / Costs:** 5,650 Square Feet

Annual Contract Rent (Years 1-10)	\$66,148.00	\$11.71/sf
Estimated Annual Utility Cost	9,887.50	1.75/sf
Estimated Annual Janitorial Cost	6,215.00	1.10/sf
Total Average Annual Effective Cost	\$82,250.50	\$14.56/sf

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

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Human Services.

A request for waiver of advertisement and to amend the current lease by three years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the advertisement phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this lease.

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: 12/21/2009 ESC Approved a lease agreement**Minutes:** 04/19/2021 ESC Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 20-08-904● **Proposed Lease**

- **Location:** Union County – 1403 Main Street, Maynardville, TN
- **Landlord:** Teresa Susan Ball Trust, Roger A. Ball, Trustee
- **Term:** Ten (10) years
- **Area / Costs:** 3,350 Square Feet

Annual Contract Rent (includes utilities & janitorial)	\$50,250.00	\$15.00/sf
Total Annual Effective Cost	\$50,250.00	\$15.00/sf

● **Current Lease**

- **Location:** Union County – 1403 Main Street, Maynardville, TN
- **Landlord:** Ball Family Investments, L.P., a Tennessee limited partnership
- **Term:** 2 years (September 1, 2020 – August 31, 2022)
- **Area / Costs:** 4,416 Square Feet

Annual Contract Rent	\$42,040.32	\$9.52/sf
Estimated Utilities Cost	7,728.00	1.75/sf
Estimated Janitorial Cost	4,857.60	1.10/sf
Total Annual Effective Cost	\$54,625.92	\$12.37/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Human Services. One proposal from one proposer was received and evaluated. Alternative Workplace Solutions has been implemented at this location. The proposed location will be renovated to meet the State's needs. The lease is estimated to commence on or before August 2022 based on the renovations needed.

The tenant may terminate this lease after the 36th month of the lease by giving 90 days written notice to the landlord.

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: 04/19/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease and bridge lease

Transaction Description: Transaction No. 17-06-936 & 21-02-907

● **Proposed Lease**

- **Location:** Bradley County – 2703 Ralph Buckner Boulevard NE, Cleveland, TN
- **Landlord:** Williams Family Properties, LP
- **Term:** 10 Years
- **Area / Costs:** 14,260 Square Feet

Annual Contract Rent (Years 1-5)	\$156,860.00	\$11.00/sf
Average Annual Contract Rent	158,428.60	11.11/sf
Estimated Utilities Cost	24,955.00	1.75/sf
Estimated Janitorial Cost	15,686.00	1.10/sf
Total Average Annual Effective Cost	\$199,069.60	\$13.96/sf

● **Proposed Bridge Lease**

- **Location:** Bradley County – 2703 Ralph Buckner Boulevard NE, Cleveland, TN
- **Landlord:** Williams Family Properties, LP
- **Term:** 2 years (September 1, 2021 – August 31, 2023)
- **Area / Costs:** 16,000 Square Feet

Annual Contract Rent	\$145,120.08	\$9.07/sf
Estimated Utilities Cost	28,000.00	1.75/sf
Estimated Janitorial Cost	17,600.00	1.10/sf
Total Annual Effective Cost	\$190,720.08	\$11.92/sf

● **Current Lease**

- **Location:** Bradley County – 2703 Ralph Buckner Boulevard NE, Cleveland, TN
- **Landlord:** Williams Family Properties, LP
- **Term:** 10 years (July 1, 2006 to June 30, 2016) (Holdover)
- **Area / Costs:** 16,000 Square Feet

Annual Contract Rent	\$145,120.08	\$9.07/sf
Estimated Utilities Cost	22,400.00	1.40/sf
Estimated Janitorial Cost	17,600.00	1.10/sf
Total Annual Effective Cost	\$185,120.08	\$11.57/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. Alternative Workplace Solutions has been implemented at this location. Two proposals from one proposer were received and evaluated. The proposed location will be renovated to meet the State’s needs. The lease is estimated to commence in December 2022 based on the renovations needed.

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

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

The Knox Office Realty broker commission is \$25,654.46 for the 10-year term.

The bridge lease will bridge the gap in time between the expiration date of the current lease and the ten-year lease. The tenant may terminate this bridge lease for convenience at any time with 30 days written notice to the landlord. It is in the best interest of the State to allow continuity of operations at this location until the new lease is ready for occupancy. Advertising is not required for the bridge lease amendment pursuant to SBC Policy.

Previous Action: 06/20/2005 ESC Approved lease agreement

Minutes: 04/19/2021 ESC Approved a lease and bridge lease

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval to waive advertisement**Transaction Description:** Transaction No. 21-02-900● **Proposed Lease**

- **Location:** Shelby County - 60 South Second Street / One Commerce Center Parking Garage
- **Landlord:** One Commerce Square Realty, LP
- **Term:** 8 years, 4 months (June 1, 2021-September 30, 2029) with two 5-year renewal options
- **Area/Costs:** 44 Parking Spaces

● **Current License**

- **Location:** Shelby County - 60 South Second Street / One Commerce Center Parking Garage
- **Landlord:** One Commerce Square Realty, LP
- **Term:** June 1, 2020 – May 31, 2021
- **Area / Costs:** 44 Parking Spaces / \$8,750 monthly

● **Source of Funding:** FRF Operating Funds● **Procurement Method:** Waiver of Advertisement**Comment:**

This lease would provide parking for state employees located in the One Commerce Square Office leased location. The office space lease expires September 30, 2029; and includes two 5-year renewal options. DGS has historically secured this parking annually, but this lease will secure this parking for the full term of the current One Commerce office lease in downtown Memphis. This parking is special and unique because it is for special parking needs that are required to be immediately accessible, and this location is the only parking that is connected to the One Commerce Building. There are 25 parking spaces at this location included in the office lease and general parking is currently located in a separate lease with a term that aligns with the office lease.

The state currently houses approximately 400 state employees from various agencies including the departments of Children's Services, Correction, Health, Human Services, and Labor and Workforce Development as well as the Alcoholic Beverage Commission, Attorney General, Human Rights Commission, Strategic Technology Solutions, Comptroller of the Treasury and the Tennessee Commission on Children and Youth.

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: 04/19/2021 Approved waiving advertisement

Approved:



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