

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
May 24, 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

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

PRESENTER

State Architect Ann McGauran
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: **University of Memphis**
Transaction: Disposal – Lease (Space)
Provision(s): Waiver of advertisement

- B. Agency: **University of Memphis**
Transaction: Disposal – Lease (Space)
Provision(s): Waiver of advertisement and appraisal

- C. Agency: **University of Tennessee**
Transaction: Other – Contract Amendment IV
Provision(s): n/a

- D. Agency: **University of Tennessee Health Science Center**
Transaction: Acquisition – Sublease (Space)
Provision(s): Waiver of advertisement and appraisals

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

- F. Agency: **Department of Environment & Conservation**
Transaction: Disposal – Fee
Provision(s): Waiver of one appraisal

- G. Agency: **Department of Environment & Conservation**
Transaction: Acquisition & Disposal – Fee (land swap)
Provision(s): Waiver of advertisement and one appraisal

- H. Agency: **Department of Environment & Conservation**
Transaction: Acquisition – Fee (Gift)
Provision(s): Waiver of advertisement and appraisals

- I. Agency: **Department of Environment & Conservation**
Transaction: Acquisition – Fee
Provision(s): Waiver of advertisement and one appraisal

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

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

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

TENNESSEE STATE UNIVERSITY

Disposal – Lease (Land)

Requested Action: **Approval of waiver of advertisement and appraisals**

Transaction Description: Transaction No. 21-05-009
• **Location:** TSU – Avon Williams Campus
 Davidson County - 330 10th Ave. S., Nashville, TN
• **Tenant:** Streetlights Residential Inc. (SRI)
• **Term:** 30 months (June 1, 2022 – November 30, 2024), plus extensions for construction delays
• **Area / Costs:** 0.63 +/- acres / negotiated

Comment: TSU is requesting approval to enter further negotiations with SRI on a proposed lease for a portion of TSU's Avon Williams Campus parking lot. The proposed lease would encompass an area that includes 53 parking spaces and associated drive aisles. SRI is under contract to purchase the adjacent property and needs a portion of the TSU parking lot in order to construct a residential tower on that adjacent property. TSU is developing a plan to mitigate the impact of the lost parking spaces and does not believe that a lease will hamper TSU's current or future operations at this campus.

The request to waive advertisement and negotiate exclusively with SRI is based on initial discussions with SRI regarding the benefits to TSU associated with a proposed lease. TSU does not consider this property to be surplus and is only interested in leasing space to SRI because of the benefits to TSU from such a relationship, including scholarship funding and paid internship opportunities for TSU students. As a result, TSU will not be offering the opportunity to utilize TSU's Avon Williams Campus parking lots to any other state agencies.

TSU has researched the average long-term parking costs in downtown Nashville and believes that the rate it will receive from SRI will equal that average. Accordingly, TSU requests waiver of appraisals.

Date of Last Transfer: NA
Original Cost to State: NA
Square Footage Improvements: NA

Minutes: 05/24/2021 Approved waiver of advertisement and appraisals.

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 15-01-904

● **Proposed Amendment**

○ **Term:** 8 years (November 1, 2016 – October 31, 2024)

○ **Area / Costs:** 4,311 Square Feet

Annual Contract Rent (incl. utilities)	\$73,287.00	\$17.00/sf
Estimated Janitorial Cost	<u>4,742.10</u>	<u>1.10/sf</u>
Total Annual Effective Cost	<u>\$78,029.10</u>	<u>\$18.10/sf</u>

● **Current Lease**

○ **Location:** Greene County – 219 West Depot Street, Greeneville, TN

○ **Landlord:** FDA – Greeneville LLC

○ **Term:** 5 years (November 1, 2016 – October 31, 2021)

○ **Area / Costs:** 4,311 Square Feet

Annual Contract Rent (incl. utilities)	\$73,287.00	\$17.00/sf
Estimated Janitorial Cost	<u>4,742.10</u>	<u>1.10/sf</u>
Total Annual Effective Cost	<u>\$78,029.10</u>	<u>\$18.10/sf</u>

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

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Correction. 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 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.

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: 05/24/2021 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. 13-01-925

● **Proposed Amendment**

○ **Term:** 8 years (October 1, 2016 – September 30, 2024)

○ **Area / Costs:** 4,993 Square Feet

Annual Contract Rent (incl. Utilities & Janitorial)	\$119,832.00	\$24.00/sf
Total Annual Effective Cost	\$119,832.00	\$24.00/sf

● **Current Lease**

○ **Location:** Lawrence County – 1004 Buffalo Road, Lawrenceburg, TN

○ **Landlord:** Doss Brothers Farms

○ **Term:** 5 years (October 1, 2016 – September 30, 2021)

○ **Area / Costs:** 4,993 Square Feet

Annual Contract Rent (incl. Utilities & Janitorial)	\$119,832.00	\$24.00/sf
Total Annual Effective Cost	\$119,832.00	\$24.00/sf

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

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Correction. 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 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.

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: 05/24/2021 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. 06-07-911

● **Proposed Amendment**

○ **Term:** 13 years (November 1, 2011 – October 31, 2024)

○ **Area / Costs:** 7,800 Square Feet

Annual Contract Rent	\$146,940.00	\$18.84/sf
Estimated Utilities Cost	13,650.00	1.75/sf
Estimated Janitorial Cost	8,580.00	1.10/sf
Total Annual Effective Cost	\$169,210.00	\$21.69/sf

● **Current Lease**

○ **Location:** Hamilton County – 4873 Dayton Blvd., Red Bank, TN

○ **Landlord:** Pedigo Red Bank Properties, LP

○ **Term:** 10 years (November 1, 2011 – October 31, 2021)

○ **Area / Costs:** 7,800 Square Feet

Annual Contract Rent	\$146,940.00	\$18.84/sf
Estimated Utilities Cost	13,650.00	1.75/sf
Estimated Janitorial Cost	8,580.00	1.10/sf
Total Annual Effective Cost	\$169,210.00	\$21.69/sf

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

● **FRF Rate:** \$18.00

Comment: This lease will provide office space for the Department of Safety – Driver Services Center and Tennessee Highway Patrol.

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.

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: 04/21/2008 ESC Approved lease agreement

Minutes: 05/24/2021 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. 07-04-917

● **Proposed Amendment**

○ **Term:** 13 years 6 months (August 1, 2009 – January 31, 2023)

○ **Area / Costs:** 5,800 Square Feet

Annual Contract Rent (includes water & sewer)	\$87,000.00	\$15.00/sf
Estimated Utilities Cost	8,410.00	1.45/sf
Estimated Janitorial Cost	6,380.00	1.10/sf
Total Annual Effective Cost	\$101,790.00	\$17.55/sf

● **Current Lease**

○ **Location:** Hardin County – 880 Pickwick Street, Savannah, TN

○ **Landlord:** J. Gilbert Parrish, Jr.

○ **Term:** 12 years (August 1, 2009 – July 31, 2021)

○ **Area / Costs:** 5,800 Square Feet

Annual Contract Rent (includes water & sewer)	\$87,000.00	\$15.00/sf
Estimated Utilities Cost	8,410.00	1.45/sf
Estimated Janitorial Cost	6,380.00	1.10/sf
Total Annual Effective Cost	\$101,790.00	\$17.55/sf

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

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Safety - Driver Services Center and Tennessee Highway Patrol.

A request for waiver of advertisement and to amend the current amendment by eighteen months 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 new lease was approved by ESC in October 2020 and is expected to commence November 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.

Previous Action: 02/25/2008 ESC Approved lease agreement
 06/24/2019 ESC Approved a lease amendment with waiver of advertisement

Minutes: 05/24/2021 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. 14-10-914

● **Proposed Amendment**

○ **Term:** 8 years (November 1, 2016 – October 31, 2024)

○ **Area / Costs:** 6,040 Square Feet

Annual Contract Rent (Years 6-8)	\$137,168.40	\$22.71/sf
Estimated Utility Cost	10,570.00	1.75/sf
Estimated Janitorial Cost	6,644.00	1.10/sf
Total Annual Effective Cost	<u>\$154,382.40</u>	<u>\$25.56/sf</u>

● **Current Lease**

○ **Location:** Shelby County – 5266 Summer Avenue, Memphis, TN

○ **Landlord:** Belz Investco, LP

○ **Term:** 5 years (November 1, 2016 – October 31, 2021)

○ **Area / Costs:** 6,040 Square Feet

Annual Contract Rent (Year 5)	\$137,168.40	\$22.71/sf
Estimated Utility Cost	10,570.00	1.75/sf
Estimated Janitorial Cost	6,644.00	1.10/sf
Total Annual Effective Cost	<u>\$154,382.40</u>	<u>\$25.56/sf</u>

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

● **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Safety – Driver Services Center. 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 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.

The tenant may terminate this lease for convenience at any time with 90 days written notice to the landlord and without 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: 05/24/2021 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease and bridge lease

Transaction Description: Transaction No. 19-09-903 & 21-03-908

● **Proposed Lease**

- **Location:** Hamblen County – 222 Bowman Street, Morristown, TN
- **Landlord:** B C & M Development
- **Term:** 10 Years
- **Area / Costs:** 11,575 Square Feet

First Year Annual Contract Rent	\$115,749.96	\$10.00/sf
Average Annual Contract Rent	127,324.98	11.00/sf
Estimated Utilities Cost	20,256.25	1.75/sf
Estimated Janitorial Cost	12,732.50	1.10/sf
Total Average Annual Effective Cost	\$160,313.73	\$13.85/sf

● **Proposed Bridge Lease**

- **Location:** Hamblen County – 222 Bowman Street, Morristown, TN
- **Landlord:** B C & M Development
- **Term:** 2 Years (October 1, 2021 – September 30, 2023)
- **Area / Costs:** 14,800 Square Feet

Annual Contract Rent	\$231,727.72	\$15.66/sf
Estimated Utilities Cost	25,900.00	1.75/sf
Estimated Janitorial Cost	16,280.00	1.10/sf
Total Annual Effective Cost	\$273,907.72	\$18.51/sf

● **Current Lease**

- **Location:** Hamblen County – 222 Bowman Street, Morristown, TN
- **Landlord:** B C & M Development
- **Term:** 10 years (October 1, 2004 to September 30, 2014) (Holdover)
- **Area / Costs:** 14,800 Square Feet

Current Annual Contract Rent (Year 10)	\$231,727.72	\$15.66/sf
Average Annual Contract Rent	\$203,598.50	13.76/sf
Estimated Utilities Cost	20,720.00	1.40/sf
Estimated Janitorial Cost	16,280.00	1.10/sf
Total Average Annual Effective Cost	\$240,598.50	\$16.26sf

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

Comment: This lease will provide office space for the Department of Human Services call center. Alternative Workplace Solutions will be implemented at this location. Four proposals were received and evaluated. The proposed location will be renovated to meet the Agency's needs. The lease is estimated to commence February 2023 based on the renovations needed.

The tenant may terminate this lease after 60 months 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.

The Knox Office Realty broker commission is \$20,753.95 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 pursuant to SBC Policy.

Previous Report:	05/27/2004	ESC	Approved lease agreement
Minutes:	05/24/2021	ESC	Approved a lease and bridge lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 19-03-931 & 19-05-904

● **Proposed Lease**

- **Location:** Johnson County – 370 Cold Springs Road, Suites A & B, Mountain City, TN
- **Landlord:** Johnson County Government
- **Term:** 10 Years
- **Area / Costs:** 7,813 Square Feet

First Year Annual Contract Rent	\$117,195.00	\$15.00/sf
Average Annual Rent	119,148.25	15.25/sf
Estimated Utilities Cost	13,672.35	1.75/sf
Estimated Janitorial Cost	8,594.30	1.10/sf
Total Average Annual Effective Cost	\$141,415.30	\$18.10/sf

● **Current Lease**

- **Location:** Johnson County – 370 Cold Springs Road, Suites A & B, Mountain City, TN
- **Landlord:** Johnson County Government
- **Term:** 2 years (January 1, 2021 to December 31, 2022)
- **Area / Costs:** 5,773 Square Feet

Annual Contract Rent	\$69,276.00	\$15.46/sf
Estimated Utilities Cost	10,102.75	1.75/sf
Estimated Janitorial Cost	6,350.30	1.10/sf
Total Annual Effective Cost	\$105,729.05	\$18.31/sf

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

Comment: This lease will provide office space for Department of Human Services and the Department of Children’s Services (DCS). While Alternative Workplace Solutions will be implemented at this location, DCS space is being increased to meet agency programmatic needs, resulting in an overall increase in the leased space. Advertisement is not required pursuant to TCA section 12-2-114. The proposed location will be renovated to meet the State’s needs. The lease is estimated to commence January 2023 based on the renovations needed. The original Lease did not require ESC approval.

Rent increases for years 6-10 to \$15.50/sf.

The tenant may terminate this lease for convenience at any time after the 36th month of the lease term with 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: 05/24/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease and bridge lease

Transaction Description: Transaction No. 19-03-928 & 21-02-908

● **Proposed Lease**

- **Location:** Sullivan County – 727 N. Eastman Road, Kingsport, TN
- **Landlord:** Richard O. Ripley
- **Term:** 13 Years
- **Area / Costs:** 8,060 Square Feet

Annual Contract Rent	\$193,440.00	\$24.00/sf
Estimated Utilities Cost	14,105.00	1.75/sf
Estimated Janitorial Cost	8,866.00	1.10/sf
Total Average Annual Effective Cost	\$216,411.00	\$26.85/sf

● **Proposed Bridge Lease**

- **Location:** Sullivan County – 1060 Wilcox Court, Kingsport, TN
- **Landlord:** Marie J. Brooks
- **Term:** 2 Years (December 1, 2021 – November 30, 2023)
- **Area / Costs:** 16,600 Square Feet

Annual Contract Rent	\$223,934.00	\$13.49/sf
Estimated Utilities Cost	29,050.00	1.75/sf
Estimated Janitorial Cost	18,260.00	1.10/sf
Total Annual Effective Cost	\$271,244.00	\$16.34/sf

● **Current Lease**

- **Location:** Sullivan County – 1060 Wilcox Court, Kingsport, TN
- **Landlord:** Marie J. Brooks (formerly J. Fred Brooks & Marie J. Brooks)
- **Term:** 10 years (April 1, 2006 - March 31, 2016) (Holdover)
- **Area / Costs:** 16,600 Square Feet

Annual Contract Rent	\$133,955.00	\$8.07/sf
Estimated Utilities Cost	23,240.00	1.40/sf
Estimated Janitorial Cost	18,260.00	1.10/sf
Total Annual Effective Cost	\$175,455.00	\$10.57/sf

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

Comment: This lease will provide office space for the Department of Human Services. Alternative Workplace Solutions is being implemented at this location. Two proposals from two proposers were received and evaluated. The proposed location will be constructed to meet the Agency's needs. The lease is estimated to commence in August 2023 based on the construction 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 lease is deemed to be in the state's best interest at this time.

The Knox Office Realty broker commission is \$81,728.40 for the 13-year term.

The two-year bridge lease will bridge the gap in time between the expiration date of the current lease and the new thirteen-year lease. The bridge lease does not permit Termination for Convenience during the two-year term. 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 pursuant to SBC Policy.

Previous Action: 04/25/2005 ESC Approved lease agreement

Minutes: 05/24/2021 ESC Treasurer Lillard asked about the current lease space rental rate and square footage as compared to the proposed lease rate of \$26.85 per square foot and the square footage. Deputy Commissioner John Hull stated that the Department of Human Services has gone through AWS and needs significant less space for the future. Treasurer Lillard asked if the rates are higher due to tenant improvements. Deputy Commissioner Hull replied that it is the market rate at this time and not due to the tenant improvements. DGS has chosen to do a longer term lease in order to lock that rate in since the rates have been going up. Treasurer Lillard asked if the department has looked into this pricing and are satisfied. Deputy Commissioner Hull replied yes and that it is the best available location they have.

Secretary Hargett asked if this was the lowest bid. Deputy Commissioner Hull replied that it was for that particular location.

The Subcommittee approved a lease and bridge lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease and bridge lease

Transaction Description: Transaction No. 17-10-900 & 21-03-900

● **Proposed Lease**

- **Location:** Washington County – 922 State of Franklin Road, Johnson City, TN
- **Landlord:** James Holdings LLC
- **Term:** 10 years with one 5-year renewal option
- **Area / Costs:** 5,100 Square Feet

First Year Contract Rent	\$214,965.00	\$42.15/sf
Average Annual Contract Rent	218,049.86	42.75/sf
Estimated Annual Utilities Cost	8,925.00	1.75/sf
Estimated Annual Janitorial Cost	5,610.00	1.10/sf
Total Average Annual Effective Cost	\$233,584.86	\$45.60/sf

● **Proposed Bridge Lease**

- **Location:** Washington County – 4717 Lake Park Drive, Johnson City, TN
- **Landlord:** CDP5, A Tennessee General Partnership
- **Term:** 2 years (June 1, 2021 – May 31, 2023)
- **Area / Costs:** 5,035 Square Feet

Annual Contract Rent	\$209,506.35	\$41.61/sf
Estimated Utilities Cost	8,811.25	1.75/sf
Estimated Janitorial Cost	5,538.50	1.10/sf
Total Annual Effective Cost	\$223,856.10	\$44.46/sf

● **Current Lease**

- **Location:** Washington County - 4717 Lake Park Drive, Johnson City, TN
- **Landlord:** CDP5, A Tennessee General Partnership
- **Term:** 10 years (January 1, 2006 – December 31, 2015) (Holdover)
- **Area / Costs:** 5,035 Square Feet

Annual Contract Rent	\$190,455.00	\$37.83/sf
Estimated Utilities Cost	7,049.00	1.40/sf
Estimated Janitorial Cost	5,538.50	1.10/sf
Total Annual Effective Cost	\$203,042.50	\$40.33/sf

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

Comment: This lease and bridge lease will provide space for Department of Safety and Homeland Security. This is for both the Driver Services Center and the Commercial Driver's License (CDL) testing pad. Five proposals from five proposers were received and evaluated. This location, while having the second lowest cost, is recommended because (i) this location has superior ingress and egress access, with traffic lights at two entrances; and (ii) this site allows for the CDL pad to be optimally configured to improve the quality of timed tests and parking capacity. The proposed location will be constructed to meet the State's needs. The lease is estimated to commence on or before in April 2023 based on the construction needed. The lease states that if construction of the CDL testing pad is completed prior to the office building then the rent

will be \$11,326.25 per month each month until the office building is completed. The lease also contains a contingency allowing the landlord to terminate the lease without penalty if the landlord is unable to obtain a loan to fund the construction of the tenant improvements within 90 days of lease execution.

It is anticipated that the proposed new lease will be considered a special use facility per SBC policy 14.01 due to the unique features required.

Rent adjusts in the renewal option, if exercised, to \$42.45 in year 11, \$42.88/sf in year 12, \$43.31/sf in year 13, \$43.74/sf in year 14, and \$44.18//sf in year 15.

The tenant may terminate this lease for convenience at any time after the 84th month of the lease term with 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.

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 not terminate this bridge lease for convenience. 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 pursuant to SBC Policy.

Minutes:

05/24/2021 DGS requested that the item be deferred to next month's meeting.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on April 19, 2021 with corrections to the Proposed Amendment Area/Costs and Current Lease Area/Costs information on page 19.

• **Proposed Amendment**

○ Area / Costs:	<u>7,370 Square Feet</u>		
	Annual Contract Rent (includes utilities)	\$121,605.00	\$16.50/sf
	Estimated Annual Janitorial Cost	8,107.00	1.10/sf
	Total Annual Effective Cost	<u>\$129,712.00</u>	<u>\$17.60/sf</u>

• **Current Lease**

○ Area / Costs:	<u>7,370 Square Feet</u>		
	Annual Contract Rent (includes utilities)	\$121,605.00	\$16.50/sf
	Estimated Annual Janitorial Cost	8,107.00	1.10/sf
	Total Annual Effective Cost	<u>\$129,712.00</u>	<u>\$17.60/sf</u>

Report of Items Submitted to the ESC

- 1) Status Update Reports from the State Procurement Agencies in accordance with SBC Policy & Procedures Item 2.03.
- 2) TWRA Crop Lease Report 2020 in accordance with SBC By-Laws, Policy & Procedures Item 7.05B.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following six capital projects with total project cost of \$100,000 - \$500,000 in accordance with Item 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:
 - State Procurement Agency:** Tennessee Board of Regents / Roane State Community College
Location: Harriman, Tennessee
Project Title: Dunbar Classroom Elevator Replacement
Project Description: Replace elevator in the Dunbar Classroom Building and Gymnasium.
SBC Project No. 166/027-02-2018
Total Project Budget: \$488,000.00
Source of Funding: \$320,000.00 18/19 CurrFunds-CapMaint (A)
\$168,000.00 Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding (increase of \$16,100)
Approval Date: 04/26/2021

- 2) **State Procurement Agency:** Tennessee Board of Regents / Pellissippi State Community College
Location: Knoxville, Tennessee
Project Title: Blount County Fountain Replacement
Project Description: Replace decorative fountain in the Blount County campus plaza. *Remove existing planters adjacent to the fountain.*
SBC Project No. 166/032-02-2019
Total Project Budget: \$430,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in scope
Approval Date: 04/29/2021
- 3) **State Procurement Agency:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: Housing Maintenance Several Buildings
Project Description: Housing repairs and maintenance in multiple buildings to include kitchen, bathroom, exterior, plumbing and lighting and repairs, and other maintenance projects. Maintenance work to be completed in Buc Ridge, Carter, Davis, Luntsford, Lucille Clement, and Powell Hall.
SBC Project No. 369/005-13-2019
Total Project Budget: \$499,000.00
Source of Funding: Plant Funds (Aux-Housing) (A)
Approval: Approved a revision in project budget and funding in order to award a contract (increase of \$49,000)
Approval Date: 05/11/2021
- 4) **State Procurement Agency:** STREAM / Department of General Services
Location: Nashville, Tennessee
Project Title: Ellington Ag Bruer Building Roof and Window Replacement
Project Description: Removal and replacement of the roof, windows, and all required related work.
SBC Project No. 100/000-01-2019
Total Project Budget: \$460,000.00
Source of Funding: \$220,000.00 18/19 FRF CurrFunds-CapMaint (A/R)
\$240,000.00 19/20 FRF CurrFunds-CapMaint (MP) (A)
Approval: Approved a revision in funding and awarding a construction contract to the Best Value proposer (Fuel Tank Maintenance Company, LLC dba FTM Contracting) (correction to source of funding)
Approval Date: 05/06/2021
- 5) **State Procurement Agency:** STREAM / Department of Intellectual & Developmental Disabilities
Location: Nashville, Tennessee
Project Title: MTRO Old Hickory Cottage Renovation
Project Description: Interior finish upgrades, painting, plumbing, furniture, equipment, lighting fixture replacement, and all required related work.
SBC Project No. 346/003-01-2021
Total Project Budget: \$300,000.00
Source of Funding: Federal Grant (OCJP-COVID) (F)
Approval: Approved project utilizing a previously selected designer
Approval Date: 04/29/2021

- 6) **State Procurement Agency:** STREAM / Department of General Services
Location: Nashville, Tennessee
Project Title: TN Residence Stormwater System Replacement Phase 1
Project Description: Replacement of a portion of the stormwater system and all required related work.
SBC Project No. 529/028-01-2021
Total Project Budget: \$310,000.00
Source of Funding: FRF Reserves (R)
Approval: Approved project, to select a designer, and utilizing the IDIQ Delivery Method to perform the work
Approval Date: 05/06/2021

Approvals of Revisions to Existing Capital Projects

- Reported the following approval of an alternate construction delivery method in accordance with Item 2.04(B)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Carousel Theatre Replacement
Project Description: This project will replace the Ula Love Doughty Carousel Theatre with a new theatre. The new structure will enable the Department of Theater to accommodate greater flexibility in not only the types of performances but also solve safety and code issues which were major obstacles in the existing structure. It will provide a new performance hall, theater support, shops, and patron support spaces.
SBC Project No. 540/009-08-2021
Total Project Budget: \$15,000,000.00
Current Project Funding: \$ 600,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved utilizing CM/GC as alternative delivery method
Approval Date: 04/29/2021
- 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:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Classroom Upgrades (19/20)
Project Description: This project will upgrade multiple classrooms in multiple buildings including new technology, finishes, furnishings, flooring, lighting, ceilings, building systems, and safety improvements.
SBC Project No. 540/009-06-2020
Total Project Budget: \$5,000,000.00
Current Project Funding: \$3,590,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project funding (increasing designer fee and reducing admin/misc.)
Approval Date: 04/29/2021

Approvals of Acquisitions and Disposals of State Property

- Reported the following disposal easement in accordance with Item 2.04(E)(3) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee – Knoxville
Transaction Description: Transaction No. 21-03-002
Location: University of Tennessee – Knoxville (UTK)
Knox County – 17,496 sf and 1,146 sf permanent access and utility easements and 7,845 sf and 5,900 sf temporary construction easements – 2040 Sutherland Avenue, Knoxville, TN
Grantee: Knoxville Utilities Board (KUB)
Estimated Sale Price: Mutual Benefit
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved disposal by easement with waiver of advertisement and appraisals
Approval Date: 04/28/2021

Designer Selections

- Reported the following three 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 Board of Regents / Volunteer State Community College
Location: Gallatin, Tennessee
Project Title: Parking Lot Repairs
SBC Project No. 166/025-01-2021
Total Project Budget: \$180,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: HFR, Inc.
Approval Date: 04/16/2021
 - 2) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Crawford Hall Roof Replacement
SBC Project No. 364/011-01-2021
Total Project Budget: \$450,000.00
Source of Funding: Plant Funds (Aux-Housing) (A)
Designer: Richard C. Rinks & Associates, Inc.
Approval Date: 04/16/2021
 - 3) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Craft Center Housing Roof Replacement
SBC Project No. 364/031-01-2021
Total Project Budget: \$350,000.00
Source of Funding: Plant Funds (Aux-Housing) (A)
Designer: Roof Design & Consulting Services, Inc.
Approval Date: 04/16/2021

- 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.

1) **Smyrna Volunteer Training Site**
(Building 200 Re-Roof and Facility Update)
Total Project Budget: \$2,340,000.00
SBC Project No. 361/079-01-2021
Designer: **Tinker Ma, Inc.**

3) **RS Gass Complex**
(Abandoned Buildings Demolition)
Total Project Budget: \$1,457,100.00
SBC Project No. 529/020-01-2021
Designer: **Centric Architecture, Inc.**

2) **Tullahoma Volunteer Training Site**
(Transient Training Open Bay Barracks)
Total Project Budget: \$1,725,000.00
SBC Project No. 361/093-01-2021
Designer: **Hefferlin + Kronenberg Architects, PLLC**

Other Business

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

UNIVERSITY OF MEMPHIS**Disposal – Lease (Space)****Requested Action:** Approval of disposal by lease with waiver of advertisement

Transaction Description: Transaction No. 21-05-002

- **Location:** University of Memphis - The Rawlins Service Court
506 University, Room 201, Memphis, TN 38152
- **Tenant:** Southern College of Optometry, DBA University Eye Care (University Eye Care)
- **Term:** 5 years (June 26, 2021 - June 25, 2026)
- **Area / Costs:** 1,485 Square Feet/\$30,442.50 per yr. (\$20.50/sf), plus 3% annual increase

Comment: The purpose is to lease space to University Eye Care in The Rawlins Service Court on the UoM campus. University Eye Care has been operating in partnership with UoM at this location for several years, and under this lease will continue to provide eye health and vision care, dispense eyeglasses, perform eye exams, and provide information to University faculty, staff, and students on campus. Tenant will provide training opportunities to interested students on campus. A waiver of advertising is requested because of the anticipated benefits to the UoM students. A qualified State Appraiser has assessed the proposed rent and determined it is Fair Market Value.

UoM will be responsible for all maintenance and standard utility and janitorial costs during the term of the lease. Either party has the right to terminate for convenience on 60 days' notice.

Minutes: 05/24/2021 Approved disposal by lease with waiver of advertisement

UNIVERSITY OF MEMPHIS**Disposal – Lease (Space)**

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

Transaction Description: Transaction No. 21-05-001

- **Location:** University of Memphis – FedEx Institute of Technology
365 Innovation Drive, Memphis, TN
- **Tenant:** UMRF Ventures, Inc.
- **Term:** 3 years (August 1, 2021 - July 31, 2024)
- **Area / Costs:** 1,091 Square Feet/\$53,045.04 per year (\$48.62/sf), plus a 3% annual increase

Comment: The purpose is to lease space to UMRF Ventures, a wholly owned subsidiary of the University of Memphis Research Foundation, for a Call Center in the FedEx Institute of Technology Building on the UoM campus. UMRF Ventures will provide a student-operated center which will give students an integrative opportunity to study, live and work on campus which has a significant positive impact on retention, early graduation and academic performance. A waiver of advertising and appraisal are requested because of the anticipated benefits to the UoM Students. The square footage rate is comparable to the rate approved in Transaction No. 18-01-904, another UMRF Ventures disposal lease in this same building.

UoM will be responsible for all maintenance and standard utility and janitorial costs during the term of the lease. Either party has the right to terminate on 60 days' notice.

Minutes: 05/24/2021 Approved disposal by lease with waiver of advertisement and appraisal

UNIVERSITY OF TENNESSEE**Other - Contract Amendment IV**

Requested Action: Approval of an amendment to the Agreement for Development Management Services

Transaction Description: Transaction No. 12-02-013

- **Proposed Amendment**

- **Term:** September 1, 2012 – August 31, 2024
- **Costs:** Up to a maximum of \$800K per year and with the \$2M lump sum payment, not to exceed \$9.4M over twelve (12) years

- **Current Agreement**

- **Location:** Cherokee Farm Innovation Campus, Knoxville
- **Developer:** University of Tennessee Research Foundation (UTRF)
- **Term:** September 1, 2012 – August 31, 2021
- **Costs:** Up to a maximum of \$800K per year and with the \$2M lump sum payment, not to exceed \$7.6M over nine (9) years

- **Source of Funding:** Plant Funds (Aux-ORNL Management Fee) (A)

Comment: This Amendment will extend the contract between the University and UTRF for the management and development of the UT Research Park at Cherokee Farm. The three-year term and financial commitment are consistent with the prior amendment.

Since 2018, UTRF has implemented several new strategies including marketing and establishing a stronger pipeline of research partner prospects and a new organizational structure resulting in an increase from five leases in 2018 to fifteen today.

Either party may terminate this agreement with ninety (90) days-notice and for cause.

Previous Action:

03/19/2012	Approved the Agreement for Development Management Services
11/23/2015	Approved an amendment to the Agreement for Development Management Services
08/14/2017	Approved an Amendment to the Agreement for Development Management Services for one year
06/27/2018	Approved an amendment to the Agreement for Development Management Services

Minutes: 05/24/2021 Approved an amendment to the Agreement for Development Management Services

UNIVERSITY OF TENNESSEE**Acquisition – Sublease (Space)****Requested Action:** Approval of a sublease with waiver of advertisement and appraisals**Transaction Description:** Transaction No. 21-05-013● **Proposed Sublease**

- **Location:** University of Tennessee Health Science Center (UTHSC)
Knox County – 1924 Alcoa Highway, Knoxville, TN
- **Landlord:** University Health System, Inc. (UHS)
- **Term:** 5 years (July 1, 2021 – June 30, 2026)
- **Area / Costs:** Up to 14,177 Square Feet

First Year Contract Rent (incl utilities, maint, janitorial)	\$269,363.00	\$19.00/sf
Average Annual Contract Rent (incl utilities, maint, janitorial)	\$286,016.95	\$20.17/sf
Total Annual Effective Cost	\$286,016.95	\$20.17/sf

● **Current Sublease**

- **Location:** University of Tennessee Health Science Center (UTHSC)
Knox County – 1924 Alcoa Highway, Knoxville, TN
- **Landlord:** University Health System, Inc.
- **Term:** May 1, 2007 – June 30, 2021
- **Area / Costs:** 11,215 Square Feet/Prepaid Rent plus \$174,000/year for operating expenses (see comment below)

● **Source of Funding:** Operating Funds● **Procurement Method:** Negotiated**Comment:**

In 2007, UTHSC expanded the College of Pharmacy to Knoxville and entered into an agreement with UHS for the construction of space on the UHS Campus (formerly the UT Medical Center). An addition to the College of Medicine Building was completed and UT reimbursed UHS for the cost of construction as prepaid rent through June 30, 2020. The agreement was extended for one year and will expire June 30, 2021. The University proposes to enter into a new sublease agreement to continue to offer the opportunity for second through fourth year students to attend classes on the Knoxville campus.

Waiver of advertisement is requested due to the location of the space on the UHS campus, need for adjacency to the UTHSC College of Medicine and medical library, and the build-out of the space specifically for this use. Waiver of appraisals is requested as the rental rate is below the market rate for comparable space in Knoxville.

The University may terminate with ninety (90) days prior notice.

Previous Action: 03/20/2006 Approved lease amendment with waiver of advertisement
05/26/2020 Approved a sublease amendment

Minutes: 05/24/2021 Approved a sublease with waiver of advertisement and appraisals

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. 21-03-007
 ● **Location:** Mt. Roosevelt Wildlife Management Area (MRWMA)
 Roane County – 22.99± acres – 400 Black Creek Road, Rockwood, TN
 ● **Owner(s):** Donnie R. McElhaney & Sharon L. McElhaney
 ● **Estimated Purchase Price:** Fair Market Value
 ● **Source of Funding:** 20/21 TWRA Op Funds (A)

Comment: This acquisition is an in-holding at MRWMA and will expand hunting, fishing, and public recreation opportunities at MRWMA.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	06/01/2018
Purchase Price:	\$0.00 (inter-family transfer)
Property Assessor's Value:	\$35,100.00
Square Footage Improvements:	N/A

Minutes: 05/24/2021 Approved acquisition in fee with waiver of advertisement and one appraisal

DEPARTMENT OF ENVIRONMENT & CONSERVATION**Disposal – Fee**

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

Transaction Description: Transaction Nos. 21-02-010, 21-05-003, 21-05-004, 21-05-005

- **Location:** Justin P. Wilson Cumberland Trail State Park
Cumberland County – 426.74 +/- acres – 8812 Chestnut Hill Road (TR 21-02-010)
Cumberland County – 151.04 +/- acres – Hebbertsburg Road (TR 21-05-003)
Cumberland County – 14.37 +/- acres – Chestnut Hill Road (TR 21-05-004)
Cumberland County – 30.40 +/- acres – Hebbertsburg Road (TR 21-05-005)
- **Estimated Sale Price:** Fair Market Value

Comment: These properties have been determined to be surplus to the Department's needs.

These properties were part of a larger tract of 6,958 +/- acres purchased under Transaction No. 19-08-001. The likelihood for disposal of land not needed for the trail was disclosed in the minutes approving the acquisition of the larger tract. This disposal will not hinder the trails planned for the Justin P. Wilson Cumberland Trail State Park.

The parcels are not contiguous and will be offered for sale on an individual, but contemporaneous, basis so that buyers can pursue one or more of the tracts.

Proceeds of the sale will be deposited into the State Lands Acquisition Fund per TCA §67-4-409.

Date of Last Transfer:	February 21, 2020
Previous Owner:	The Conservation Fund
Original Cost to State:	\$617,988.05
Square Footage Improvements:	N/A

Previous Action: 09/23/2019 ESC Approved acquisition in fee

Minutes: 05/24/2021 ESC Approved disposal in fee with waiver of one appraisal

DEPARTMENT OF ENVIRONMENT & CONSERVATION

Acquisition & Disposal – Fee (land swap)

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

Transaction Description 1: Transaction No. 20-10-005
Acquisition – Fee

- **Location:** Justin P. Wilson Cumberland Trail State Park
Morgan County – 12.43± acres – 0 Old Gobey Road, Wartburg, TN
- **Owner:** Wartburg Castle & Chapel of Wartburg, Morgan County, Tennessee, Inc.
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 20/21 State Lands Acquisition Fund (REM Fees) (A)

Transaction Description 2: Transaction No. 20-10-008
Disposal – Fee

- **Location:** Justin P. Wilson Cumberland Trail State Park
Morgan County – 12.43± acres – 0 SR-22, Wartburg, TN
- **Grantee:** Wartburg Castle & Chapel of Wartburg, Morgan County, Tennessee, Inc.
- **Estimated Sale Price:** Fair Market Value
- **Source of Funding:** 20/21 State Lands Acquisition Fund (REM Fees) (A)

Comment: This land swap will allow TDEC to acquire additional property to extend the Justin P. Wilson Cumberland Trail from Frozen Head State Park to the Emory River. In exchange for the new property, TDEC will dispose of property deemed surplus by the department that should equal the value of the acquisition.

No additional management costs are anticipated with this acquisition.

Acquisition Parcel:	Date of Last Transfer:	06/27/2006
	Purchase Price:	\$56,000.00(larger tract)
	Property Assessor’s Value:	\$56,000.00
	Square Footage Improvements:	N/A

Disposal Parcel:	Date of Last Transfer:	02/05/2008
	Purchase Price:	\$0.00 (larger tract)
	Property Assessor’s Value:	\$0.00
	Square Footage Improvements:	N/A

Minutes: 05/24/2021 Approved acquisition and disposition in fee with waiver of advertisement and one appraisal

DEPARTMENT OF ENVIRONMENT & CONSERVATION**Acquisition – Fee (Gift)**

Requested Action: Approval of acquisition with waiver of advertisement and appraisals

Transaction Description: Transaction No. 21-02-008

- **Location:** Clifty Creek Preserve
Morgan County – 77.78± acres – 0 Riggs Chapel Road, Harriman, TN
- **Owner(s):** The Nature Conservancy (TNC)
- **Estimated Purchase Price:** Gift
- **Source of Funding:** 20/21 State Lands Acquisition Fund (REM Fee) (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 property is a nature preserve currently managed by The Nature Conservancy to protect Virginia Spiraea and Spottfin Chub, both of which are state and federally threatened. TDEC plans to make Clifty Creek a State Natural Area and to open it to the public for educational and recreation purposes.

This tract is a portion of the approximately 120 acre area that was approved for acquisition previously (TR 17-03-014). The State and The Nature Conservancy were unable to come to an agreement with the owner of the remaining acreage.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	12/28/1999
Purchase Price:	\$46,000.00
Property Assessor's Value:	\$0.00
Square Footage Improvements:	N/A

Previous Action: 04/24/2017 ESC Executive Subcommittee approved the transaction

Minutes: 05/24/2021 ESC Approved acquisition with waiver of advertisement and appraisals

DEPARTMENT OF ENVIRONMENT & CONSERVATION

Acquisition – Fee

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

Transaction Description:

Transaction No. 21-04-009

• **Location:**

Virgin Falls State Natural Area

White County – 240 ± acres– Cove Historic Area, Sparta, TN

• **Owner(s):**

Pamela Ann Hardie

• **Estimated Purchase Price:**

Fair Market Value

• **Source of Funding:**

20/21 State Lands Acquisition Fund (A)

TennGreen Land Conservancy (TGLC) (O)

Friends of Virgin Falls (FVF) (O)

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 property will join Dog Cove through a trail corridor and is the northern access to the proposed Virgin Falls State Wilderness Park. The long-term plan will be to build a visitor contact station on the northwest corner of the parcel and add primitive camping sites as well.

TGLC is contributing \$100,000 towards the acquisition of this property and FVF is contributing \$22,000. The remainder of the purchase price will be funded by the State. There are no additional management costs anticipated with this transaction, however, future development is planned, and these costs will be addressed in future budgets.

Date of Last Transfer:	10/30/2010
Purchase Price:	\$0.00 (inter-family transfer)
Property Assessor’s Value:	\$701,700 (larger tract)
Square Footage Improvements:	N/A

Minutes:

05/24/2021 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. 06-01-909

● **Proposed Amendment**

○ **Term:** 15 years (August 1, 2009 – July 31, 2024)

○ **Area / Costs:** 7,200 Square Feet

Annual Contract Rent (Years 13-15)	\$80,546.64	\$11.19/sf
Estimated Utilities Cost	12,600.00	1.75/sf
Estimated Janitorial Cost	7,920.00	1.10/sf
Total Annual Effective Cost	\$101,066.64	\$14.04/sf

● **Current Lease**

○ **Location:** Macon County – 315 Highway 52 ByPass East, Lafayette, TN

○ **Landlord:** Pedigo-Lafayette Properties, LP

○ **Term:** 12 years (August 1, 2009 – July 31, 2021)

○ **Area / Costs:** 7,200 Square Feet

Annual Contract Rent (Years 1-12)	\$73,896.00	\$10.26/sf
Estimated Utilities Cost	12,600.00	1.75/sf
Estimated Janitorial Cost	7,920.00	1.10/sf
Total Annual Effective Cost	\$94,416.00	\$13.11/sf

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

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Children’s Services and 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 advertising 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: 09/25/2006 ESC Approved lease agreement
 05/20/2019 ESC Approved a lease amendment with waiver of advertisement

Minutes: 05/24/2021 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. 19-05-913● **Proposed Lease**

- **Location:** Gibson County – 2205 Hwy 45 Bypass S., Trenton, TN
- **Landlord:** Danny Corley and Dinah Corley
- **Term:** 7 years with one 3-year renewal option
- **Area / Costs:** 7,150 Square Feet

Annual Contract Rent	\$66,423.50	\$9.29/sf
Estimated Utility Cost	12,512.50	1.75/sf
Estimated Janitorial Cost	7,865.00	1.10/sf
Total Annual Effective Cost	\$86,801.00	\$12.14/sf

● **Current Lease**

- **Location:** Gibson County – 2205 Hwy 45 Bypass S., Trenton, TN
- **Landlord:** Danny Corley and Dinah Corley
- **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 Utilities Cost	12,180.00	1.40/sf
Estimated Janitorial Cost	9,570.00	1.10/sf
Total Annual Effective Cost	\$93,150.00	\$10.71/sf

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

Comment:

This lease will provide office space for Department of Human Services. Two proposals from two 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 lease is estimated to commence November 2022 based on the renovations.

This lease provides that the State will have the first right of offer to lease any additional space that becomes available in this building on the same terms as in 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.

The CBRE, Inc. broker commission is \$6,393.26 for the 7-year base term, if the renewal option is exercised the commission will be \$9,133.23.

Minutes: 05/24/2021 Approved a lease

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 17-06-938● **Proposed Lease**

- **Location:** Hamblen County – 2416 West Andrew Johnson Hwy, Morristown, TN
- **Landlord:** G O Haggard Family Limited Partnership
- **Term:** 7 Years
- **Area / Costs:** 5,295 Square Feet

Annual Contract Rent	\$48,449.28	\$9.15/sf
Estimated Utilities Cost	9,266.25	1.75/sf
Estimated Janitorial Cost	5,824.50	1.10/sf
Total Annual Effective Cost	\$63,540.03	\$12.00/sf

● **Current Lease**

- **Location:** Hamblen County – 2416 West Andrew Johnson Hwy, Morristown, TN
- **Landlord:** G O Haggard Family Limited Partnership
- **Term:** 3 years (July 1, 2020 to June 30, 2023)
- **Area / Costs:** 8,000 Square Feet

Annual Contract Rent	\$74,000.00	\$9.25/sf
Estimated Utilities Cost	14,000.00	1.75/sf
Estimated Janitorial Cost	8,800.00	1.10/sf
Total Annual Effective Cost	\$96,800.00	\$12.10/sf

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

Comment: This lease will provide office space for the Department of Human Services. Alternative Workplace Solutions will be implemented at this location. Six proposals from six proposers were received and evaluated. The proposed location will be renovated to meet the Agency's needs. The lease is estimated to commence February 2023 based on the renovations needed.

The tenant may terminate this lease after 36 months 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.

The Knox Office Realty broker commission is \$5,528.06 for the 7-year term.

Minutes: 05/24/2021 Approved a lease

Approved:



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