

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
April 25, 2013

The State Building Commission Executive Subcommittee met this day at 3:30 p.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee. Commissioner Emkes called the meeting to order at 3:30 p.m. and requested action on the following matters as presented by State Architect Bob Oglesby.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Chairman Mark Emkes, Commissioner, Department of Finance and Administration
Vice-Chairman Tre Hargett, Secretary of State
David Lillard, State Treasurer
Justin Wilson, Comptroller of the Treasury

OTHERS PRESENT

Bob Oglesby, State Architect
Georgia Martin, Office of the State Architect
Peter Heimbach, Department of General Services
Joy Harris, Treasurer's Office
Terry Mason, Comptroller's Office
Bruce Davis, Legislative Budget Office
Jonathan Rummel, Secretary of State's Office
Janie Porter, Attorney General's Office
Genie Whitesell, Attorney General's Office
John Carr, Department of Finance and Administration
Jason Hartman, Department of Finance and Administration
Steve Cates, Department of General Services
Chloe Shafer, Department of General Services
Steve Berry, Department of General Services
Ted Hayden, Office of the State Architect
Tami Robison, Department of General Services
John Fetzer, JLL

STATE BUILDING COMMISSION

Policy & Procedures - SBC

- 1) Subcommittee approved a request for non-substantive revisions to Item 7.07 - Evaluation of Proposals for State leases as found in the *SBC By-laws, Policy & Procedures*.

DEPARTMENT OF GENERAL SERVICES

Policy & Procedures – STREAM

- 1) Peter Heimbach presented a request for approval of a STREAM policy regarding setting the discount rate for leases as required in Item 7.07.B.1 of the *SBC By-laws, Policy & Procedures*. Comptroller Wilson stated it made sense and recommended approval of the item. Secretary Hargett questioned the time sensitivity of the request. Mr. Heimbach responded that the policy requires that the discount rate be set before they release any RFPs, and that the next action was to approve the template for releasing the RFPs for which the policy was needed. Secretary Hargett asked when this was discovered, and was told “within the last week”. Secretary Hargett stated he was bothered by receiving an email at 2:05 p.m. that afternoon when they had known about it for a week and could have given people adequate notice to discuss. Comptroller Wilson stated that he agreed with the Secretary’s comments. After discussion, Subcommittee approved the following policy regarding setting the discount rate for leases:

STREAM – Discount Rate Policy

The Discount Rate to be utilized for evaluation of Lease Proposals shall be determined monthly and shall be equal to the relevant five (5), seven (7), ten (10), or twenty (20) year Treasury Yield at Constant Maturity (Nominal) rate posted on the first business day of the month in the Federal Reserve release H.15. Selected Interest Rates for the previous month in which the RFP is issued plus a basis point spread. For lease terms other than those available for Treasury Yield terms, the rate shall be as interpolated between the two relevant available terms.

The basis point spread shall be set on a bi-annual basis each April and October for five (5), ten (10), and twenty (20) year terms in consultation with the Comptroller of the Treasury, Office of State and Local Finance and its financial advisors.

DEPARTMENT OF GENERAL SERVICES

Special Item

- 1) Review of a request for approval of the Department's lease RFP utilizing qualifications based selection for the following groups:
 - a. Memphis – approximately 100,000 rsf
 - b. Nashville – approximately 70,000 rsf
 - c. Chattanooga – approximately 155,000 rsf
 - d. Knoxville – approximately 60,000 rsf

Previous Action: 04/22/2013. Comptroller Wilson stated that his office had received the RFP on Friday at 2:45 p.m. and indicated they had some questions that they had not had time to get addressed prior to the meeting. Comptroller Wilson asked if the item was time sensitive and if it could be deferred for a week or two. Peter Heimbach indicated it was time sensitive and deferring would push it out time wise, and he would like to try and get it done that week. Comptroller Wilson stated that the ESC could have a meeting that week with 48-hour notice. After discussion, Subcommittee deferred the request to a special-called meeting to be scheduled later that week.

Minutes: 04/25/2013 Peter Heimbach presented the transaction. Comptroller Wilson stated that the changes they were concerned about had been made, and he moved to approve the request. The motion was properly seconded, and passed without objection.

DEPARTMENT OF GENERAL SERVICES

Statewide

Requested Action: **Approval of a supporting document to the amendment of the contract**

Project Title: Capital Improvements Master Plan

Project Description: Development of a comprehensive statewide capital improvements master plan that encompasses the need for State facilities and programs throughout Tennessee and provide oversight of implementation of the master plan.

SBC Number: 460/000-01-2011

Total Project Budget: **\$10,750,000.00**

Sources of Funding:

500,000.00	11/12	CurrFund CapImprov	(A)
500,000.00	11/12	FRF Reserve (501.01)	(A)
2,136,000.00	12/13	DGS OpFund/Pre Plan	(A)
1,000,000.00	12/13	CurrFund CapImprov	(A)
3,014,000.00		FRF Reserve	(A)
500,000.00	12/13	Legislature Funds	(A)
3,100,000.00		Various Project Fund	(A/O)
\$10,750,000.00			

Comment: The supporting document outlines the fee allocation of the approved Maximum Liability to date, specifies the area of WMB and LP to be used in the Facilities Needs Assessment and Master Planning and specifies that the SBC or ESC must specifically authorize the use of the contract for any project using the services of JLL. Amendment #5 expands the maximum liability of the contract and allows services already agreed upon in the existing contract and amendments to be procured on a task order basis. Funding from "Various Project Funds" will not be added to the Maximum Liability of the contract until a given project is established by the SBC with valid sources of funding.

Previous Action:

09/08/2011	SBC	Approved project
12/19/2011	ESC	Deferred protest
12/29/2011	ESC	Discussion of protest status
01/23/2012	ESC	Approved award to Jones Lang LaSalle
06/14/2012	SBC	Approved amending contract: revised scope & funding
11/15/2012	SBC	Referred to ESC with authority to act
11/19/2012	ESC	Approved contract amendment
12/13/2012	SBC	Referred revising funding/amending contract to ESC
12/17/2012	ESC	Revised scope, budget amending contract
03/14/2013	SBC	Referred to ESC with authority to act
03/25/2013	ESC	Revised scope, budget & funding and Amendment #5

Department of General Services – continued:

Minutes:

04/25/2013 ESC Comptroller Wilson noted that the requested action needed to state “approval”, rather than “acknowledgment”, of the supporting document. He said the document clarified the questions and issues that he and Staff previously had regarding compensation and square footage. Treasurer Lillard commented that if other facilities are intended to be added to the contract, they would have to come back for approval. Mr. Heimbach confirmed that the \$3.1 million in funding would come from projects requiring SBC approval. Subcommittee approved the request as presented.

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There being no further business, the meeting adjourned at 3:45 p.m.

Approved:



Commissioner Mark A. Emkes
Department of Finance and Administration