

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
August 21, 2017

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room 16 of the Legislative Plaza, Nashville, Tennessee, with the following members and Departments present. Commissioner Martin called the meeting to order at 11:00 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

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

ORGANIZATION

- University of Tennessee
- Tennessee Board of Regents
- Department of Military
- Department of Correction
- Department of General Services
- State Building Commission

PRESENTER

Michelle Crowder
Dick Tracy
Andrew Milligan
Ken Scalf
John Hull
Ann McGauran

CONSENT AGENDA

Approved the following real property transactions which have been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: University of Tennessee – Hamilton County
Transaction: Acquisition – Lease (Land)
Provision(s): Waiver of appraisals

- B. Agency: University of Tennessee – Hamilton County
Transaction: Disposal Fee & Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- C. Agency: University of Tennessee – Davidson County
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- D. Agency: Tennessee Board of Regents – Blount County
Transaction: Acquisition/Disposition – Easement (Access)
Provision(s): n/a

- E. Agency: Tennessee Board of Regents – Hamblen County
Transaction: Acquisition – Lease Amendment
Provision(s): n/a

- F. Agency: Tennessee Wildlife Resources Agency – Madison County
Transaction: Acquisition – Fee (Third Party)
Provision(s): Waiver of advertisement and one appraisal

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

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

UNIVERSITY OF TENNESSEE

University of Tennessee Health Science Center, Memphis, Shelby County, Tennessee

Requested Action: Approval of a revision in project budget, funding and source(s) of funding

Project Title: Multidisciplinary Simulation Center – GEB Annex

Project Description: This project will provide a new, approximately 59,000 GSF state of the art simulation center and renovate certain spaces of the existing Humphreys building. The addition will house the multidisciplinary patient simulation activities for the Colleges of Medicine, Pharmacy, Dentistry, Nursing, and Allied Health. The project will also demolish the Feurt Building as part of this project.

SBC Number: 540/013-03-2012

Total Project Budget: \$39,750,000.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$ 4,690,000.00	\$0.00	\$4,690,000.00	12/13	CurrFunds-CapImp	(A)
	17,000,000.00	0.00	17,000,000.00	2012	GO Bonds-CapImp	(A)
	0.00	1,030,816.58	1,030,816.58	12/13	CurrFunds-CapImp	(R)
	0.00	221,947.23	221,947.23	2008	GO Bonds-CapImp	(R)
	0.00	352,944.38	352,944.38	03/04	CurrFunds-CapMaint	(R)
	0.00	20,000.00	20,000.00	04/05	CurrFunds-CapMaint	(R)
	0.00	317,649.23	317,649.23	2004	GO Bonds-CapMaint	(R)
	0.00	84,435.01	84,435.01	05/06	CurrFunds-CapMaint	(R)
	0.00	75,000.00	75,000.00	06/07	CurrFunds-CapMaint	(R)
	0.00	331,283.87	331,283.87	2006	GO Bonds-CapMaint	(R)
	0.00	220,815.73	220,815.73	07/08	CurrFunds-CapMaint	(R)
	0.00	392,783.35	392,783.35	2007	GO Bonds-CapMaint	(R)
	0.00	6,500,000.00	6,500,000.00	17/18	CurrFunds-CapMaint	(A)
	15,060,000.00	(6,547,675.38)	8,512,324.62		Plant Funds (Non-Aux)	(A)
Original Project Budget:	\$36,750,000.00					
Change in Funding:		\$3,000,000.00				
Revised Project Budget:			\$39,750,000.00			

Comment: This increase is due to additional equipment needs. This utilizes the \$6.5M UTHSC Campus Restroom Upgrades FY 17/18 Capital Maintenance line-item in the capital budget; therefore, it will not be considered for approval as a separate project.

Previous Action:	07/12/2012	SBC	Approved project
	06/13/2013	SBC	Approved alternative delivery method to issue RFP for CM/GC
	07/30/2013	ESC	Approved designer (brg3s)
	11/14/2013	SBC	Approval to award CM/GC (Flintco Constructive Solutions)
	11/13/2014	SBC	Approved the Early Design Phase as presented.
	12/11/2014	SBC	Approved a revision in project budget and source(s) of funding
	08/10/2017	SBC	Referred to the ESC with authority to act.

Continued...

Minutes: 08/21/2017 ESC Michelle Crowder recognized Mr. Tony Ferrara with University of Tennessee Health Science Center. Treasurer Lillard acknowledged receipt of a memorandum from Finance & Administration that the repurposing of capital maintenance funds is permitted.

The Subcommittee approved a revision in project budget, funding and sources of funding.

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: Approval of a lease and option to purchase with waiver of advertisement and appraisals

Transaction Description: Transaction No. 2017-07-003

• **Proposed Lease**

- **Location:** University of Tennessee Health Science Center
Shelby County – 45 S. Dudley Street, Memphis, TN 38104
- **Landlord:** Memphis Specialized Laboratory, Inc. (MSL), Subsidiary of Memphis Bioworks Foundation
- **Term:** September 1, 2017 thru November 30, 2018
- **Area / Costs:** 26,171 Square Feet

Annual Contract Rent	\$1,040,004.00/yr	\$39.74/sf
Estimated Annual Operating Cost	644,379.00/yr	24.62/sf
Total Annual Effective Cost	<u>\$1,684,383.00/yr</u>	<u>\$64.36/sf</u>

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

Comment: The ESC approved the acquisition of 45 S. Dudley Street (Transaction No. 15-03-003) on March 23, 2015; however, UT has not exercised their option to purchase. The property is currently occupied and operated by Memphis Specialized Labs, Inc. (MSL) under a Lease Agreement with the Industrial Development Board of the City of Memphis and County of Shelby (IDB). MSL received Federal New Market Tax Credit financing for construction of the facility.

The University proposes to sublease the vivarium located on the property from MSL from September 1, 2017 through November 30, 2018 to conduct research projects. The University would be responsible for paying utilities, maintenance, and janitorial costs. Due to the short term of the lease, waiver of termination for convenience is requested. The University may terminate for cause due to lack of funding by the appropriate Legislative Body. At the expiration of the lease, the University intends to initiate the closing on the acquisition of the property. The total amount of the lease payments will be credited toward the final acquisition price.

Previous Action: 03/23/2015 ESC Approved obtaining title work, appraisal, survey, and environmental assessment, and to exercise option to acquire interest, not to exceed fair market value, with waiver of advertisement and one appraisal. (Transaction No. 15-03-003)

Minutes: 08/21/2017 ESC Approved a lease and option to purchase with waiver of advertisement and appraisals.

UNIVERSITY OF TENNESSEE

Other - Contract Amendment

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, 2020 with one (1) option to extend for two (2) years		
○ Costs:	Up to a maximum of \$800K per year and with the \$2M lump sum payment, not to exceed \$8M over the potential ten (10) year term		
• Current Agreement			
○ Location:	Cherokee Farm Innovation Campus, Knoxville		
○ Developer:	University of Tennessee Research Foundation (UTRF)		
○ Term:	September 1, 2012 – August 31, 2017		
○ Costs:	Up to a maximum of \$800K per year and with the \$2M lump sum payment, not to exceed \$5M over five (5) years		
• Source of Funding:	Plant (Auxiliary)(A)		
Comment:	This Amendment will extend the contract between the University and UTRF for the management and development of Cherokee Farm Innovation Campus. Either party may terminate this agreement with ninety (90) days-notice or for cause.		
Previous Action:	03/19/2012	ESC	Subcommittee approved the Agreement for Development Management Services
	11/23/2015	ESC	Subcommittee approved an amendment to the Agreement for Development Management Services
Minutes:	08/21/2017	ESC	Comptroller Wilson stated that the information for this came in late and there was not adequate time to review. He would be agreeable to renew for a shorter amount of time like for one year. During the year extension they can get into evaluating the matter. Comptroller Wilson stated he is nervous to renew this for the five years without having the chance to really review it. Secretary of State commented that he was inclined to go with a one year extension. Commissioner Martin asked what additional information would be needed to help them feel more comfortable. Comptroller Wilson stated that he would feel more comfortable if he could review what they had received. Treasurer Lillard suggested having a special called ESC meeting in the next week. Stacey Patterson with UT Research Foundation stated that they would gladly come and explain more information. Ms. Patterson stated that they have two employees paid with this contract and if the contract expires then they would lose those employees. Treasurer Lillard moved to have a one year extension and Commissioner Martin seconded the motion. The subcommittee approved an Amendment to the Agreement for Development Management Services for one year.

TENNESSEE BOARD OF REGENTS

Motlow State Community College, Lynchburg, Moore County, Tennessee **

Requested Action: Approval to award a contract to the best evaluated proposer for a Construction Manager/General Contractor

Project Title: Rutherford County Teaching Addition III

Project Description: Construct a third building at the Rutherford County (Smyrna) center. Project to include parking and renovations of existing facilities.

SBC Number: 166/021-01-2016

Total Project Budget: \$27,190,000.00

Source of Funding:	\$24,471,000.00	17/18	Current Funds-CapImp	(A)
	959,000.00		Plant Funds (Non-Auxiliary	(A)
	760,000.00		Land value	(O)
	1,000,000.00		Gifts	(O)

Comment: Six proposals were received on July 20th. The Notice of Intent to award was sent on August 9th, naming Messer Construction Company as the best evaluated proposer. No protests were received in the protest period.

** Work will be done in Rutherford County

Previous Action:

07/14/2016	SBC	Approved project
09/19/2016	ESC	Selected designer (TM Partners)
08/10/2017	SBC	Referred selection of CM/GC to ESC

Minutes: 08/21/2017 ESC Approved awarding a contract to the best evaluated proposer for a Construction Manager/General Contractor

DEPARTMENT OF MILITARY

Readiness Center, Russellville, Hamblen County, Tennessee

Requested Action: Approval of a revision in project budget, funding, and source(s) of funding in order to award a contract

Project Title: Russellville RC Re-roof and Facility Update

Project Description: Installation of new roof assembly; perform repairs to interior and exterior finishes, and all required related work.

SBC Number: 361/063-01-2016

Total Project Budget: \$197,847.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$65,000.00	\$0.00	\$65,000.00	16/17	CurrFunds-CapMaint	(A)
	0.00	33,442.34	33,442.34	06/07	CurrFunds-CapImp	(R)
	0.00	481.16	481.16	07/08	CurrFunds-CapImp	(R)
	65,000.00	33,923.50	98,923.50		Federal Funds (NGB)	(F)
Original Project Budget:	\$130,000.00					
Change in Funding:		\$67,847.00				
Revised Project Budget:			\$197,847.00			

Comment: Three bids were received on 07/25/2017 with Dixie Roofing, Inc. submitting the low bid. The agency requests additional funds to award the base bid. There will be no additional designer fees. In order to utilize federal funding, the contract must be executed by September 30, 2017.

Previous Action: 07/25/2016 ESC Approved designer selection (Roof Design & Consulting Svs)
08/11/2016 SBC Reported threshold project. Referred to ESC with authority to act.

Minutes: 08/21/2017 ESC Approved a revision in project budget, funding, and sources of funding in order to award a contract.

DEPARTMENT OF CORRECTION

Statewide

Requested Action: Approval of a revision in project budget, funding and source(s) of funding in order to award a contract

Project Title: Various Facilities Steam System Replacements

Project Description: Conversion of steam systems to hot water at Turney Center Industrial Complex and Morgan County Correctional Complex. Project also includes the replacement of all necessary equipment and related work.

SBC Number: 140/001-03-2014

Total Project Budget: \$4,736,497.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$4,400,000.00	\$ 0.00	\$4,400,000.00	14/15	CurrFunds–CapMaint(SA)	(A)
	0.00	244,901.81	244,901.81	10/11	CurrFunds–CapMaint(SA)	(R)
	0.00	91,595.19	91,595.19	13/14	CurrFunds–CapMaint(SA)	(R)
Original Project Budget:	\$4,400,000.00					
Change in Funding:		\$336,497.00				
Revised Project Budget:			\$4,736,497.00			

Comment: One bid was received from FM Silvan on August 1, 2017 for the work at Turney Center. The agency request the award of the contract and addition of funding in order to get this time sensitive project underway, and believes the bid is fair given the project scope and market conditions. Additional funds are for the base bid only. There will be no additional designer fees.

This is a FY 14/15 line-item in the capital budget. The project will remove high pressure steam systems at two institutions to reduce the operational burden. The project will also provide energy efficient hot water heat exchangers and will demolish all equipment and piping associated with the existing high pressure system.

Previous Actions: 07/10/2014 SBC Approved project and to proceed with the process to select a designer.
10/02/2014 ESC Selected designer (Smith Seckman Reid)

Minutes: 08/21/2017 ESC Approved revision in project budget, funding and sources of funding in order to award a contract.

DEPARTMENT OF GENERAL SERVICES

Warehouse @ Old Tennessee State Prison, Nashville, Davidson County, Tennessee

Requested Action: Approval of a project, budget, scope, funding and source(s) of funding, and proceeding with the process to select a designer

Project Title: State Museum Storage Building Renovation

Project Description: Renovate existing warehouse facility to provide storage for museum artifacts. Project includes office areas, storage, new mechanical system, site modifications, and all required related work.

SBC Number: 529/010-02-2017

Total Project Budget: \$ 3,750,000.00

Source of Funding: \$ 3,750,000.00 17/18 FRF CurrFunds-CapImp (A)

Comment: This project is a FY 17/18 line-item in the capital budget.

Previous Action: 08/10/2017 SBC Referred to ESC with authority to act.

Minutes: 08/21/2017 ESC Treasurer Lillard asked if General Services has any concerns regarding the letter from the insurance company about the needed work. John Hull replied that they have no concerns. The Subcommittee approved the project, budget, scope, funding and source of funding, and proceeding with the process to select a designer.

DEPARTMENT OF GENERAL SERVICES

Disposal – Fee

Requested Action: **Approval of disposal in fee with waiver of advertisement**

Transaction Description: Transaction No. 14-11-008-MB
 • **Location:** Davidson County – 2.59 +/- acres – 88 Hermitage Avenue, Nashville, TN
 • **Estimated Sale Price:** Fair Market Value
 • **Grantee** Metropolitan Government of Nashville and Davidson County

Comment: The property is to be used for the relocated Nashville School of the Arts, a public high school.

Waiver of advertisement is being requested since this is a transfer to a municipality.

Date of Last Transfer: October 18, 1872
Previous Owner: Judge John M. Lea
Original Cost to State: Gift
Square Footage Improvements: 27,000 sf

Minutes: 08/21/2017 ESC Approved disposal in fee with waiver of advertisement.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-01-903-TK

• **Proposed Lease**

- **Location:** Coffee County – 151 Freeman Street, Tullahoma, TN
- **Landlord:** NSI, TN General Partnership
- **Term:** 10 years
- **Area / Costs:** 8,800 Square Feet

First Year Contract Rent	\$ 94,000.00	\$10.68/sf
Average Annual Contract Rent	99,000.00	11.25/sf
Estimated Annual Utility Cost	15,400.00	1.75/sf
Estimated Annual Janitorial Cost	9,680.00	1.10/sf
Total Annual Effective Cost	\$124,080.00	\$14.10/sf

• **Current Lease**

- **Location:** Coffee County – 151 Freeman Street, Tullahoma, TN
- **Landlord:** Tennessee Office Holdings, LLC
- **Term:** (10 years) January 1, 2000 – December 31, 2009 - Holdover
- **Area / Costs:** 12,000 Square Feet

Annual Contract Rent	\$112,500.00	\$ 9.38/sf
Estimated Utilities Cost	16,800.00	1.40/sf
Estimated Janitorial Cost	13,200.00	1.10/sf
Total Annual Effective Cost	\$142,500.00	\$11.88/sf

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

Comment: This lease will provide office space for Department of Children's Services, and the reduction in space needs is a result of the implementation of Alternative Work Solutions at this location. There were two proposals from two proposers. Based on a strategic review by DGS, award to the second lowest cost proposer was deemed to be in the best interest of the State. Rent increases beginning in year 6 through remainder of term.

The tenant may terminate this lease at any time by giving 90 days written notice to the landlord after the 36th month, with payment of the termination fee.

Minutes: 08/21/2017 ESC Approved the lease.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on July 27, 2017.

Designer Selections

- 1) REPORT of the following designer selection(s) as delegated to the State Architect for projects below the major maintenance threshold:

- | | | |
|----|----------------------------------|--|
| 1) | State Procurement Agency: | Tennessee Board of Regents |
| | User Agency: | Tennessee State University |
| | Location: | Nashville, Tennessee |
| | Project Title: | Rudolph Roof, Ventilation, and Fire Alarm Repairs |
| | SBC Project No. | 166/001-03-2017 |
| | Total Project Budget: | \$490,000 |
| | Designer: | Johnson + Associates Architects, Inc. |
| | | |
| 2) | State Procurement Agency: | STREAM |
| | User Agency: | Department of Mental Health & Substance Abuse Services |
| | Location: | Middle Tennessee Mental Health Institution |
| | Project Title: | Cooling Tower Replacement |
| | SBC Project No. | 344/001-01-2017 |
| | Total Project Budget: | \$430,000 |
| | Designer: | Edmonds Engineering, Inc. |
| | | |
| 3) | State Procurement Agency: | STREAM |
| | User Agency: | Department of Military |
| | Location: | Milan Volunteer Training Site |
| | Project Title: | Building I-200 Latrine Repairs |
| | SBC Project No. | 368/031-03-2017 |
| | Total Project Budget: | \$393,000 |
| | Designer: | HFR Design |

- 2) SELECTION of DESIGNERS for projects approved by the State Building Commission as recommended by the State Procurement Agencies.

1) **University of Tennessee - Chattanooga**
(Chattanooga State Office Building)
Total Project Budget: \$2,530,000
SBC Project No. 540/005-03-2017
Designer: **WORKSHOP ARCHITECTURE LLC**

2) **University of Tennessee - Chattanooga**
(Dining Improvements)
Total Project Budget: \$10,400,000
SBC Project No. 540/005-04-2017
Designer: **TWH ARCHITECTS**

- | | |
|--|---|
| <p>3) University of Tennessee - Chattanooga
 (Fine Arts Mechanical – Electrical Improvements)
 Total Project Budget: \$8,400,000
 SBC Project No. 540/005-05-2017
 Designer: DERTHICK HENLEY & WILKERSON ARCH</p> | <p>11) East Tennessee State University
 (Solar Panel Installation)
 Total Project Budget: \$200,000
 SBC Project No. 166/005-05-2017
 Designer: FACILITIES SYSTEMS CONSULTANTS</p> |
| <p>4) University of Tennessee – Martin
 (Beef Cattle Teaching and Demonstration Area)
 Total Project Budget: \$1,500,000
 SBC Project No. 540/011-01-2017
 Designer: A2H INC</p> | <p>12) Middle Tennessee State University
 (Parking Services Facility)
 Total Project Budget: \$3,400,000
 SBC Project No. 166/009-02-2017
 Designer: JOHNSON + ASSOCIATES ARCHITECTS</p> |
| <p>5) University of Tennessee – Martin
 (Fine Arts AHU Replacement & Theater Safety Upgrades)
 Total Project Budget: \$3,260,000
 SBC Project No. 540/011-03-2017
 Designer: PICKERING FIRM INC</p> | <p>13) Middle Tennessee State University
 (Roof Replacements)
 Total Project Budget: \$1,900,000
 SBC Project No. 166/009-10-2017
 Designer: ADKISSON & ASSOCIATES ARCHITECT</p> |
| <p>6) University of Memphis
 (Roof Replacements)
 Total Project Budget: \$3,500,000
 SBC Project No. 166/007-07-2017
 Designer: THE HORRELL GROUP ARCHITECTS</p> | <p>14) Volunteer State Community College
 (Parking, Road and Site Upgrades)
 Total Project Budget: \$730,000
 SBC Project No. 166/025-04-2017
 Designer: HETHCOAT & DAVIS INC</p> |
| <p>7) Austin Peay State University
 (Central Chiller Plant Repairs)
 Total Project Budget: \$1,800,000
 SBC Project No. 166/003-04-2017
 Designer: KURZYNSKE & ASSOCIATES</p> | <p>15) Roane State Community College
 (Electrical & Fire Suppression Upgrades)
 Total Project Budget: \$530,000
 SBC Project No. 166/027-01-2017
 Designer: MARCH ADAMS & ASSOCIATES</p> |
| <p>8) Austin Peay State University
 (Roof Replacements)
 Total Project Budget: \$1,800,000
 SBC Project No. 166/003-05-2017
 Designer: LYLE COOK MARTIN ARCHITECTS</p> | <p>16) Statewide
 (Trail & Trail Bridge Replacement)
 Total Project Budget: \$3,300,000
 SBC Project No. 126/000-02-2017
 Designer: AECOM TECHNICAL SERVICES INC</p> |
| <p>9) Austin Peay State University
 (Farm Residence)
 Total Project Budget: \$340,000
 SBC Project No. 166/003-06-2017
 Designer: LYLE COOK MARTIN ARCHITECTS</p> | <p>17) David Crockett Birthplace State Park
 (Visitor Center Renovation & Expansion)
 Total Project Budget: \$700,000
 SBC Project No. 126/034-01-2017
 Designer: SPARKMAN & ASSOCIATES ARCH</p> |
| <p>10) East Tennessee State University
 (Baseball Hitting Facility)
 Total Project Budget: \$150,000
 SBC Project No. 166/005-04-2017
 Designer: THOMAS WEEMS ARCHITECT</p> | <p>18) Henry Horton State Park
 (Inn, Restaurant & Visitor Center)
 Total Project Budget: \$10,050,000
 SBC Project No. 126/051-02-2017
 Designer: COGENT STUDIO LLC</p> |

19) **Pickwick Landing State Park**
(Inn Renovation)
Total Project Budget: \$11,680,000
SBC Project No. 126/079-01-2017
Designer: **RENAISSANCE GROUP INC**

20) **Standing Stone State Park**
(Renovate WPA Cabins)
Total Project Budget: \$1,960,000
SBC Project No. 126/091-01-2017
Designer: **SPARKMAN & ASSOCIATES ARCH**

21) **Clover Bottom Campus**
(Cottage & Roof Renovations)
Total Project Budget: \$1,290,000
SBC Project No. 346/003-01-2017
Designer: **M SHANKS ARCHITECTS**

22) **Jackson Airport Readiness Center**
(Army Aviation Support Facility Emergency Generator)
Total Project Budget: \$220,000
SBC Project No. 361/042-01-2017
Designer: **HFR DESIGN INC**

23) **Statewide**
(Mechanical, Electrical & Plumbing Consultant)
Total Project Budget: Not Applicable
SBC Project No. 529/000-08-2012
Designer: **EDMONDS ENGINEERING INC**

24) **Warehouse @ Old Tennessee State Prison**
(State Museum Storage Building Renovation)
Total Project Budget: \$3,750,000
SBC Project No. 529/010-02-2017
Designer: **GOBBELL HAYS PARTNERS INC**

Other Business

There being no further business, the meeting adjourned at 11:17 a.m.

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UNIVERSITY OF TENNESSEEAcquisition – Lease (Land)

Requested Action:	Approval of a lease with waiver of appraisals		
Transaction Description:	Transaction No. 2017-04-001		
<ul style="list-style-type: none"> ● Proposed Lease <ul style="list-style-type: none"> ○ Location: University of Tennessee-Chattanooga Hamilton County, 2543 Hickory Valley Road, Chattanooga, TN ○ Landlord: City of Chattanooga ○ Term: Through April 8, 2034 with one (1) fifteen (15) year option to extend ○ Area / Costs: 34 +/- acres with 1,824 sf office/maintenance building and 800 sf hitting bay \$1.00 per year ● Source of Funding: Plant (Auxiliary)(A) ● Procurement Method: Negotiated 			
Comment:	Since 2009, the City of Chattanooga leased this property to a non-profit corporation who allowed the University to use it as a golf practice facility under a Shared Use Agreement. The third party closed its operations and the University proposes to assume the lease under an amended and restated lease agreement. As a part of the lease agreement, the University will provide outreach to children through various golf-related events and programs. The University will continue to be responsible for maintenance costs and has the option to purchase the property. Either party may terminate for convenience with one hundred twenty (120) days-notice.		
Minutes:	08/21/2017	ESC	Approved lease with waiver of appraisals.

UNIVERSITY OF TENNESSEEAcquisition - Lease Amendment

Requested Action:	Approval of a lease amendment with waiver of advertisement		
Transaction Description:	Trans. No. 14-04-900		
• Proposed Amendment			
○ Area / Costs:	<u>Years 1-5 (through August 31, 2019)</u>		
	17,836 square feet		
	Annual Contract Rent (includes utilities and janitorial services)	<u>\$258,622.00</u>	<u>\$14.50/sf</u>
	Total Annual Effective Cost	\$258,622.00	\$14.50/sf
	<u>Years 6-10 (if desired)</u>		
	17,836 square feet		
	Annual Contract Rent (includes utilities and janitorial services)	<u>\$267,540.00</u>	<u>\$15.00/sf</u>
	Total Annual Effective Cost	\$267,540.00	\$15.00/sf
• Current Lease			
○ Location:	Davidson County – 226 Capitol Boulevard, Nashville, TN		
○ Landlord:	Tennessee Municipal League		
○ Term:	September 1, 2014 – August 31, 2024		
○ Area / Costs:	<u>Years 1-5 (through August 31, 2019)</u>		
	15,756 square feet		
	Annual Contract Rent (includes utilities and janitorial services)	<u>\$228,462.00</u>	<u>\$14.50/sf</u>
	Total Annual Effective Cost	\$228,462.00	\$14.50/sf
	<u>Years 6-10 (if desired)</u>		
	15,756 square feet		
	Annual Contract Rent (includes utilities and janitorial services)	<u>\$236,340.00</u>	<u>\$15.00/sf</u>
	Total Annual Effective Cost	\$236,340.00	\$15.00/sf
• Source of Funding:	Existing appropriations and income from grant and contract programs		
• FRF Rate:	\$18.00/ sq. ft. (for reference)		
Comment:	The University's Institute for Public Service Municipal Technical Advisory Service (MTAS) currently occupies space at this location and desires to increase its leased premises. MTAS works closely with other agencies in this building and the Nashville area and plans to relocate several employees from other offices to improve delivery of services to customers and increase efficiencies in terms of travel and other expenses.		
Previous Action:	04/21/2014	ESC	Approved lease agreement with waiver of advertisement.
Minutes:	08/21/2017	ESC	Approved lease amendment with waiver of advertisement.

TENNESSEE BOARD OF REGENTSAcquisition/Disposition – Easement (Access)

Requested Action:	Approval of a reciprocal access easement
Transaction Description:	Transaction No. 17-08-003
• Location:	Pellissippi State Community College Blount County – 50+/-feet Access Easement – Hunters Crossing Drive, Alcoa, TN
• Owner(s):	D&E General Partnership & DT Retail Properties
• Estimated Purchase Price:	Mutual Benefit
• Source of Funding:	Plant (Non-Auxiliary) (A)
Comment:	This agreement will allow for reciprocal access across the State property and an adjacent property and will increase the marketability of the State property.
Minutes:	08/21/2017 ESC Approved a reciprocal access easement.

TENNESSEE BOARD OF REGENTS

Acquisition – Lease Amendment

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 15-03-096

- **Proposed Amendment**

- **Area / Costs:** 10,446 Square Feet

Annual Average Contract Rent	\$ 94,014.00	\$ 9.00/sf
Estimated Annual Utility Cost	18,280.50	1.75/sf
Estimated Annual Janitorial Cost	11,490.60	1.10/sf
Total Annual Effective Cost	\$123,785.10	\$11.85/sf

- **Current Lease**

- **Location:** Walters State Community College
Hamblen County – 215 S. Liberty Hill Road, Morristown, TN
- **Landlord:** Investment Properties
- **Term:** 13,796 Square Feet
- **Area / Costs:**

Annual Average Contract Rent	\$124,164.00	\$ 9.00/sf
Estimated Utilities Cost	24,143.00	1.75/sf
Estimated Janitorial Cost	15,175.60	1.10/sf
Total Annual Effective Cost	\$163,482.60	\$11.85/sf

- **Source of Funding:** Workforce Investment Act (WIA) Grant (F)

- **FRF Rate:** \$14.00

Comment: Due to funding cuts, the campus will no longer be able to pay for the additional space they previously acquired.

Previous Action: 03/23/2015 ESC Approved a lease with waiver of advertisement.
10/24/2016 ESC Approved a lease amendment with waiver of advertisement.

Minutes: 08/21/2017 ESC Approved a lease amendment.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Third Party)

Requested Action: Approval to obtain title work, appraisal, survey, and environmental assessment; to exercise an option to acquire the required interest, not to exceed fair market value; and to utilize third party with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 17-07-003
Location: Madison County – 281+/- acres – Scarbrough Loop Road, Humboldt, TN (2 tracts)
Owner(s): Green Scott D Rev Trust
Estimated Purchase Price: Fair Market Value
Source of Funding: 16/17 Wetland Acquisition Funds (A)
Third Party: The Nature Conservancy
Third Party Costs: None

Comment: Per Tenn. Code Ann. §11-14-402, this property is on the wetlands priority list and has been approved for purchase by the Commissioner of the Department of Agriculture and Executive Director of Tennessee Wildlife Resources Agency.

These two parcels are the final tracts to be added to the Middle Fork Forked Deer Refuge Project in Madison County. This wetland acquisition will protect and preserve wetlands and other watershed functions in the Middle Fork Forked Deer Refuge ecosystem.

Utilization of the third party is requested because of timing.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer: May 29, 2013
 Purchase Price: \$1,525,000.00
 Property Assessor's Value: \$859,900.00
 Square Footage Improvements: N/A

Date of Last Transfer: May 29, 2013
 Purchase Price: \$1,525,000.00
 Property Assessor's Value: \$365,000.00
 Square Footage Improvements: N/A

Minutes: 08/21/2017 ESC Approved obtaining title work, appraisal, survey, and environmental assessment; to exercise an option to acquire the required interest, not to exceed fair market value; and to utilize third party with waiver of advertisement and one appraisal.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-01-911-WW

- **Proposed Lease**

- **Location:** Knox County – 8417 Kingston Pike, Knoxville, TN 37919
- **Landlord:** KWD Warehouse, GP
- **Term:** 5 years / 5 year renewal
- **Area / Costs:** 11,282 Square Feet

First Year Contract Rent (Including Utilities):	\$170,583.84	\$15.12/sf
Average Annual Contract Rent (Including Utilities):	174,029.80	15.43/sf
Estimated Annual Janitorial Cost:	12,410.20	1.10/sf
Total Annual Effective Cost (Years 1-5)	\$186,440.00	\$16.53/sf

- **Current Lease**

- **Location:** Knox County – 8417 Kingston Pike, Knoxville, TN 37919
- **Landlord:** KWD Warehouse, GP
- **Term:** (1 year) July 1, 2017 – June 30, 2018
- **Area / Costs:** 11,282 Square Feet

Annual Contract Rent (Including Utilities):	\$188,973.50	\$16.75/sf
Estimated Janitorial Cost:	12,410.20	1.10/sf
Total Annual Effective Cost	\$201,383.70	\$17.85/sf

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

Comment: This lease will provide a long term training center for the Department of Correction. There were three proposals from three proposers. The Annual Contract Rent during the renewal will continue to increase by 2% each year.

The tenant may terminate this lease at any time by giving 90 days written notice to the landlord after the 36th month, with payment of a termination fee.

Minutes: 08/21/2017 ESC Approved a lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-03-905-TK

• Proposed Lease

- Location: Davidson County – 5252 Hickory Hollow Parkway, Antioch, TN
- Landlord: The Global Crossings Mall, LLC
- Term: 10 years
- Area / Costs: 8,690 Square Feet

First Year Contract Rent:	\$158,418.70	\$18.23/sf
Average Annual Contract Rent (including Utilities)	178,353.56	20.52/sf
Estimated Annual Janitorial Cost	9,559.00	1.10/sf
Total Annual Effective Cost	\$187,912.56	\$21.62/sf

• Current Lease

- Location: Davidson County – 5216 Hickory Hollow Parkway, Antioch, TN
- Landlord: E3 Partners, GP
- Term: January 1, 2016 to November 20, 2016 – Holdover
- Area / Costs: 8,901 Square Feet

Annual Contract Rent	\$127,813.92	\$14.36/sf
Estimated Utilities Cost	15,576.75	1.75/sf
Estimated Janitorial Cost	9,791.10	1.10/sf
Total Annual Effective Cost	\$153,181.77	\$17.21/sf

- Source of Funding: FRF Operating Funds
- Procurement Method: LPR on template
- FRF Rate: \$19.00

Comment: This lease will provide office space for Department of Safety. Procurement advertised, market survey, and market tour was performed to seek out perspective proposers. Four proposals were received from three proposers.

Tenant may terminate this Lease at any time by giving written notice to Landlord at least 90 days prior to the date the termination becomes effective, with payment of a termination fee.

Minutes: 08/21/2017 ESC Approved a lease.

Approved:



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