

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

AUGUST 23, 2004

The State Building Commission Executive Sub-committee met this day at 10:30 a.m. in Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Dave Goetz, Commissioner, Department of Finance and Administration  
John Morgan, Comptroller of the Treasury  
Dale Sims, State Treasurer  
Riley Darnell, Secretary of State

OTHERS PRESENT

Mike Fitts, State Architect  
Georgia Martin, Department of Finance and Administration  
Larry Kirk, Department of Finance and Administration  
Charles Garrett, Department of Finance and Administration  
Gloria Rittenberry, Department of Finance and Administration  
Jurgen Bailey, Department of Finance and Administration  
Charles Harrison, Comptroller's Office  
Janie Porter, Attorney General's Office  
Genie Whitesell, Attorney General's Office  
Dennis Raffield, THEC  
George Brummett, Department of Finance and Administration  
Jerry Preston, Tennessee Board of Regents  
John Gregory, Tennessee Wildlife Resources Agency  
Mark Wood, Secretary of State's Office  
Ronald Franks, East Tennessee State University  
Paul Stanton, East Tennessee State University  
Wayne Anderson, East Tennessee State University  
Carl Gerber, VA Medical Center  
Gregory Wilgocki, East Tennessee State University  
David Collins, East Tennessee State University  
Annette Crutchfield, Legislative Budget Analysis  
Representative Mike Turner

John Leach, The Hermitage  
Mike Baumstark, Department of Environment and Conservation  
Cliff Steger, Department of Finance and Administration  
Deborah Faulkner, Department of Finance and Administration  
Tom Mathis, Department of Finance and Administration  
Pat Haas, Bond Finance  
Lola Potter, Department of Finance and Administration  
Charles Manning, Tennessee Board of Regents

Comptroller Morgan called the meeting to order at 10:35 a.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

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TENNESSEE WILDLIFE RESOURCES AGENCY

REPORT ITEM

Renewal Lease Agreement in Wayne County between Sustainable Forests, LLC, Lessor, and the Tennessee Wildlife Resources Agency, Lessee, to lease land upon which to establish and operate facilities and areas for the protection, propagation, and harvest of wildlife, pursuant to TCA 70-5-108 and State Building Commission Policy I-3, C, Acquisition, Disposal, and Lease of Property.

- Description: **Eagle Creek Wildlife Management Area – 22,719 +/- Acres 3-Years with 90-day cancellation - \$16,000.00 Annual Rent**
- SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.
- SC Action: 8-23-04. Charles Garret reported a summary of the transaction as required by Policy and stated no action was required. Subcommittee acknowledged the transaction as appropriately reported. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Dyer and Lake Counties – 500 +/- Acres – Tumbleweed Wildlife Management Area – Trans. No. 04-07-005 (CH)**

Purpose: Acquisition in Fee for wildlife management purposes and wetland preservation.

Source of Funding: \$1,000,000.00 – North American Wetland Conservation Act  
\$50,000.00 – State Wetland Acquisition Fund

Estimated Cost: Fair Market Value

Estimated Value: \$1,050,000.00

Owner(s): Doris F. Shaw and R. W. Shaw

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. John Gregory, agency representative, advised that that the area will be managed from Reelfoot with no increase in operating cost. He also stated that Federal grant funds are in place. Staff referred to Subcommittee with recommendation.

SC Action: 8-23-04. Charles Garrett summarized the transaction and advised that no increase operating cost is required. John Gregory, agency representative, stated federal grant funds are approved. Subcommittee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACCEPT as GIFT, with WAIVER of APPRAISAL, required interest in the following real property:

Description: **Washington County – 70.63 +/- Acres with 24 Buildings – James H. Quillen Veterans Affairs Medical Center at Mountain Home and East Tennessee State University – Trans. No. 04-07-011 (LW)**

Purpose: Acquisition by Gift of the above described property for the benefit of both the University and the College of Medicine (COM) by providing additional space for the University and the COM educational programs.

Source of Funding: Gift

Estimated Cost: Gift

Estimated Value: \$102,450,000.00

Owner(s): United State Department of Veterans Affairs (VA)

Comment: An Enhanced Use Lease Agreement between the VA and the University allowed the COM the long-term use of several buildings on the VA campus in exchange for the COM paying the maintenance and upkeep of the buildings and property. The VA is divesting itself of buildings and properties at VA facilities across the country and Federal legislation has now been drafted and is to be introduced to allow the government (VA) to transfer buildings totaling 782,039 square feet and 70.63 acres to the Tennessee Board of Regents, East Tennessee State University, at no cost.

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Jerry Preston introduced Dr. David Collins, Dr. Wayne Andrews, and Greg Wilgocki from East Tennessee State University (ETSU). Mr. Preston submitted an information paper of the ETSU, College of Medicine, regarding the chronology of events and the VA campus and utilization. After review and discussion, Staff referred to Sub-committee for discussion.

SC Action: 8-23-04. Charles Garrett summarized the transaction and introduced Jerry Preston for further discussion. Mr. Preston introduced members from ETSU and the Board of Regents. He provided a brief history of the relationship between the University, the College of Medicine and the Veterans Administration. After review and discussion, Subcommittee approved the request as presented. Final action.

TENNESSEE BOARD OF REGENTS

MIDDLE TENNESSEE STATE UNIVERSITY, MURFREESBORO, TENNESSEE

- 1) Approved a project and acknowledgment of the source of funding for **Art Complex Demolition** at Middle Tennessee State University in Murfreesboro, Tennessee.

**Estimated Project Cost:** **\$ 510,000.00**  
*SBC Project No. 166/009-10-04*

SYSTEMWIDE

- 1) Approved a request to award a construction contract to Ralph Jones Sheet Metal, Inc. in the amount of \$378,104.00 for **Storm Damage Repairs** at Jackson State Community College in Jackson, Tennessee, as agreed by the State's insurance carrier and the proposed Contractor.

**Estimated Project Cost:** **\$ 1,075,000.00**  
*SBC Project No. 166/000-01-03*

TENNESSEE TECHNOLOGY CENTER AT MEMPHIS, MEMPHIS, TENNESSEE

- 1) Approved a request for a revision in the source of funding for **Structural, Exterior, and Door Repairs and Replacements** at the Tennessee Technology Center at Memphis in Memphis, Tennessee.

**Estimated Project Cost:** **\$ 210,000.00**  
*SBC Project No. 166/070-01-04*

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of a PERMANENT EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: Davidson County – 5 Ft. Wide Strip Along Butler Lane, Hermitage, TN – Trans. No. 04-08-011 (CH)

Purpose: Disposal of a Permanent Easement of a public access road along the western boundary of The Hermitage. The granting of the easement does not adversely effect the State holdings or The Hermitage operations.

Estimated Sale Price: Grant -- Public Benefit

Grantee: Mike Turner

Comment: The subject property has been an access road for many years.

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 8-23-04. Charles Garrett summarized the transaction. Subcommittee approved the request as presented. Final action.

BOARD OF PROBATION AND PAROLE

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Sullivan County – 1329 Hwy. 394, Blountville, TN – Trans. No. 04-05-902 (JS)

Purpose: To provide office and related space for local operations.

Term: November 1, 2004 thru October 31, 2014 (10 yrs.)

Proposed Amount:	<u>5,619 Square Feet</u>		
	Annual Contract Rent:	\$54,552.00	@\$ 9.71/sf
	Est. Annual Utility Cost:	\$ 7,866.60	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,180.90</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$68,599.50	@\$12.21/sf

Current Amount:	<u>5,619 Square Feet</u>		
	Annual Contract Rent:	\$54,552.00	@\$ 9.71/sf
	Est. Annual Utility Cost:	\$ 7,866.60	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,180.90</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$68,599.50	@\$12.21/sf

Type: New Lease – Advertisement – Lowest of (2) Proposal from (1) Proposer

FRF Rate: \$10.25 Per Square Foot

Purchase Option: None

Lessor: David K. Quillen, Current Lessor

Comment: The proposed lease provides (1) the Lessor shall make interior improvements at the State's request during the lease term at no additional cost to the State, (2) State shall be responsible for yard care, snow and trash removal, (3) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter, and (4) the State's Option to Purchase.

SSC Report: 8-16-04. Bob King summarized the transaction. He advised that the Lessor withdrew a proposed State option to purchase due to Lessor owns adjoining property and does not wish to split his property. Mr. King advised that legal counsel advised that there is no legal issue with the withdrawal of the offer. Staff referred to Subcommittee for discussion.

SC Action: 8-23-04. Charles Garrett summarized the transaction. He further provided an explanation of the proposed Lessor's withdrawal of the proposed Purchase Option. Discussion ensued regarding the value in requesting that a purchase option be part of a proposal. Subcommittee deferred action pending further review and analysis.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Davidson County – 44 Vantage Way, Nashville, TN – Trans. No. 04-06-910**

Purpose: To provide office and related space for the Office of Inspector General.

Term: September 1, 2004 thru August 31, 2005 (1 yr.)

Proposed Amount: 16,470 Square Feet  
Annual Contract Rent  
Incl. Utility & Janitorial Cost: \$234,698.00 @\$14.25/sf  
Total Annual Effective Cost: \$234,698.00 @\$14.25/sf

Current Amount: None

Type: New Lease – Negotiated

FRF Rate: \$18.00 Per Square Foot

Purchase Option: None

Lessor: ATAPCO Vantage, Inc., Current Lessor

Comment: The proposed lease will provide temporary office space for the TennCare Inspector General. The Office will eventually be housed in the new TennCare facility current under construction. The proposed lease provide for no cancelled during the lease term except for cause and/or lack of funding.

SSC Report: 8-16-04. Bob King summarized the transaction. Charles Garrett advised that this Office would be the last operation to relocate to the new TennCare building. Staff referred to Subcommittee with recommendation.

SC Action: 8-23-04. Charles Garrett summarized the transaction and advised that this operation would be the last unit to occupy space in the new TennCare building. Subcommittee approved the request as presented. Final action.



DEPARTMENT OF FINANCE AND ADMINISTRATION

DISCUSSION ITEM

Discussion regarding a Proposal to add a new Section to the State Standard Lease Agreement form.

SSC Report: 8-16-04. Bob King advised that proposed new language has been submitted to the Attorney General's office for review and approval. Charles Garrett stated the proposal is being submitted to Sub-committee for information purposes and discussion at this time.

SC Action: 8-23-04. Charles Garrett requested deferral at this time. Sub-committee concurred.

DEPARTMENT OF FINANCE AND ADMINISTRATION

**1) Management Assistance Contract RFP**

State Architect Mike Fitts presented a status report as follows: In accordance with the direction given by the SBC, the State Architect requested approval from the TN Contractor's Licensing Board to allow the original five proposers to propose on a rebid of the project. The Licensing Board ruled that the original five bidders had not violated the law and could rebid on the project. Based upon the Department of Commerce & Insurance's strong legal opinion that the work called for under this contract is illegal, it is the intention to revise the RFP to require a contractor's license and to rebid with this addition.

Secretary of State Darnell asked if the Attorney General had been consulted with reference to the legal interpretation. Assistant Attorney General Janie Porter responded that the statute is very broad as written and the interpretation by the Department of Commerce and Insurance was defensible. Secretary of State Darnell asked if the Attorney General was not willing to defend the SBC if they elected to not require a license. Ms. Porter responded that it would be a tough defense. Comptroller Morgan said that they could just say that a license was required or try to word the scope of services so that it doesn't require a license. He commented that, in order for the original bidders to get a contractor's license, was not a big deal. He said that they were not going to lose the original bidders by requiring a license and it was an easy way to avoid a potential protest. Treasurer Sims stated that, based on Comptroller Morgan's explanation, he would move to approve the report. Secretary of State Darnell seconded the motion and it passed without objection.

*SBC Project No. 529/000-09-03*

STATE BUILDING COMMISSION

EXECUTIVE SUBCOMMITTEE MEETING MINUTES

- 1) Approved the Minutes of the Executive Subcommittee meeting held on July 19, 2004.

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Following approval of the Consent Agenda, the meeting adjourned at 11:23 a.m.

CONSENT AGENDA

Approved the following Real Property transactions that had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **Department of Transportation – Washington County**  
Transaction: Disposal in Fee  
Provision: Waiver of Advertisement
- B. Agency: **Department of Transportation – Washington County**  
Transaction: Disposal in Fee  
Provision: Waiver of Advertisement
- C. Agency: **Department of Transportation – Marion County**  
Transaction: Disposal in Fee  
Provision: Waiver of Advertisement
- D. Agency: **TN Wildlife Resources Agency – Hancock County**  
Transaction: Acquisition by Gift  
Provision: Waiver of Appraisal
- E. Agency: **TN Board of Regents – Anderson County**  
Transaction: Disposal by Easement  
Provision: Waiver of Advertisement and Appraisals
- F. Agency: **TN Board of Regents – Rutherford County**  
Transaction: Acquisition in Fee
- G. Agency: **TN Board of Regents – Overton County**  
Transaction: Acquisition by Gift  
Provision: Waiver of Appraisal
- H. Agency: **TN Board of Regents – Overton County**  
Transaction: Acquisition by Gift  
Provision: Waiver of Appraisal
- I. Agency: **Environment & Conservation – Anderson County**  
Transaction: Lease Agreement
- J. Agency: **Environment & Conservation – Knox County**  
Transaction: Lease Agreement
- K. Agency: **Department of Financial Institutions – Rutherford County**  
Transaction: Lease Amendment
- L. Agency: **Comptroller of the Treasury – Davidson County**  
Transaction: Lease Agreement
- M. Agency: **Labor & Workforce Development – Davidson County**  
Transaction: Lease Agreement

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description: **Washington County – 11.456 +/- Acres with Improvements – State Route 381/State of Franklin Road, Johnson City, TN – Trans. No. 04-07-006 (BM)**

Purpose: Disposal in Fee of an uneconomic remnant surplus to agency need to one of two adjoining property owners for assemblage purposes.

Original Cost to State: \$133,050.00 – 13.538 Acres

Date of Original Conveyance: August 1993

Grantor Unto State: Garrett and Emma Wilcox

Estimated Sale Price: Fair Market Value

Estimated Value: \$750,000.00

Grantee: Physicians Comprehensive Care LLC

Comment: Finance and Administration has letter on file from the only other adjoining property owner stating no interest in purchasing the subject property.

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description: **Washington County – 0.262 +/- Acres – State Route 381/State of Franklin Road, Johnson City, TN – Trans. No. 04-07-003 (BM)**

Purpose: Disposal in Fee of surplus right-of-way to the only adjoining property owner for future development of a deceleration lane on Med-Tech Parkway.

Date of Original Conveyance: 1993

Grantor Unto State: Various Property Owners

Estimated Sale Price: Fair Market Value

Estimated Value: \$39,950.00 – Per Appraisal

Grantee: Franklin Properties

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description: **Marion County – 4.45 +/- Acres – State Route 28, Jasper, TN – Trans. No. 04-07-007 (BM)**

Purpose: Disposal in Fee of surplus right-of-way to the only interested adjoining property owner for future development.

Original Cost to State: \$101,375.00 – 20.273 Acres

Date of Original Conveyance: December 1979

Grantor Unto State: John E. Acuff, Sr.

Estimated Sale Price: Fair Market Value

Grantee: Scenic Investors

Comment: Finance and Administration has a letter on file from the other adjoining property owners stating no interest in purchasing the subject property.

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACCEPT as GIFT, with WAIVER of APPRAISAL, required interest in the following real property:

Description: Hancock County – 1.16 +/- Acres Island – Clinch River, Big Springs Community – Trans. No. 04-07-004 (CH)

Purpose: Acquisition by Gift of an island for protection of mussels and fishing access.

Source of Funding: Gift

Estimated Cost: Gift

Owner(s): The Nature Conservancy

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.



TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: **Anderson County – 239 Square Feet – Roane State Community College, Oak Ridge Branch Campus, Oak Ridge, TN – Trans. No. 04-07-014 (LW)**

Purpose: Disposal by Easement to the adjoining property owner to allow connection to the City of Oak Ridge sewer system.

Estimated Sale Price: \$300.00 – Tax Value

Grantee: Elrond, LLC – Adjoining Property Owner

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Rutherford County – 0.55 +/- Acres with Improvement – 203 Womack Lane, Murfreesboro, TN – Trans. No. 04-06-024 (LW)**

Purpose: Acquisition in Fee for Middle Tennessee State University. The subject property is in the Master Plan for the University and the improvement will be rented until needed for future expansion.

Source of Funding: Institutional Plant Funds

Estimated Cost: Fair Market Value

Estimated Value: \$190,000.00

Owner(s): Mark and Jean Pelletier

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACCEPT as GIFT, with WAIVER of APPRAISAL, required interest in the following real property:

Description: **Overton County – 0.77 +/- Acres – Volunteer State Community College Off-Campus Center, Livingston, TN – Trans. No. 04-07-008 (LW)**

Purpose: Acquisition by Gift for the Livingston Off-Campus Center expansion of campus buildings and parking areas, SBC Project No. 166/025-05-04. The subject property is within the Master Plan

Source of Funding: Gift

Estimated Cost: Gift

Estimated Value: \$2,310.00

Owner(s): Scott Realty, LLC

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACCEPT as GIFT, with WAIVER of APPRAISAL, required interest in the following real property:

Description: **Overton County – 7.29 +/- Acres – Volunteer State Community College Off-Campus Center, Livingston, TN – Trans. No. 04-07-009 (LW)**

Purpose: Acquisition by Gift for the Livingston Off-Campus Center expansion of campus buildings and parking areas, SBC Project No. 166/025-05-04. The subject property is within the Master Plan

Source of Funding: Gift

Estimated Cost: Gift

Estimated Value: \$21,870.00

Owner(s): Town of Livingston

SSC Report: 8-16-04. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Anderson County – 761 Emory Valley Road, Oak Ridge, TN – Trans. No. 04-03-902 (JS)

Purpose: To provide office and related space for the Department of Energy Oversight Division.

Term: October 1, 2004 thru September 30, 2014 (10 yrs.)

Proposed Amount: 19,217 Square Feet  
Annual Contract Rent  
Incl. Utility Cost: \$171,030.96 @\$ 8.90/sf  
Est. Annual Janitorial Cost: \$ 21,138.70 @\$ 1.10/sf  
Total Annual Effective Cost: \$192,169.66 @\$10.00/sf

Current Amount: 19,217 Square Feet  
Annual Contract Rent  
Incl. Utility Cost: \$211,387.00 @\$11.00/sf  
Est. Annual Janitorial Cost: \$ 21,138.70 @\$ 1.10/sf  
Total Annual Effective Cost: \$232,526.00 @\$12.10/sf

Type: New Lease – Advertisement – Lowest of (5) Proposals from (2) Proposers

FRF Rate: \$13.50 Per Square Foot

Purchase Option: Yes – Years (1) thru (10)

Lessor: Skidmore, Ltd., Current Lessor

Comment: The proposed lease provides (1) the Lessor will make improvements at no additional cost to the State, (2) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter, and (3) the State's Option to Purchase.

SSC Report: 8-16-04. Bob King summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Knox County – Middlebrook Pike, Knoxville, TN – Trans. No. 03-03-902 (EN)**

Purpose: To provide office and related space for the Knoxville Environmental Assistance Center.

Term: October 1, 2005 thru September 30, 2015 (10 yrs.)

Proposed Amount:

<u>44,000 Square Feet</u>		
Annual Contract Rent:	\$472,900.00	@\$10.75/sf
Est. Annual Utility Cost:	\$ 61,600.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 48,400.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$582,900.00	@\$13.25/sf

Current Amount: None

Type: New Lease – Advertisement – Lowest Conforming Proposal from (4) Proposers with (1) Non-conforming

FRF Rate: \$14.00 Per Square Foot

Purchase Option: Yes – Years (1) thru (10)

Lessor: Hearthwood Properties #2, LLC

Comment: The proposed lease provides (1) the Lessor shall construct 44,000 square feet of office and related space including interior tenant alterations at no additional cost to the State, (2) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter, and (3) the State's Option to Purchase.

SSC Report: 8-16-04. Bob King summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF FINANCIAL INSTITUTIONS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Rutherford County – 1800 South Rutherford, Murfreesboro, TN – Trans. No. 04-06-906 (RS)

Purpose: To provide office and related space for additional staff assigned to the Middle Tennessee Field Office pursuant to Public Chapter 747 of the Public Acts of 2004

Term: December 1, 2004 thru November 30, 2008 (4 yrs.)

Proposed Amount:	<u>8,377 Square Feet</u>		
	Annual Contract Rent:	\$113,865.77	@\$13.59/sf
	Est. Annual Utility Cost:	\$ 9,214.70	@\$ 1.10/sf
	Est. Annual Janitorial Cost:	<u>\$ 9,214.70</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$132,295.17	@\$15.79/sf

Current Amount:	<u>4,473 Square Feet</u>		
	Annual Contract Rent:	\$60,800.00	@\$13.59/sf
	Est. Annual Utility Cost:	\$ 9,214.70	@\$ 1.10/sf
	Est. Annual Janitorial Cost:	<u>\$ 9,214.70</u>	<u>@\$ 1.10/sf</u>
	Est. Annual Janitorial Cost:	\$70,640.60	@\$15.79/sf

Type: Amendment No. 1 – 3,904 Square Feet

FRF Rate: \$13.50 Per Square Foot

Purchase Option: No – Business Park

Lessor: Thomas G. Hyde

Comment: Amendment provides the (Lessor will make interior tenant build-out improvements at no additional cost to the State. All other terms and conditions remain unchanged and in full force and effect.

SSC Report: 8-16-04. Bob King summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

COMPTROLLER OF THE TREASURY

**LEASE AGREEMENT**

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Davidson County – 1321 Murfreesboro Road, Nashville, TN – Trans. No. 04-04-911 (JS)**

Purpose: To provide office and related space for Field Office operations.

Term: January 1, 2005 thru December 31, 2014 (10 yrs.)

Proposed Amount: **3,489 Square Feet**  
Avg. Annual Contract Rent  
Incl. Utility & Janitorial Cost: **\$45,500.00** @ **\$13.04/sf**  
Avg. Total Ann. Effective Cost: **\$45,500.00** @ **\$13.04/sf**

Current Amount: **3,489 Square Feet**  
Annual Contract Rent  
Incl. Utility & Janitorial Cost: **\$43,612.50** @ **\$12.50/sf**  
Total Annual Effective Cost: **\$43,612.50** @ **\$12.50/sf**

Type: New Lease – Advertisement – Lowest of (4) Proposals from (1) Proposer

FRF Rate: \$18.00 Per Square Foot

Purchase Option: None – Multi-tenant

Lessor: Airport Plaza, LLC, Current Lessor

Comment: The proposed lease provides for no cancellation during the first five years except for cause and/or lack of funding and 180 days notice thereafter.

SSC Report: 8-16-04. Bob King summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.



DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 2222 Metrocenter Boulevard, Nashville, TN – Trans. No. 04-06-908 (JS)

Purpose: To provide office and related space for the Worker's Compensation Program.

Term: January 1, 2005 thru December 31, 2014 (10 yrs)

Proposed Amount: 14,550 Square Feet  
Avg. Annual Contract Rent  
Incl. Utility & Janitorial Cost: \$207,338.12 @\$14.25/sf  
Avg.Total Ann. Effective Cost: \$207,338.12 @\$14.25/sf

Current Amount: None

Type: New Lease – Advertisement – Lowest Conforming Proposal from (2) Proposers – Second Proposer Non-Conforming

FRF Rate: \$18.00 Per Square Foot


Purchase Option: No – Multi-tenant Complex

Lessor: Amulet Associates, LP

Comment: The proposed lease provides (1) Lessor shall make improvement and upgrade including interior tenant improvements at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter.

SSC Report: 8-16-04. Bob King summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 8-23-04. Sub-committee approved the transaction as presented. Final action.

Approved by:   
M. D. Goetz, Jr., Commissioner  
Department of Finance and Administration