

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

DECEMBER 15, 2003

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
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dale Sims, State Treasurer

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
Genie Whitesell, Attorney General's Office
Janie Porter, Attorney General's Office
Mark Wood, Secretary of State's Office
Dennis Raffield, THEC
Pat Haas, Bond Finance
George Brummett, Department of Finance and Administration
Karen Hale, Comptroller's Office
Jerry Preston, Tennessee Board of Regents
Jim Fyke, Department of Environment and Conservation
Beth Rhoton, City of Winchester
Monty Adams, Franklin County
George Fraley, State Representative
Keith Robinson, Tennessee Board of Regents
Jim Catanzaro, Chattanooga State Technical Community College

Kim Kirk, Department of Environment and Conservation
Belinda Bolton, TRICOR
Tim Schwarz, Department of Environment and Conservation
Rob Sherrill, Department of Environment and Conservation
Mark Tummons, Department of Environment and Conservation
Linda Dodson, Department of Correction
Tom Giese, Department of Correction
Douglas Amor, The Wee Course
Lee Miracle, City of Knoxville
Debbie Dunn, Department of Children's Services
Annette Crutchfield, Legislative Budget Analysis
Carolyn Smith, Department of Transportation
Jeff Hoge, Department of Transportation
Judy Gayle, Department of Human Services
Robert Bumbalough, Department of Human Services

Commissioner Goetz called the meeting to order at 10:40 a.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

* * * * *

DEPARTMENT OF CORRECTION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE AMENDMENT with ACCESS 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 – Cockrill Bend, TN Prison for Women – Trans. No. 03-11-006 (BM)**
- Purpose: Disposal by Lease Amendment of a 15-foot wide easement, with access easement, of property surplus to agency needs. The easement contains an existing sewer line with a lift station and equipment.
- Term: June 30, 2042
- Consideration: Grant – Shared use by State for training and education programs as needed and the general public
- Lessee: Nashville Rod and Gun Club (NRGC)
- Comment: The Department is abandoning the old sewer line, lift station and force main. The NRGC will be responsible for hookup to the sewer station and all costs, maintenance, upkeep, new electrical utility service and permitting of its sewer connection. The Department prefers to sell the equipment to the NRGC for \$1.00 and grant an easement as needed. Department does not want any future responsibility for abandoned sewer lines and lift station.
- SSC Report: 12-8-03. Jurgen Bailey, Real Estate Manager, summarized the transaction. He stated the agency will be abandoning the force main, lift station and sewer lines for a new facility at the Prison for Women. Charles Garrett advised that it is being looked into as to whether or not there are any outstanding bonds. Staff referred to Sub-committee with recommendation pending there being no issues with any outstanding bonds.
- SC Action: 12-15-03. Charles Garrett presented and summarized the transaction. He advised there are no outstanding bond issues. Sub-committee approved the transaction as requested. 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: **Hamilton County – 21.5 +/- Acres with 42,000 Square Foot improvement – 4325 Amnicola Highway, Chattanooga TN – Trans. No. 03-11-002 (LW)**
- Purpose: Acquisition in Fee of property located immediately adjacent to Chattanooga State Technical Community College (CSTCC) to accommodate academic programs currently in leased space at two other locations.
- Source of Funding: TSSBA/Capital Outlay
- Estimated Cost: Fair Market Value
- Estimated Value: \$4,430,000.00
- Owner(s): Olan Mills, Inc.
- SSC Report: 11-17-03. Jurgen Bailey requested a review of the transaction for information purposes only at this time. Jerry Preston, TBR, advised that THEC was not prepared to recommend this project at this time. He stated that the subject property is the corporate headquarters for Olan Mills, Inc. He stated the owner is prepared to sell the facility to the CSTCC. Mr. Preston summarized the transaction and presented information as to two options for financing the purchase of the property. Staff received the information.
- SSC Report: 12-08-03. Jerry Preston, TBR, summarized the transaction and presented it for review. Dennis Raffield, THEC, advised that THEC supports the request. Discussion ensued regarding future operational costs and funding mechanisms. Staff referred to Sub-committee for discussion.
- SC Action: 12-15-03. Charles Garrett presented the transaction for review and introduced Jerry Preston, TBR, for an overview of the project. Mr. Preston presented an Information Paper summarizing the transaction. Discussion centered around the proposed financing of the project and Mr. Preston summarized the proposed financing. Sub-committee approved the transaction as requested. Final action.

TENNESSEE BOARD OF REGENTS

CHATTANOOGA STATE COMMUNITY COLLEGE, CHATTANOOGA, TENNESSEE

- 1) Approved a request for a revision in funding from \$720,000.00 to \$750,000.00 (\$30,000.00 increase) of a project for **HVAC Piping and EMS Upgrade** at Chattanooga State Community College, Chattanooga, and authorization to award a contract to T.S. Raulston, Inc., in the amount of \$618,000.00, based on bids received December 3, 2003.

Revised Estimated Project Cost: \$750,000.00
SBC Project No. 166/012-01-02

DEPARTMENT OF TRANSPORTATION

LAND ITEM

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

Description: **Hamilton County – 101.799 +/- Acres – State Route 58 Right-of-Way, Chattanooga, TN – 03-11-009 (GM)**

Purpose: Disposal in Fee of surplus right-of-way. . The City will use the subject property to implement its 21st Century Waterfront Plan and involves building several intersections and reducing lanes. State Route 58 was removed from the State Highway System and is being maintained and controlled by the City of Chattanooga

Date of Original Conveyance: 1960's and 1970's

Grantor Unto State: Various Landowners

Estimated Sale Price: Grant – Public Purpose – Property will revert if ceases to be used for public purpose

Grantee: City of Chattanooga

SSC Report: 12-08-03. Jurgen Bailey summarized the transaction. Mr. Bailey stated that if right-of-way is sold by the City, funds will revert to the State for highway purposes and that it cannot be sold for a non-public purpose. Jeff Hoge, agency representative, stated the federal highway administration and the agency wants the stated stipulation in the conveyance document. Staff referred to Sub-committee with recommendation.

SC Action: 12-15-03. Charles Garrett summarized the transaction. Sub-committee approved the request as presented. Final action.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

LAND ITEM

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

Description: **Franklin County – 55.0 +/- Acres – Dry Creek and Boiling Fork Creek, Winchester, TN – Trans. No. 03-12-001 (BM)**

Purpose: Disposal by Assignment of an TVA Easement to the City for recreational development purposes.

Estimated Sale Price: Grant – Public Purpose

Grantee: City of Winchester, TN

Comment: In March 1985 the Tennessee Valley Authority conveyed the subject property to the State by Easement for recreational purposes.

SSC Report: 12-08-03. Jurgen Bailey summarized the transaction. He advised that TVA has agreed to the assignment and it is consistent with the master plan for Tims Ford. Staff referred to Sub-committee with recommendation.

SC Action: 12-15-03. Charles Garrett presented the transaction for review and introduced Mr. Jim Fyke, agency representative. Mr. Fyke summarized the transaction and advised that the assignment easement will contain the provision that (1) within two years upon receiving the easement the City must establish funding for the commercial recreational operation and (2) within five years of receiving the easements the City must begin construction of facilities, otherwise the easements may be terminated. Sub-committee approved the transaction as requested. Final action.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

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: **Franklin County – 2.8 +/- Acres – Dry Creek and Boiling Fork Creek, Winchester, TN – Trans. No. 03-12-001 (BM)**

Purpose: Disposal by Easement to the City for recreational development purposes.

Estimated Sale Price: Grant – Public Purpose

Grantee: City of Winchester, TN

SSC Report: Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 12-15-03. Charles Garrett presented the transaction for review and introduced Mr. Jim Fyke, agency representative. Mr. Fyke summarized the transaction and advised that the assignment easement will contain the provision that (1) within two years upon receiving the easement the City must establish funding for the commercial recreational operation and (2) within five years of receiving the easements the City must begin construction of facilities, otherwise the easements may be terminated. Sub-committee approved the transaction as requested. Final action.

DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

LAND ITEM

Review of a request for APPROVAL to REVISE and RELEASE CONDITIONS in a previously executed Quitclaim Deed conveyed to the City of Knoxville:

On December 21, 1998 the Executive Subcommittee approved conveying 81.506 acres of surplus Mental Health property to the City of Knoxville for the development of the First Tee Golf Course Program. In the quitclaim deed were two conditions:

- (A) The project to develop a golf course will begin within 2 years and be completed within 4 years, and in accordance with the First Tee Program as submitted by the City
- (B) The golf course will be restricted for public use

The golf course construction is complete and is currently a First Tee Chapter. There is still work to be done on the clubhouse and the instruction areas, and is expected to be complete this coming winter. Trans. No. 97-07-013

The request is for approval to revise condition (A) in Quitclaim Deed and to allow the City of Knoxville to sell 4 lots (1.83 acres) of the 81.605 acreage surplus land and use the profits to complete the golf course. The City of Knoxville will provide verification that the funds were utilized for the purpose stated. All other conditions remain the same. Trans. No. 03-12-003

SSC Report: 12-08-03. Larry Kirk summarized the transaction. Charles Garrett advised that it is being looked into as to whether or not there are any outstanding bonds. After review and discussion, Staff referred to Sub-committee for discussion.

SC Action: 12-15-03. Charles Garrett summarized the request and introduced Mr. Lee Miracle, Knox County. Mr. Miracle advised that the golf course is completed. He requested that the condition provided for in the original deed of conveyance be released to allow for the development and disposal of 4 lots. He advised that the proceeds from the sale would be put back into the golf course project. Comptroller Morgan requested if verification would be provided that the proceeds did go back into the project and Mr. Miracle stated verification would be provided. Sub-committee approved the request as presented. Final action.

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: Hardin County – 624 Florence Road, Suite C, Savannah, TN – Trans. No. 03-11-906 (TH)

Purpose: To provide temporary space for local operations of the Departments of Human Services and Children's Services

Term: January 1, 2004 thru December 31, 2004 (1 yr.)

Proposed Amount: 8,188 Square Feet

Annual Contract Rent:	\$75,800.00	@ \$ 9.25/sf
Est. Annual Utility Cost:	\$11,463.20	@ \$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 9,006.80</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	<u>\$96,270.00</u>	<u>@ \$11.75/sf</u>

Type: New Lease – Negotiated

FRF Rate: \$10.25 Per Square Foot

Purchase Option: No – Multi-Tenant

Lessor: John and Charlotte Wolfe

Comment: The proposed lease provides (1) the Lessor will make interior build-out in accordance with State specifications and plans and (2) no cancellation during the entire one year term of the lease except for cause and/or lack of funding.

The proposed lease will provide temporary space for local operations pending environmental abatement and new construction of the current space in accordance with the previously approved lease. Previous action of the Sub-committee approved a lease at 2100 Wayne Street, Savannah, TN, on April 21, 2003 at an effective rate of \$8.05 per square foot.

SSC Report: 11-17-03. Real Property Management deferred this transaction pending further review.

SSC Report: 12-08-03. Charles Garrett summarized the transaction. Agency representatives agreed that the proposed temporary lease is in the best interest of the agencies and recommend approval. After further review, Staff referred to Sub-committee with recommendation.

SC Action: 12-15-03. Charles Garrett summarized the transaction. Sub-committee approved the request as presented. Final action.

STATE BUILDING COMMISSION

MINUTES OF THE STATE BUILDING COMMISSION EXECUTIVE SUBCOMMITTEE

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on November 24, 2003.

SBC BYLAWS, POLICY AND PROCEDURES

The Subcommittee approved recommending to the full Commission the following revision to the State Building Commission *By-Laws, Policy and Procedures* to reflect current initiatives in diversity of contracting by deleting the existing paragraph 5.03 below and substituting the following:

(EXISTING)

5.03 MINORITY PARTICIPATION IN STATE BUILDING COMMISSION PROJECTS

It is the express desire of the State Building Commission that all bidders actively seek participation by minority-owned businesses in the construction, demolition or renovation of State projects under jurisdiction of the Commission. Although the efforts by any bidder to meet this requirement will not be a factor in evaluation of bids, the State will require the successful bidder to report to the State the names and amounts of contracts entered into with minority-owned businesses on State projects in order for the State to collect data on such participation.

It is a policy of the Commission that the above statement accompany the bidding documents for State projects under the jurisdiction of the Commission. **[SBC Meeting Minutes 3/10/94]**

(REVISED)

5.03 MINORITY PARTICIPATION IN STATE BUILDING COMMISSION PROJECTS

It is the express desire of the State Building Commission to include an emphasis on diversity in its contractual relationships with contractors for the construction, demolition or renovation of State projects under the jurisdiction of the Commission. The Commission acknowledges that firms who demonstrate and embrace diversity within their programs and policies are assisting the State in achieving its goals in building a more reflective marketplace of the community within this state.

- A. It is a policy of the State Building Commission that the above statement accompany the bidding or proposal documents for State projects under the jurisdiction of the Commission.

- B. It is a requirement of all successful bidders or proposers on projects under the jurisdiction of the State Building Commission that they report to the State the names and amounts of contracts entered into with minority-owned businesses on their contract with the State in order for the State to collect data on such participation.

- C. For projects under the jurisdiction of the State Building Commission which utilize a procurement process for selection of a contractor which involves an evaluation of qualifications and experience as well as price, it is the intent of the Commission that such proposal evaluations will recognize the positive qualifications and experience of proposers utilizing minority, women, small and disabled businesses as well as a diverse workforce to meet service needs.
 - a) In support of the above it is the intent of the Commission to require proposers or bidders to submit in the qualification section of the procurement document a description of proposers existing programs and procedures encouraging diversity participation.
 - b) In addition, proposers are to submit the following:
 - 1) Listing of proposer's current contracts involving diversity participation
 - 2) Estimated dollar amount and percentage of proposed diversity participation in the current procurement
 - 3) Percent of proposer's current employees by ethnicity, sex and disability

* * * * *

Following approval of the Consent Agenda, the meeting adjourned at 11:05 a.m.

CONSENT AGENDA

Approved the following real property transactions that have been reviewed and recommended for approval by Sub-committee staff:

- A. Agency: **University of Tennessee – Hamilton County**
Transaction: Lease Agreement
- B. Agency: **Department of Transportation – Rutherford County**
Transaction: Disposal in Fee
Provision: Waiver of Advertisement
- C. Agency: **TN Wildlife Resources Agency – Hancock County**
Transaction: Acquisition in Fee
Provision: Demolition of Small House
- D. Agency: **TN Wildlife Resources Agency – Franklin County**
Transaction: Disposal by Easement
Provision: Waiver of Advertisement and Appraisals
- E. Agency: **Finance & Administration – Carroll County**
Transaction: Lease Agreement for Human Services & Children's Services
Provision: Revise Previous Approval

A.

UNIVERSITY OF TENNESSEE

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: Hamilton County – 921 East Third Street, Chattanooga, TN – Trans. No. 03-11-913

Purpose: To provide administrative office and laboratory space for the continued operations of the Skills Laboratory for the Chattanooga Unit of the University of Tennessee College of Medicine.

Term: July 1, 2003 thru June 30, 2008 (5 yrs.)

Proposed Amount: 5,400 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$54,000.00 @ \$10.00/sf
Total Annual Effective Cost: \$54,000.00 @ \$10.00/sf

Current Amount: 5,400 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$51,300.00 @ \$ 9.50/sf
Total Annual Effective Cost: \$51,300.00 @ \$ 9.50/sf

Type: New Lease – Negotiated – Intergovernmental

Lessor: Hamilton County Government

SSC Report: 12-8-03. Alvin Payne summarized the transaction and advised the Skills Laboratory has occupied this space since 1975. Staff referred to Subcommittee for consent agenda.

SC Action: 12-15-03. 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: **Rutherford County – 1.58 +/- Acres – Florence Road and Interstate-24 – Trans. No. 03-11-008 (BM)**

Purpose: Disposal in Fee of surplus right-of-way to the only adjoining property owner for assemblage purposes.

Original Cost to State: \$259,000.00 – 31.154 Acres

Date of Original
Conveyance: May 2002

Grantor Unto State: Various Owners

Estimated Sale
Price: Fair Market Value

Estimated Value: \$100,000.00

Grantee: R & H Developers,
Denis Hasting and James Rowland

SSC Report: 12-08-03. Jugen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 12-15-03. Approved the transaction as presented. 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 and APPROVAL to DEMOLISH a Small House located on the property:

Description: **Hancock County – 857.0 +/- Acres Trans. No. 03-11-004 (CH)**

Purpose: Acquisition in Fee to provide water quality protection for endangered species located in the Clinch River and other areas would be managed for upland game habitat and forest acres managed for deer, turkey and squirrels.

Source of Funding: Federal – Endangered Species Grant

Estimated Cost: Fair Market Value

Estimated value: \$1,608,000.00

Owner(s): Tennessee Nature Conservancy

SSC Report: 12-08-03. Jurgen Bailey summarized the transaction. John Gregory, TWRA, stated the Conservancy is only requesting reimbursement for its cost. He advised the transaction will not require additional manpower and only minimal management cost. Staff referred to Sub-committee for consent agenda.

SC Action: 12-15-03. Approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

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: **Franklin County – 0.58 +/- Acres – Mingo Swamp, College Lane, Winchester, TN – Trans. No. 03-11-005 (CH)**

Purpose: Disposal by Easement to the County Highway Department for upgrading of the existing road.

Estimated Sale Price: Grant – Public Benefit

Grantee: Franklin County Highway Department

Comment: The County requires an additional 20 feet of right-of-way to upgrade an existing road under a County Uniform Highway Law adopted by the County for paved roads. The easement area will not negatively impact State property.

SSC Report: 12-08-03. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 12-15-03. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LEASE ITEM

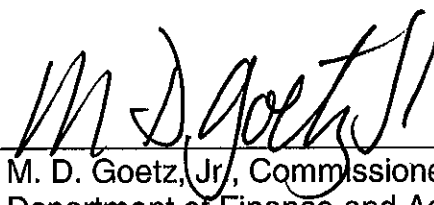
Request to REVISE PREVIOUS APPROVAL of a Lease Agreement for the rental of real property as required by TCA 12-2-115 from a 10-year lease with no cancellation during the first five years except for cause and/or lack of funding and 180 days notice thereafter to a five year lease with 180 days notice of cancellation. All other terms and conditions remain the same.

SSC Report: 12-08-03. Charles Garrett presented the request to Revise the Previous Approval. He advised that the agency feels a no cancellation provision is not be in its best interest of the Department due to future fundamental changes to the computer systems and service delivery methods. The agency has stated a no cancellation provision would severely limit the capability to adjust programs operations and staffing.

After review and discussion, Staff recommended that the agency consider leaving the subject lease term at the 10 years and revise the cancellation provision to 180 days notice for convenience. Staff referred to Subcommittee for consent agenda pending agency's response to Staff's recommendation.

12-09-03. Subsequent to Staff's recommendation, the agency and lessor have agreed to the 10 year lease with the cancellation provision of 180 days notice for convenience during the entire 10 year lease term.

SC Action: 12-15-03. Approved as presented. Final action.

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