

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

FEBRUARY 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

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

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
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
Alvin Payne, University of Tennessee
John Gregory, Tennessee Wildlife Resources Agency
Annette Crutchfield, Legislative Budget Office
Harold Shackelford, Department of Labor and Workforce Development
Commissioner James Neeley, Department of Labor and Workforce Development
Chester Lowe, Department of Labor and Workforce Development
Bob Bumbalough, Department of Human Services
Carl Brown, Department of Human Services
Judy Gayle, Department of Human Services
Jim Gordon, Department of Education
Tom Fusco, Department of Education
Bob King, Department of Finance and Administration

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.

UNIVERSITY OF TENNESSEE

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: **Hamilton County – 201.6 +/- Acres – Portion of the former Volunteer Army Ammunition Plant, Chattanooga, TN – Trans. No. 04-01-009 (GM)**

Purpose: Acquisition by Gift a portion of the former Volunteer Army Ammunition Plant (VAAP) for the UT Chattanooga educational enrichment activities for environmental and ecological studies.

Source of Funding: Unrestricted Lupton Gift Funds

Estimated Cost: Gift

Owner(s): U.S. Department of Education/Department of the Army

Comment: The subject property must be used for educational purposes for 30 years or conveyance can be revoked. Ground water cannot be used due to pollution as associated with the former military uses of the adjoining property.

SSC Report: 2-13-04. Jurgen Bailey presented the transaction for review. Alvin Payne summarized the transaction. After review and discussion, Staff referred to Sub-committee with recommendation.

Sc Action: 2-23-04. Charles Garrett summarized the request. Larry Kirk advised that there is no liability to the State for any potential contamination. Alvin Payne stated the County is proving \$50,000 in-kind as a gift of a modular building and the remainder from the Lupton Gift Fund. Sub-committee approved the transaction as requested. Final action.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL at LESS THAN FAIR MARKET VALUE of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description: **Knox County – 6.93 +/- Acres and Improvements – Taliwa Apartment complex – Trans. No. 02-08-015 (GM)**

Purpose: Disposal in Fee at Less Than Fair Market Value of University of Tennessee's Taliwa Apartments Complex.

Original Cost to State: \$500,000.00

Date of Original Conveyance: April 1957

Grantor Unto State: Taliwa Inc.

Estimated Sale Price: \$1,427,000.00

Grantee: Diversified Properties

Comment: The subject property has been advertised and bid three times and the University feels it is in the State's best interest to accept the bid of \$1,427,000.00.

SSC Report: 2-13-04. Jurgen Bailey summarized the request. Staff referred to Sub-committee with recommendation.

SC Action: 2-23-04. Charles Garrett presented the transaction for review. Alvin Payne summarized the transaction. After review and discussion, the transaction was approved with the caveat that if the proposer fails to follow through on the proposal, the State would pursue the collection of damages. Final action.

DEPARTMENT OF EDUCATION

LAND ITEM

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

Description: **Putnam County – 27.6 +/- Acres & Improvements – WCTE Public Television, Cookeville, TN – Trans. No. 04-01-006 (GM)**

Purpose: Deed of Correction to release restriction regarding non-commercial use of property to allow private entities to lease tower space.

Estimated Sale Price: Grant -- Public Benefit

Grantee: Upper Cumberland Broadcasting Council (WCTE-TV Cookeville Public Television)

Comment: TCA 49-50-904 required ownership and control of State Education television stations be transferred to not-for-profit community corporations. The Department transferred ownership of all real and personal property without any use restrictions via Bill of Transfer in January 1986. WCTE requested an instrument that could be recorded. A quitclaim deed executed by the State, January 1989, restricted use to "non-commercial educational and public television broadcasting".

SSC Report: 2-13-04. Jurgen Bailey summarized the request. He advised it is recommended that a Deed of Correction to remove the restriction. He stated this request would allow WCTE-TV to lease space on the tower and the revenue would be put back into educational broadcasting. Staff referred to Sub-committee for discussion.

SC Action: 2-23-04. Charles Garrett summarized the transaction. Agency advised there would be no change in programming and that any revenue would be put back into the program for public broadcasting. Sub-committee approved the requested as presented. Final action.

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

LAND ITEM

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

Description: **Putnam County – 1.057 +/- Acres with Improvement – 263 West Spring Street, Cookeville, TN – Trans. No. 04-01-008 (LW)**

Purpose: Disposal in Fee of agency owned Reed Act building that does not meet the requirements for a Career Center and has inadequate parking. Agency relocating to a Career Center.

Original Cost to State: \$13,000.00 - Land

Date of Original Conveyance: August 1965

Grantor Unto State: Cookeville Housing Authority

Estimated Sale Price: Fair Market Value

Estimated Value: \$196,158.00

Grantee: Pending Advertisement

SSC Report: 2-13-04. Jurgen Bailey summarized the transaction. After review and discussion, Staff referred to Sub-committee for discussion.

SC Action: 2-23-04. Charles Garrett summarized the transaction. Agency advised that proceeds from the disposal will be reinvested in another facility. Sub-committee approved the transaction as requested. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

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

Description: **Wayne County – 119 +/- Acres – Trans. No. 04-01-002 (CH)**

Purpose: Acquisition by Gift, with a Life Estate, and will provide a wildlife habitat, hunting, and other wildlife recreation activities.

Source of Funding: License Fees

Estimated Cost: Gift

Estimated Value: \$46,200.00

Owner(s): Brenda Hamm Griggs, Executrix

Comment: The State will accept the property subject to a life estate held by Paul Franklin Griggs.

SSC Report: 2-13-04. Jurgen Bailey summarized the transaction. After review and discussion, Staff referred to Sub-committee with recommendation.

SC Actino: 2-23-04. Charles Garrett summarized the transaction. Sub-committee approved the transaction as requested. Final action.

DEPARTMENT OF HUMAN SERVICES

LEASE ITEM

Review of a request to REVISE PREVIOUS APPROVAL in the rental of real property in accordance with TCA-12-2-115:

Location: Obion County – 1419 North Morgan Street, Union City, TN – Trans. No. 03-06-909 (TH)

Purpose: To provide office and shop space for operations of the Tennessee Rehabilitation Center.

Term: July 1, 2004 thru June 30, 2014 (10 yrs)

Proposed Amount:	<u>12,600 Square Feet</u>		
	Annual Contract Rent:	\$115,140.00	@ \$ 9.14/sf
	Est. Annual Utility Cost:	\$ 17,640.00	@ \$ 1.40/sf
	Total Annual Effective Cost:	\$132,780.00	@ \$10.54/sf

Previous Approval: Executive Sub-committee approved a ten year lease for the Department's Tennessee Rehabilitation Center in Union City, TN and provided the following:

1. The City of Union City and Obion County, Lessors, will construct a 12,600 square foot office and shop/warehouse facility in accordance with plans and specifications of the State.
2. The approved lease contained a no cancellation during the first five years of the lease except for cause and/or lack of funding and 180 days notice thereafter.
3. State's option to renew for an additional ten year period with a reduction in annual rent to \$37,800.00 at \$3.00 per square foot.
4. Janitorial services to be the responsibility of the State.

Proposed Revisions: Upon Lessor's receipt of the approved lease, Real Property Management received a letter from the Lessor requesting changes to the proposed lease. Real Property Management conferred with the agency as to the Lessor's proposed revisions. The agency noted that similar revisions were contained in other TVTC lease agreements with other local governments and is willing to accept the revisions again. Funding for this program is 70 percent Federal and 30 percent local. There are no State dollars involved. With the agency's concurrence, Real Property Management entered into negotiation that resulted in the following revisions to the previously approved lease:

Department of Human Services – continued:

1. Revised: Paragraph 5 - Termination for Convenience during the entire term of the lease is removed.
2. Revised: Paragraph 5A, Termination for Cause, (b) - code modification costs after \$5,000.00 and any balance paid equally by the City and County, will be subject to Paragraph 12, Repair and Maintenance and (g) availability of State space removed.
3. Revised: Paragraph 12 - Repair and Maintenance. The State shall be responsible for the first \$5,000.00 annually for repair and maintenance costs and any remaining balance will be paid equally by the County of Obion and the City of Union City.
4. Revised: Paragraph 12 - The State shall be responsible for periodic painting, furnishing and replacing light bulbs, fluorescent tubes, ballasts and starters and air conditioning and ventilating equipment filters.
5. Revised: Paragraph 20, Codes – Any costs associated with code requirements and maintenance of the leased premises shall be paid in accordance with all fire, building and life safety codes as referred to in Paragraph 12.
6. Revised: Paragraph 22 - Pest Control shall be the responsibility of the State.

SSC Report: 2-13-04. Bob King summarized the request. Staff referred to Sub-committee with recommendation.

SC Action: 2-23-04. Charles Garrett presented the request and summarized the transaction. He advised that Item 3 of the Proposed Revisions would be clarified at the recommendation of Staff. Sub-committee approved the transaction as requested. 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 January 20, 2004.

Following approval of the Consent Agenda, the meeting adjourned at 10:50 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 – Knox County**
Transaction: Acquisition by Gift
Provision: Waiver of Appraisal
- B. Agency: **Department of Transportation – Cheatham County**
Transaction: Disposal in Fee
Provision: Waiver of Advertisement
- C. Agency: **Department of Transportation – Knox County**
Transaction: Disposal in Fee
Provision: waiver of Advertisement
- D. Agency: **Department of Transportation – Rhea County**
Transaction: Disposal in Fee
Provision: Waiver of Advertisement
- E. Agency: **TN Board of Regents – Montgomery County**
Transaction: Acquisition in Fee
Provision: Approval to Demolish Improvement
- F. Agency: **TN Board of Regents – Rutherford County**
Transaction: Acquisition in Fee – Jordan Street
- G. Agency: **TN Board of Regents – Rutherford County**
Transaction: Acquisition in Fee – 1818 Greenland Drive
- H. Agency: **TN Board of Regents – Rutherford County**
Transaction: Acquisition in Fee – 1812 Greenland Drive
- I. Agency: **TN Board of Regents – Rutherford County**
Transaction: Acquisition in Fee – Wiles Court
- J. Agency: **Department of Safety – Williamson County**
Transaction: Lease Agreement
- K. Agency: **Department of Safety – Campbell County**
Transaction: Lease Agreement

UNIVERSITY OF TENNESSEE

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: **Knox County – 7.1 +/- Acres – Alcoa Highway, University of Tennessee Dairy Farm, Knoxville, TN – Trans. No. 04-01-010 (GM)**

Purpose: Acquisition by Gift for use as a men's and women's practice golf facility. Subject property is contiguous to the Dairy Farm.

Source of Funding: Gift

Estimated Cost: Gift

Owner(s): Knox County

SSC Report: 2-13-04. Referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved as presented. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

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

Description: **Cheatham County – 1.49 +/- Acres – State Route 12, Ashland City, TN – Tans. No. 04-01-013 (BM)**

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

Original Cost to State: \$92,000.00 - 6.990 Acres (\$13,161.00 per acre)

Date of Original Conveyance: November 1995

Grantor Unto State: Martha Owen

Estimated Sale Price: Fair Market Value

Grantee: Martha Owen

Comment: There is only (1) other adjoining property owner who has no interest in the property.

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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: **Knox County – 1.869 +/- Acres – Cogdill Road and Interstate 40 Right-of-way, Knoxville, TN – trans. No. 04-01-014 (BM)**

Purpose: Disposal in Fee to an adjoining property owner for assemblage purposes.

Original Cost to State: \$2,343,600.00 – 45.0 Acres (\$52,080.00 per acre)

Date of Original Conveyance: 1988 and 1992

Grantor Unto State: Various Grantors

Estimated Sale Price: Fair Market Value

Grantee: D & L Pellissippi Partnership

Comment: There are (2) other adjoining landowners who have expressed no interest in the property.

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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: Rhea County – 1.730 +/- Acres – SR 29 and SR 60, Dayton, TN – Trans. No. 04-01-019 (BM)

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

Original Cost to State: \$60,100.00 – 3.696 Acres

Date of Original Conveyance: August 1989

Grantor Unto State: Dayco Development, Inc.

Estimated Sale Price: Fair Market Value

Estimated Value: \$25,000.00+

Grantee: Dayton Certified Properties, GP

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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 and APPROVAL to DEMOLISH the Improvement:

Description: **Montgomery County – 0.10 +/- Acres with Improvements – 263 Patrick Street, Clarksville, TN – Tans. No. 04-01-016 (LW)**

Purpose: Acquisition in Fee of property adjacent to the Austin Peay State University's married housing complex. Property will be used for parking and is within APSU's Master Plan.

Source of Funding: Land Acquisition Funds

Estimated Cost: Fair Market Value

Estimated Value: \$56,500.00

Owner(s): Kenneth Welker

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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 – 0.275 +/- Acres with Improvements – 1800 Jordan Street, Middle Tennessee State University, Murfreesboro, TN – Trans. No. 04-01-005 (LW)**

Purpose: Acquisition in Fee of property within the MTSU Master Plan for campus expansion and the house on the property will be rented until needed for future expansion.

Source of Funding: Institutional Auxiliary Funds

Estimated Cost: Fair Market Value

Estimated Value: \$145,000.00

Owner(s): Tony and Judy Elgin

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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 – 1.20 +/- Acres with Improvements – 1818 Greenland Drive, Middle Tennessee State University, Murfreesboro, TN – Trans. No. 04-01-015 (LW)**

Purpose: Acquisition in Fee of property within the MTSU Master Plan for campus expansion and the house on the property will be rented until needed for future expansion.

Source of Funding: Institutional Auxiliary Funds

Estimated Cost: Fair Market Value

Estimated Value: \$165,000.00

Owner(s): Catherine F. Clark

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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 – 1.25 +/- Acres with Improvements – 1812 Greenland Drive, Middle Tennessee State University, Murfreesboro, TN – Trans. No. 04-01-018 (LW)**

Purpose: Acquisition in Fee of property within the MTSU Master Plan for campus expansion and the house on the property will be rented until needed for future expansion.

Source of Funding: Institutional Auxiliary Funds

Estimated Cost: Fair Market Value

Estimated Value: \$123,000.00

Owner(s): Catherine F. Clark

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved 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 – 0.33 +/- Acres – Lot 6, Wiles Court, Middle Tennessee State University, Murfreesboro, TN – Trans. No. 04-01-017 (LW)**

Purpose: Acquisition in Fee of property within the MTSU Master Plan for campus expansion.

Source of Funding: Institutional Auxiliary Funds

Estimated Cost: Fair Market Value

Estimated Value: \$35,000.00

Owner(s): Catherine F. Clark

SSC Report: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved as presented. Final action.

DEPARTMENT OF SAFETY

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: **Williamson County, 4248 South Carothers Road, Franklin, TN – Trans. No. 03-10-904 (EN)**

Purpose: To provide office and related space for the Division of Driver License Issuance and the Tennessee Highway Patrol.

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

Proposed Amount: **5,900 Square Feet**

Annual Contract Rent:	\$84,900.00	@\$14.39/sf
Est. Annual Utility Cost:	\$ 8,260.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 6,490.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$99,650.00	@\$16.89/sf

Type: New Lease – Advertisement – Lowest of (4) Proposals from (2) Proposers

FRF Rate: \$13.50 Per Square Foot

Purchase Option: Yes – Years 1 thru 10

Lessor: Pedigo-Franklin, LLC
Jerrold Don Pedigo, Principal

Comment: The proposed lease provides (1) the Lessor will construct 5,900 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: 2-13-04. Charles Garrett advised that the proposed lease facility is a line item in the budget for purchase. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved as presented. Final action.

DEPARTMENT OF SAFETY

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: Campbell County – 111 Ellison Road, LaFollette, TN – Trans. No. 03-01-905 (JS)

Purpose: To provide office and related space for the Division of Driver License Issuance and Tennessee Highway Patrol.

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

Proposed Amount:

<u>4,500 Square Feet</u>		
Annual Contract Rent:	\$28,800.00	@\$6.40/sf
Est. Annual Utility Cost:	\$ 6,300.00	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 4,950.00</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$40,050.00	@\$8.90/sf

Current Amount:

<u>900 Square Feet</u>		
Annual Contract Rent:	\$6,300.00	@\$7.00/sf
Est. Annual Utility Cost:	\$1,260.00	@\$1.40/sf
Est. Annual Janitorial cost:	<u>\$ 990.00</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost?	\$8,550.00	@\$9.50/sf

Type: New Lease – Advertisement – Lowest of (6) Proposals from (2) Proposers

FRF Rate: \$10.25 Per Square Foot

Purchase Option: No

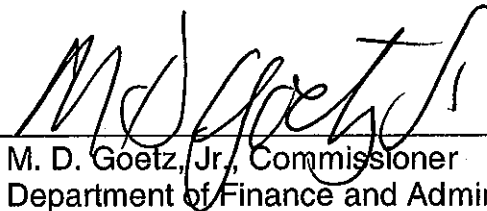
Lessor: Ayers Real Estate & Auction Co., Inc.
Haskell Ayers, President

Comment: The proposed lease provides (1) the Lessor will construct 4,500 square feet of office and related space 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: 2-13-04. Staff referred to Sub-committee for consent agenda.

SC Action: 2-23-04. Approved as presented. Final action.

Approved by:



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