The State Building Commission Executive Subcommittee met this day at 11:30 a.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee. Secretary of State Tre Hargett called the meeting to order at 11:32 a.m. and requested action on the following matters as presented by State Architect Peter Heimbach.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

OTHERS PRESENT

Peter Heimbach, State Architect
Georgia Martin, Office of the State Architect
Jonathan Rummel, Secretary of State’s Office
Kathy Stickel, Comptroller’s Office
Bruce Davis, Legislative Budget Office
Joy Harris, Treasurer’s Office
Whitney Goetz, Treasurer’s Office
Genie Whitesell, Attorney General’s Office
Janie Porter, Attorney General’s Office
Robbi Stivers, University of Tennessee
Tim McKeehan, University of Tennessee
Chloe Shafer, Office of the State Architect
John Webb, Department of Finance and Administration
Dick Tracy, Tennessee Board of Regents
Steven Gentile, THEC
UNIVERSITY OF TENNESSEE

**Lease Agreement**

**Requested Action:** Approval of lease agreement with waiver of advertisement

**Location:** Knox County – 2509-2517 University Commons Way, Knoxville, TN – Trans. No. 14-06-900

**Purpose:** Retail space

**Term:** August 1, 2014 – July 31, 2024 (10 years)

**Proposed Amount:**

**Years 1-5***

6,000 rentable sf

Annual rent cost –

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Rent</td>
<td>$138,000</td>
<td>$23.00 / sf</td>
</tr>
<tr>
<td>Common Area Maintenance</td>
<td>$9,000</td>
<td>$1.50 / sf</td>
</tr>
<tr>
<td>CAM Fee</td>
<td>$7,500</td>
<td>$1.25 / sf</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,800</td>
<td>$0.30 / sf</td>
</tr>
<tr>
<td>Taxes</td>
<td>$21,000</td>
<td>$3.50 / sf</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$3,000</td>
<td>$0.50 / sf</td>
</tr>
<tr>
<td>Utilities</td>
<td>$10,500</td>
<td>$1.75 / sf</td>
</tr>
<tr>
<td>Janitorial</td>
<td>$6,600</td>
<td>$1.10 / sf</td>
</tr>
</tbody>
</table>

Annual effective total cost:** $197,400.00 @ $32.90 / sf

**Years 6-10***

6,000 rentable sf

Annual rent cost –

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Annual effective total cost:** $221,400.00 @ $36.90 / sf

*Does not reflect escalations in CAM, Insurance, Taxes, etc.

**Does not reflect UBIT Taxes estimated at $175,000 per year.

**Type:** Negotiated lease

**Source of Funding:** The lease cost shall be funded by Plant Funds – Auxiliary Sources (A). No State appropriations will be used to fund this lease.

Continued...
FRF Rate: $18.00/sq. ft. (for reference)

Lessor: UC Retail, LLC

Comment: The University of Tennessee at Knoxville (UTK) operates the VolShop to serve the University community and the general public. The University proposes to lease space for a VolShop on the western side of the campus (see attached map) from UC Retail (UCR), LLC. The space proposed will be co-located in a new Walmart and Publix shopping center under development by University Commons (UC) which is scheduled to open August 2014. UCR and UC are sister LLC’s with the same principals.

A retail development of this type, and the proposed lease space, are considered unique and rare due to its location in the footprint of the campus master plan and adjacent to the core of campus. It is situated directly between UTK’s main campus, UT Institute of Agriculture campus and Sorority Village. The area of the retail center will attract a large volume of pedestrian traffic from the University community. Its location is in close proximity of student residence halls, class/lab buildings and in a high traffic area where most students, faculty and staff traverse on a daily basis.

In years 1-5, the proposed base rent is $23.00 per square foot per, or $138K per year. In years 6-10, the base rent would increase to $27.00 per square foot, or $162K per year. As described in the table above, additional rent of $9.90 per square foot includes other expenses paid to landlord that when added to the base rent increases the total annual cost per square to $32.90 in years 1-5 and $36.90 in years 6-10. The proposed term would commence in the summer of 2014 when the Landlord delivers the space. The total cost during the 10-year term of the lease would be approximately $3.84M. The University may terminate the lease for cause related to conflict of interest, lack of funding by the appropriate Legislative Body, or default by Landlord.

Minutes: 07/10/2014 ESC Robbi Stivers presented the request. Commissioner Martin disclosed that, because of his past experience while with the City of Knoxville and since he was personal friends with the developers, he thought it appropriate to recuse himself from voting. Secretary Hargett stated that, while the project was unusual, it was not inappropriate. The Subcommittee voted in favor to approve the request, with Commissioner Martin abstaining.
## Designer Selections

The following designer selections represent projects approved by the State Building Commission and recommended by the State Procurement Agencies. Secretary Hargett stated that, while they used the normal criteria in determining final selections including maintaining the geographical balance, current work capacity, and quality and quantity of workload over past several years, it was still primarily a process driven by the individual agencies.

1) **Military Department – Smyrna**  
   - (Fitzhugh Avenue/A Street Paving Improvements)  
   - Total Project Budget: $690,000  
   - SBC Project No.: 361/079-03-2014  
   - Designer: **RAGAN-SMITH ASSOCIATES**

2) **Military Department – Grubbs Kyle RC**  
   - (Bldg 510 Reroof and Facility Upgrade)  
   - Total Project Budget: $820,000  
   - SBC Project No.: 361/079-02-2014  
   - Designer: **DESIGN HOUSE 1411**

3) **Military Department – Smyrna Med Ctr RC**  
   - (Bldgs 250 & 251 Reroof & Facility Upgrade)  
   - Total Project Budget: $1,420,000  
   - SBC Project No.: 361/079-01-2014  
   - Designer: **ALPHA THREE GROUP**

4) **Military Department – Oneida RC**  
   - (Reroof and Facility Updates)  
   - Total Project Budget: $950,000  
   - SBC Project No.: 361/072-01-2014  
   - Designer: **WYSTWYND DESIGNS INC**

5) **Military Department – Rockwood RC**  
   - (Drainage Improvements)  
   - Total Project Budget: $140,000  
   - SBC Project No.: 361/078-01-2014  
   - Designer: **WILL ROBINSON & ASSOCIATES**

6) **Military Department – Selmer RC**  
   - (HVAC and Energy Updates)  
   - Total Project Budget: $780,000  
   - SBC Project No.: 361/082-01-2014  
   - Designer: **HNA ENGINEERING**

7) **Rachel Jackson State Office Building**  
   - (Exterior Repair)  
   - Total Project Budget: $1,800,000  
   - SBC Project No.: 529/013-01-2014  
   - Designer: **HFR DESIGN**

8) **James K. Polk State Office Building**  
   - (Exterior Window Repair)  
   - Total Project Budget: $750,000  
   - SBC Project No.: 529/075-01-2014  
   - Designer: **RICHARD C. RINKS & ASSOCIATES**

9) **Mental Health and Substance Abuse Services**  
   - (Middle TN Architectural Consultant)  
   - Total Project Budget: $30,000  
   - SBC Project No.: 344/000-01-2014  
   - Designer: **GOODWYN MILLS & CAWOOD**

10) **Mental Health and Substance Abuse Services**  
    - (West TN Architectural Consultant)  
    - Total Project Budget: $30,000  
    - SBC Project No.: 344/000-02-2014  
    - Designer: **URBANARCH ASSOCIATES**

11) **Tennessee Historical Commission**  
    - (Architectural Consultant)  
    - Total Project Budget: $75,000  
    - SBC Project No.: 160/000-01-2014  
    - Designer: **CENTRIC ARCHITECTURE**

12) **Department of General Services - Statewide**  
    - (MPE Engineering Consultant #1 Large Firm)  
    - Total Project Budget: 529/000-08-2012  
    - SBC Project No.: 529/000-08-2012  
    - Designer: **SMITH SECKMAN REID**
13) **Tennessee State University**  
(Campus-wide Elevator Replacements)  
Total Project Budget: $2,250,000  
SBC Project No.: 166/001-01-2014  
Designer: GILBERT/ MCLAUGHLIN/ CASELLA

14) **Austin Peay State University**  
(Clauxton Building HVAC Corrections)  
Total Project Budget: $1,630,000  
SBC Project No.: 166/003-04-2014  
Designer: KURZYNSKE & ASSOCIATES

15) **University of Memphis**  
(Emergency Operations Generator)  
Total Project Budget: $250,000  
SBC Project No.: 166/007-18-2014  
Designer: CANUP ENGINEERING

16) **University of Memphis**  
(Lambuth Elevators and Classrooms)  
Total Project Budget: $895,000  
SBC Project No.: 166/007-19-2014  
Designer: A2H INC

17) **Middle Tennessee State University**  
(Chiller and Tower Replacement)  
Total Project Budget: $1,320,000  
SBC Project No.: 166/009-03-2014  
Designer: I C THOMASSON ASSOCIATES

18) **Tennessee Technological University**  
(Intramural Sports Field House)  
Total Project Budget: $150,000  
SBC Project No.: 166/011-12-2014  
Designer: GILBERT / MCLAUGHLIN /CASELLA

19) **Tennessee Technological University**  
(Roaden University Center Upgrades)  
Total Project Budget: $6,000,000  
SBC Project No.: 166/011-14-2014  
Designer: SPARKMAN & ASSOCIATES

20) **Chattanooga State Community College**  
(Cooling Tower Replacement)  
Total Project Budget: $550,000  
SBC Project No.: 166/012-01-2014  
Designer: CAMPBELL & ASSOCIATES

21) **Cleveland State Community College**  
(Elevator Modernizations)  
Total Project Budget: $600,000  
SBC Project No.: 166/013-01-2014  
Designer: ENGINEERING SERVICES GROUP

22) **Motlow State Community College**  
(Central Power Plant Chiller Replacement)  
Total Project Budget: $920,000  
SBC Project No.: 166/021-04-2014  
Designer: OLIVER LITTLE GIPSON ENGR

23) **Northeast State Community College**  
(Student Services Roof and Exterior Repairs)  
Total Project Budget: $270,000  
SBC Project No.: 166/038-01-2014  
Designer: MCGAHEY ASSOCIATES

24) **University of Tennessee Knoxville**  
(Building Access Improvements)  
Total Project Budget: $2,300,000  
SBC Project No.: 540/009-09-2014  
Designer: WEST WELCH REED ENGINEERS

**Other Business**

There being no other business, the meeting adjourned at 11:40 a.m.
Approved:

[Signature]

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