

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

JUNE 26, 2008

The State Building Commission Executive Subcommittee 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
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, State Architect's Office
Alan Robertson, Assistant State Architect
Charles Garrett, Real Property Administration
Charles Harrison, Comptroller's Office
Jurgen Bailey, Real Property Administration
Janie Porter, Attorney General's Office
Jerry Preston, Tennessee Board of Regents
John Carr, Finance & Administration
Cindy Liddell, Bond Finance
Sandi Thompson, Bond Finance
Annette Crutchfield, Legislative Budget
Robert Greene, Department of Education
Russ Deaton, THEC
Andrew Smith, THEC
Stephanie Steele, THEC
George E. York, York Patriotic Foundation
Andrew York, York Patriotic Foundation
Greg Young, Bass Berry & Sims
Brian Dobbs, Bass Berry & Sims
Lee Barfield, Bass Berry & Sims
Alvin Payne, University of Tennessee

Richard Tune, TN Historical Commission
Tom Hayden, Congressman Lincoln Davis
Lucie Stone, York Foundation
Bill Bauer, Real Property Administration
Steve Westerman, Real Property Administration
Lola Potter, Department of Finance and
Administration
Lisa Spells, LAS Therapy Network
Nancy Blevins, Department of Finance and
Administration
Harvey Freeman, Real Property 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 Mike Fitts.

CONSENT AGENDA

Approved the following real property transactions, which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: Tennessee Board of Regents – Montgomery County
Transaction: Acquisition in fee
- B. Agency: Tennessee Board of Regents – Montgomery County
Transaction: Acquisition in fee
- C. Agency: Tennessee Board of Regents – Montgomery County
Transaction: Acquisition in fee
- D. Agency: Tennessee Board of Regents – Montgomery County
Transaction: Acquisition in fee
- E. Agency: Department of Agriculture – McMinn County
Transaction: Disposal by lease
Provision: Waiver of Advertisement & Appraisals
- F. Agency: Department of Environment & Conservation – Franklin County
Transaction: Disposal in fee
Provision: Waiver of Advertisement & Appraisals
- G. Agency: Department of Environment & Conservation – Rhea County
Transaction: Disposal in fee
Provision: Waiver of Advertisement & Appraisals
- H. Agency: Department of Environment & Conservation – White County
Transaction: Acquisition in fee
- I. Agency: Department of Children's Services – White County
Transaction: Lease Amendment #1
- J. Agency: Board of Probation & Parole – Shelby County
Transaction: Lease Agreement
- K. Agency: Department of Human Services – Weakley County
Transaction: Lease Agreement
- L. Agency: Department of Human Services – Shelby County
Transaction: Lease Agreement
- M. Agency: Department of Children's Services – Bledsoe County
Transaction: Demolition – Taft Youth Center
- N. Agency: Tennessee Board of Regents – Montgomery County
Transaction: Demolition – Ford Street and Marion Street

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY RELOCATION SERVICES & CONDEMN OR 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: **Knox County – 0.24 +/- acres – 1811 Andy Holt Avenue, Knoxville, TN – Trans. No. 03-12-011 (GM)**

Purpose: Acquisition in fee for campus expansion. Property is in the University Master Plans

Source of Funding: University of Tennessee

Estimated Cost: Fair Market Value

Owner(s): Lendall L. Roberts

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 06-26-08. Charles Garrett presented the transaction and stated that the owner did not want to sell and the University wanted approval to condemn the property. Alvin Payne was called on and stated that the University has been trying to acquire the property for a number of years. This request and the next request are needed to go ahead in order for the University to proceed with the construction of the new Residence Hall. After discussion, Subcommittee approved the request as presented.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY RELOCATION SERVICES & CONDEMN OR 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: **Knox County – 0.25 +/- acres – 1815 Andy Holt Avenue, Knoxville, TN – Trans. No. 06-12-006 (GM)**
- Purpose: Request for approval to pay more than fair market value. Owner requests selling price of \$507,500, which is \$102,500 or 25% over F & A's reviewed appraised value of \$405,000. The property's highest appraised value is \$440,000 and the lowest is \$380,000. However, if the owner does not accept the offer, the University seeks approval to condemn the property.
- Source of Funding: University of Tennessee
- Estimated Cost: Fair Market Value
- Owner(s): Don R. Abercrombie
- SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Charles Harrison recused himself from participating in this request because of personally knowing the owner. Staff referred to Subcommittee with recommendation.
- SC Action: 06-26-08. Charles Garrett summarized the transaction requesting approval to purchase at 25% over appraised value. Treasurer Sims commented that this is an economic action and potentially avoids legal condemnation and costs involved with attorney fees, witnesses, etc. Secretary of State Darnell stated that if this proposal was unsuccessful, this approval includes authorization to go forward with condemnation. After discussion, the request was approved as presented.

UNIVERSITY OF TENNESSEE

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: **Knox County – 1527 White Avenue Street (170 parking spaces) & 612 16th Street (6,402 square feet facility) Knoxville, TN – Trans. No. 08-06-904**

Purpose: To provide parking spaces and storage space

Term: July 1, 2008 thru June 30, 2011 (3 yrs) with option to extend for two additional years

Proposed Amount: **6,402 Square Feet & 170 Parking Spaces**

Annual Contract Rent:	<u>\$120,000.00</u>
Total Annual Effective Cost:	\$120,000.00

Type: New Lease

Purchase Option: No

Lessor: Scottish Rites

Comment: The cost of the space is broken down as follows:
\$90,000 annually for 170 parking spaces
\$30,000 annually for 6,402 sq. ft.

Lessor may cancel this agreement with a six (6) month written notice if the property is needed for redevelopment. Lessee may cancel this agreement with a six (6) month written notice.

SSC Report: 06-16-08. Bob King summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 06-26-08. Charles Garrett presented the transaction, which was approved as presented.

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 – 62 properties located at MTSU, Murfreesboro, TN – Trans. No. 08-05-010 (BW)**

Purpose: Acquisition in fee to purchase those properties. The properties will be rented until needed for future campus expansion. Properties are in the MTSU's Master Plans.

Source of Funding: GO Bonds – repaid from the sale of the Manson Pike property.

Estimated Cost: \$10,075,000.00

Owner(s): Various

Comments: F & A will be advised of the individual acquisitions and bring the transactions to the Staff Sub committee after the Option to Purchase is signed by the owners.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Jerry Preston presented the transaction. The 62 property acquisitions in Rutherford County would model the same process currently being used to acquire the 101 properties in Memphis for the University of Memphis. We have one appraiser and surveyor on contract to handle all the appraisals and surveys on the project. Once we have signed options to purchase we would bring each tract back to SBC for final approval. Funding will be through G.O. Bonds originally meant for the unsuccessful acquisition of the Doug Taylor Farm of \$3.7 million. This change was approved by Public Chapter 591, House Bill 2355. The remainder funding will come from the sale of the Manson Pike Farm by 2010 with an estimated sales price of \$10-12 million. Due to the funding coming from Bonds, the real estate management fees will be waived and reimbursed through the General Fund. These properties will be acquired as each comes on the market. Staff referred to Sub-Committee for discussion.

SC Action: 06-26-08. Jerry Preston presented the request for purchase of properties at MTSU and stated that this request was similar to the Memphis transaction with approval under one master transaction. He said they would like to cancel transaction of the Doug Taylor farm and pursue the 62 properties included in this master plan. He said this would give them a jump start on purchasing these particular properties. Treasurer Sims stated that he understood that the request was to purchase as properties became available and were not in priority order. With that understanding the request was approved as presented.

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, WAIVER OF MANAGEMENT FEE required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Rutherford County – 2511 Middle Tennessee Blvd., Murfreesboro, TN – Trans. No. 08-05-011 (BW)**

Purpose: Acquisition in fee to purchase the property. Property is in the MTSU Master Plans. The house will be leased until the property is needed for future campus expansion.

Source of Funding: GO Bonds

Estimated Cost: \$155,000.00

Owner(s): Deborah Flanigan

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Jerry Preston stated this is one of the 62 properties. Staff referred to Subcommittee for discussion.

SC Action: 06-26-08. Jerry Preston stated that this was the first of the properties to be pursued that were included in the previous approval. He said if the price exceeds the appraised value, it will have to be brought back to the Subcommittee for approval. After discussion, the request was approved as presented.

DEPARTMENT OF CHILDREN'S SERVICES

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: (Request approval to grant Right of Entry)

Description: **Davidson County – located at the Nashville Gun Club & Woodland Hills, Nashville, TN – Trans. No. 08-06-006 (JB)**

Purpose: Disposal by easement (water line) to service the Nashville Gun Club across Woodland Hills Property.

Estimated Sale Price: Public benefit

Grantee: Nashville Gun Club

Comment: Nashville Gun Club will need to tap into Metro water line and not State water line.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Committee requested that water line easement be tied to the term of the lease and expire upon expiration of the lease. Committee also stressed that water line will need to be tapped onto a Metro water line, not a State water line. Staff referred to Subcommittee with recommendation. Easement will follow the tree line on Woodland Hills property.

SC Action: 06-26-08. Charles Garrett presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL of the WAIVER of the REAL ESTATE MANAGEMENT FEES and REIMBURSEMENT from the GENERAL FUND as recommended by the Commissioner of Finance and Administration the following land transactions for fiscal year 2007-2008:

Transaction No.	Reason for Waiver	REM FEE
07-10-024	Acquired with Bond Funds	\$ 1,495.00
07-08-011	Acquired with Bond Funds	\$ 1,760.00
07-08-004	Acquired with Bond Funds	\$ 2,925.00
07-10-023	Acquired with Bond Funds	\$ 2,500.00
07-10-022	Acquired with Bond Funds	\$19,262.87
02-10-010	Acquired with Bond Funds	\$ 4,100.00
07-11-002	Acquired with Bond Funds	\$ 1,875.00
07-07-019	Acquired with Bond Funds	\$ 7,375.00
07-08-022	Acquired with Bond Funds	<u>\$ 7,500.00</u>
Total		\$48,792.87

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 06-26-08. Charles Garrett presented the transaction and stated the fees were being waived because of bonds. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

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: **Davidson County – 11.42 +/- acres improved building – 665 Mainstream Drive, Nashville, TN – Trans. No. 08-01-011 (FB)**

Purpose: Acquisition in fee to purchase the property for General Services to relocate to this site and allow the sale of its current inadequate site at 2200 Charlotte Avenue to be sold.

Source of Funding: Bond Funds

Estimated Cost: \$11,800,000.00

Estimated Title, Appraisal and Survey Fees: Fair Market Value

Owner(s): Piedmont Natural Gas Company, Inc.

Comment: Owner will continue to occupy the premises and pay the State rent until they purchase a new building and relocate within approx. one year.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Harvey Freeman, F&A, presented the transaction. The purchase price negotiated is \$87 per square foot. Closing date is scheduled for August 15, 2008 or before. The current owner will lease the building and pay the state market rent until they purchase a new building and relocate. The 2200 Charlotte Avenue site will be sold once General Service relocates to the 665 Mainstream Drive location. Staff referred to Subcommittee with recommendation.

SC Action: 06-26-08. Charles Garrett presented the transaction. He said they thought they could sell the property on Charlotte Avenue for at least \$6 million, or maybe more. He added that this facility fits like a glove and works perfectly for Motor Vehicles Management. Treasurer Sims asked if they plan to fully occupy the facility when the lease expired. Mr. Garrett replied that they were still evaluating. He said the current approach was for the administrative office of General Services to relocate there, and that Purchasing had a problem with parking at the Tennessee Tower. Treasurer Sims said he understood the plan was to fully load the building. Comptroller Morgan commented that it sounded like a good deal, and staff was to be highly commended for their hard work. After discussion, the request was approved as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE 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 - 11.42 +/- acres - with improvements - 665 Mainstream Drive, Nashville, TN - 08-06-001 (LW)**

Purpose: Disposal by lease until Piedmont Natural Gas can relocate to a new facility. Piedmont Natural Gas will rent the facilities for approximately one year.

Term: One (1) Year

Consideration: \$105,000.00 per month

Lessee: Piedmont Natural Gas

Comment: The facility consists of 136,358 s.f. main building, 6,870 s.f. garage and 1,440 s.f. welding shop.

There is additional 24,000 sq. ft. of available space for the State to lease out.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 06-26-08. Charles Garrett presented the transaction and stated that the closing will be on or before August 15. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

REPORT ITEM

Butler-Jones Tract
The "Nature Conservancy
Franklin County

The Nature Conservancy (TNC) is working with a family that has approximately 6,000 acres in the area of Franklin County that is planning to sell to TNC in increments and as much as possible turn them over to the State as gifts as they are purchased. The first tract, approximately 1,000 acres, is close to closing and TNC would soon want to start the transfer process to the State.

The family does not want to grant public access across the property that they have yet to sell, but is willing to grant administrative access across these lands to TWRA employees and emergency responders. Our manager supports this mainly because it gives him the right to get on the property to conduct law enforcement activities or respond to an emergency. The users will get individual permission to cross private land to hunt this land. There is about seven miles of log roads to get to this property by vehicle. There is only about 300 yards across private land if on foot.

As the land is bought and transferred the logical vehicle access route will get closer to the State highway and access will become permanent to all our users over time. TNC asked to confirm that the State will allow this administrative access only right.

This transaction was deferred in April and we are reporting back: F & A and TWRA meet with the Nature Conservancy, Ms. Gabby Call, requested that a new public access to be found. Ms. Call is working with adjoining property owners to acquire public access.

SC Action: 06-26-08. Charles Garrett stated that this item was for the Subcommittee's information, and no action was required. Subcommittee acknowledged the report.

DEPARTMENT OF FINANCE AND ADMINISTRATION

TENNESSEE STATE CAPITOL, NASHVILLE, TENNESSEE

- 1) Mr. Fitts reminded the Subcommittee that, on 6/12/08, the full Commission gave them the authority to act to approve additional funding on a project for **Mechanical / Electrical Upgrades** at the Tennessee State Capitol, Nashville, Tennessee. He explained that a condensation line had clogged and caused a cooling problem in the Senate Chambers, but that it had been fixed. He said their rough estimates show that it will cost at least an additional \$500,000 to include the Senator Chambers in the time frame of the project. Mr. Fitts said they don't have final costs or time frame assurance that the work could be completed prior to next Legislative session. Treasurer Sims commented that, in the interest of time, if they get confirmation from the contractor that the time frame could be met, should they consider granting some provisional authority if it can be done timely. Secretary of State Darnell made a motion to authorize the State Architect to go forward, as time is of the essence, with the additional funds to be confirmed by Commissioner of F&A. Treasurer Sims stated that the time frame needs to be communicated with the Chief of Staff for the Senate so that he understands the program.

Estimated Project Cost:	\$16,500,000.00
Estimated Planning & Phase 1 Construction Cost:	\$ 1,475,000.00
<i>SBC Project No.</i>	<i>529/005-01-2005</i>

SPECIAL ITEM

- 1) Mr. Fitts began a discussion of processes for change orders and additional services on construction and designer contracts. He said that up until the 10% threshold is reached, the facilities department head has responsibility of signing change orders. Treasurer Sims commented that the SBC doesn't approve change orders. He said he doesn't want to burden the process, but it needs some rethinking at the staff level. He said the process allows for very large change orders to be approved without the State Architect's approval or reporting to the SBC, i.e., for a \$50 million contract a change order could reach the magnitude of \$5 million without such approval. He said he would like Real Property Administration and SBC staff to review and think that through and bring back for discussion. He said he doesn't like having some folks bid on State work and then change order themselves into favorable positions. Comptroller Morgan commented that the other limiting factor is the money available in the project. Secretary of State Darnell commented that maybe there should be a dollar figure for a threshold.

Mr. Fitts then brought up the issue of approval of additional services on designer contracts. He said the facility department head for each procurement agency has been given authority by delegation from the State Architect to approve additional services on designer contracts. Amendments to designer contracts still require the same signatures as the original contract. Treasurer Sims commented that additional services are approved by the State Architect or his designee, with the understanding that unique situations need to be discussed with the State Architect. Charles Garrett commented that he has further delegated his authority to project managers. Treasurer Sims said the State Architect should insure consistency of interpretation to the extent possible.

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meetings held on May 19 and June 16, 2008.

ALVIN C. YORK INSTITUTE, JAMESTOWN, TENNESSEE

- 1) Comptroller Morgan brought up from the floor the issue regarding the proposed demolition of the original Alvin C. York High School building. After discussion, the Subcommittee authorized proceeding with the purchase of portables, contingent upon confirmation of approval by the SBC.

Assistant Commissioner Robert Greene was recognized and stated that in response to the Subcommittee's previous action, a resolution by the Fentress County Commission voted 10-0 in favor of demolishing the building. He said they have asked the contractor if he worked seven days, could they have the demolition done by August 11, and was told the contractor, contingent upon a notice-to-proceed by July 11, could perform the work. He added that, if this was the case, they would not need the portables.

Lee Barfield, attorney representing the York Foundation, said the Foundation would like to do two things: (1) put cold hard cash on the table, and (2) provide information and facts that show that the experts have been inaccurate or incorrect so that the SBC has all the facts. He said the County rejected the State's offer to deed the property and that they are prepared to commit \$500,000 to the project to prevent demolition and to stabilize the building. He said after the State's \$500,000 is used, they would provide up to \$500,000 to fix the roof and walls and stabilize the facility so that it is safe. Comptroller Morgan asked if this would stabilize the building so that they were able to occupy the four classrooms adjacent to the building. Mr. Barfield said they were also asking the State to agree not to demolish the building and agree to use the building for educational purposes for Alvin C. York High School. He said they have a report that they would like to submit for information purposes. He said his people say it is not in an unsafe condition. Dan Brown, Tennessee Preservation Trust, was recognized and read the report.

Secretary of State Darnell commented that, from the standpoint of being able to review and discuss the issue with any degree of confidence, he would need to spend some time on it. He said, after listening to discussions about dangers involved, he doesn't want to come down on the wrong side of that issue. He added that the fact that the County has said they don't want the building, shifts the burden back to the State. He said the people who gave the pitch to them, the same folks who were most energetic about doing something on this, voted 10-0 to demolish, and that was a pretty clear message to him. He said he didn't feel prepared to make a decision but he didn't think their \$500,000 addresses the issue that was raised before that was estimated to cost \$1 million or more. He said if the Foundation was willing to underwrite the cost of stabilizing at whatever it cost above \$500,000, that would give him more comfort. He said a \$500,000 cap doesn't get him there, and time is of the essence. He said the State is going to have to decide this issue, and the last thing he wanted was to have someone injured due to unsafe conditions.

Mr. Barfield said they are prepared to roll up their sleeves and open their bank accounts. He said their estimates are going to be less than what the State estimated and if it costs more than that, then they would like to consider that to raise the money and get it done. Treasurer Sims commented that the offer to the County was \$500,000; that if the building stabilization costs \$2 million, the State will have given their \$500,000 and the remainder is the County's responsibility. He added that he can't remember the last time they had a building project that came in under the cost, and it is hard to imagine it will come in at 60% less than what staff has predicted. He said they were talking about permanent stabilization—not a six months plan. He further commented that this was not a temporary stabilization and would have to be stabilized in a fashion that, in ten years, would be suitable for restoration. He said he thought the Foundation should indemnify the State relative to the safety issues as they have been told that it is unsafe. He said he could see it in the Claims Commission, and it would not be the Foundation's responsibility; they will look to the State. Treasurer Sims said he hopes the Foundation understands that this is a key element. He said he appreciates the offer to open checkbooks, but it needs to be unlimited; whatever the situation determines is that they should agree to do. He added that before they allow the building to be reoccupied, the State needs to be comfortable by their administration, and not outside people. Mr. Brown said they propose moth-balling for 20-30 years in a suspended state for \$500,000-\$1 million. Treasurer Sims commented that the requirement to be used for education purposes for Alvin C. York High School was unduly restrictive. Mr. Barfield said they want to be able to negotiate with staff in a manner that would result in the preservation of the building.

Comptroller Morgan said he was troubled by the distance between opinions. He asked Mr. Fitts if it was feasible to ask folks to look at it and talk through issues so that there is the benefit of information and to clearly understand the disagreements. Mr. Fitts responded that they have been relying on opinions of professional engineers and building code officials. He said he would hope they would bring some professional engineers to dispute the State engineer's report. He said it was the State who was currently bearing the risk. Secretary of State Darnell commented that use of the building concerns him and that the use issue should be left alone by preservation people. He said, from his perspective, he would err on the side of caution. That, if he has two sides of experts, he was going to side with the more conservative experts as to safety. He said that it was presented to them as a safety issue, and it still is. He said he was willing to continue the discussion and his original position was to save the structure, but they are about to lose him.

Comptroller Morgan said they have authorized the purchase of portables and if the State can make a decision by July 11, they could cancel the order and pay a penalty. He said he would like to have the benefit of both sides and their experts talking around the table. Treasurer Sims said he raised the issue because he felt the use issue should be addressed by the needs of the State rather than being bound to a restriction for 20 years. He said he would hope instead of writing a restriction, it should be more of a process. Mr. Garrett commented that, for the benefit of the agency, it should be what the Department of Education wants. Comptroller Morgan commented that that discussion should come when it is relevant. Comptroller Morgan then asked the State Architect, Real Property Administration, Education and SBC staff to meet with the Foundation and their experts to see if a resolution could be reached.

SBC Project No. 168/001-01-2008

There being no further action, the meeting adjourned at 12:10 p.m.

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: Montgomery County – 325 Ford Street, Clarksville, TN – Trans. No. 08-05-001 (AM)

Purpose: Acquisition in fee to purchase the property and demolish the house. Property is in the APSU Master Plans.

Source of Funding: Campus Plant Funds

Estimated Cost: \$46,000.00

Owner(s): Floyd Bradley

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

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: Montgomery County – 699 Ford Street, Clarksville, TN – Trans. No. 08-05-003 (AM)

Purpose: Acquisition in fee to purchase the vacant lot. Property is in the APSU Master Plans.

Source of Funding: Campus Plant Funds

Estimated Cost: \$11,000.00

Owner(s): Floyd Bradley

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

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: Montgomery County – 317 Ford Street, Clarksville, TN – Trans. No. 08-05-002 (AM)

Purpose: Acquisition in fee to purchase the vacant lot. Property is in the APSU Master Plans.

Source of Funding: Campus Plant Funds

Estimated Cost: \$10,000.00

Owner(s): Aaron Hutcheson

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

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: Montgomery County – 237 Marion Street, Clarksville, TN – Trans. No. 08-05-004 (AM)

Purpose: Acquisition in fee to purchase the property and demolish the house. Property is in the APSU Master Plans.

Source of Funding: Campus Plant Funds

Estimated Cost: \$66,000.00

Owner(s): Paul Whitlow

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF AGRICULTURE

LAND ITEM

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

Description: McMinn County - 0.24 +/- acre - McMinn Ridge / Pine Lookout Tower, TN - Trans. No. 08-05-007 (RJ)

Purpose: Disposal by lease renewal to property for occupancy of a microwave tower & easement over an access road.

Term: January 3, 2007 thru January 2, 2011 (5 yrs) with option to renewal.

Consideration: Annual rental fee of \$4,000

Lessee: Southern Region Industrial Realty, Inc.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: **Franklin County – 0.76 +/- acres – Lot 36, Pine Bluff Cabin, Winchester, TN – Trans. No. 08-05-013 (FB)**

Purpose: Disposal in fee to correct original conveyance deed. Lot 36 & waterfront lot was omitted from the deed. TVA refuses to grant a license to the property owners to construct a water use facility on their land. (adjacent to Tim Ford state Park)

Original Cost to State: N/A

Date of Original Conveyance: 1974

Estimated Sale Price: \$500.00

Grantee: Troy & Anne West

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: **Rhea County – 368 +/- acres – Piney Falls State Natural Area, Spring City, TN – Trans. No. 08-05-012 (GM)**

Purpose: Acquisition in fee to link Piney Falls State Natural Area to the Cumberland Trails State Park.

Source of Funding: State Land Acquisition Funds - \$636,000.00
Cumberland Trail Council - \$100,000.00

Estimated Cost: \$736,000.00

Owner(s): Hoyt C. Murphy, Jr.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: White County – 1,551 +/- acres – Virgin Falls State Natural Area, Sparta, TN – Trans. No. 08-05-014 (GM)

Purpose: Acquisition in fee of Tabor City Lumber Tract for designated State Natural Area.

Source of Funding: U. S. Fish & Wildlife Services (Federal Funds)

Estimated Cost: \$1,538,450.00

Owner(s): Tabor City Lumber Company

Comment: State already paid Bowater \$1,385.00 per acre for timber lease on this tract as part of Bowater Phase One acquisition.

SSC Report: 06-16-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AMENDMENT

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

Location: White County – 620 Roosevelt Drive, Suite A & B, Sparta, TN – Trans. No. 08-02-903 (RS)

Purpose: To provide additional space for conference/training room

Term: January 1, 2009 thru October 31, 2017 (8 yrs. 10 mons)

Proposed Amount: 8,300 Square Feet

Annual Contract Rent:	\$ 85,241.00	@\$10.27/sf
Est. Annual Utility Cost:	\$ 11,620.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 9,130.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$105,991.00	@\$12.77/sf

Current Amount: 7,300 Square Feet

Annual Contract Rent:	\$75,000.00	@\$10.27/sf
Est. Annual Utility Cost:	\$10,220.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 8,030.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$93,250.00	@\$12.77.sf

Type: Amendment #1

FRF Rate: \$18.00

Lessor: Steve Copeland & Harold Jackson

Comment: Lessor is providing additional 1,000 sf in the lower level of the building for DCS. All terms and conditions remain the same as the lease.

SSC Report: 06-16-08. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

BOARD OF PROBATION & 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: Shelby County – 2584 Overton Crossing, Memphis, TN – Trans. No. 08-01-909 (AL)

Purpose: To provide office for the county operations

Term: July 1, 2008 thru June 30, 2018 (10 yrs)

Proposed Amount: 10,700 Square Feet
Annual Contract Rent: \$ 99,900.00 @\$ 9.52/sf
Est. Annual Utility Cost: \$ 14,980.00 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 11,770.00 @\$ 1.10/sf
Total Annual Effective Cost: \$126,650.00 @\$11.84/sf

Current Amount: 10,700 Square Feet
Annual Contract Rent: \$119,900.00 @\$11.20/sf
Est. Annual Utility Cost: \$ 14,980.00 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 11,770.00 @\$ 1.10/sf
Total Annual Effective Cost: \$146,650.00 @\$13.70/sf

Type: New Lease – Advertise – Received only one proposal from the current lessor

FRF Rate: \$18.00

Purchase Option: Yes – Negotiable

Lessor: Pedigo-Overton Properties, LP

Comment: Lessor is to make improvements at no additional cost to the State. No cancellation for the first five (5) years except for cause and/ or lack of funding and 180 days thereafter.

SSC Report: 06-16-08. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF HUMAN SERVICES

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: Weakley County – Rt. 2 East Capital Drive, Dresden, TN – Trans. No. 08-01-914 (AL)

Purpose: To provide office space for county operations

Term: January 1, 2009 thru December 31, 2018 (10 yrs)

Proposed Amount: 6,580 Square Feet

Annual Contract Rent:	\$59,400.00	\$ 9.03/sf
Est. Annual Utility Cost:	\$ 9,212.00	\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 7,238.00</u>	<u>\$ 1.10/sf</u>
Total Annual Effective Cost:	\$75,850.00	\$11.53/sf

Current Amount: 6,580 Square Feet

Annual Contract Rent:	\$49,900.00	\$ 7.58/sf
Est. Annual Utility Cost:	\$ 9,212.00	\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 7,238.00</u>	<u>\$ 1.10/sf</u>
Total Annual Effective Cost:	\$75,850.00	\$10.08/sf

Type: New Lease – Advertise – Received One (1) proposal from one (1) proposer

FRF Rate: \$14.00

Purchase Option: Yes - Negotiated

Lessor: Pedigo-Dresden Properties, LP

Comment: Lessor is to make improvements at no additional cost to the State. No cancellation for the first five (5) years except for cause and/ or lack of funding and 180 days thereafter.

SSC Report: 06-16-08. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF HUMAN SERVICES

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: **Shelby County – 1991 Corporate Avenue, Memphis, TN – Trans. No. 08-02-919 (AL)**

Purpose: To provide office space for county operations

Term: July 1, 2008 thru June 30, 2013 (5 yrs)

Proposed Amount: 24,484 Square Feet
Annual Contract Rent Incl. Annual
Utility & Janitorial Cost: \$367,260.00 @\$15.00/sf
Total Annual Effective Cost: \$367,260.00 @\$15.00/sf

Current Amount: 24,484 Square Feet
Annual Contract Rent Incl. Annual
Utility & Janitorial Cost: \$406,053.00 @\$16.58/sf
Total Annual Effective Cost: \$406,053.00 @\$16.58/sf

Type: New Lease – Advertise – Received three (3) proposals from two (2) proposers.

FRF Rate: \$18.00

Purchase Option: Yes – 1 thru 5

Lessor: J P Memphis, LLC

Comment: The proposed lease provides 4,031 square foot of office space. Lessor shall make all tenant alterations at no additional cost to the state. Proposed lease has a 90-day State cancellation.

SSC Report: 06-16-08. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 06-26-08. Subcommittee approved the request as presented.

DEPARTMENT OF CHILDREN'S SERVICES

TAFT YOUTH CENTER, PIKEVILLE, TENNESSEE

- 1) Approved a request to demolish the old school building at Taft Youth Center, Pikeville, to accommodate the new facility being constructed under the **New Dormitory / Food Service Building** project.

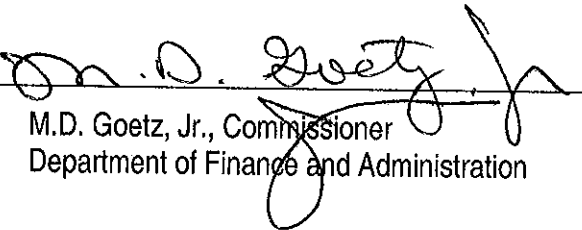
Estimated Project Cost:	\$4,200,000.00
Estimated Demolition Cost:	\$ 200,000.00
<i>SBC Project No.</i>	<i>144/005-01-2007</i>

TENNESSEE BOARD OF REGENTS

AUSTIN PEAY STATE UNIVERSITY, CLARKSVILLE, TENNESSEE

- 1) Approved a project to **Demolish Two Houses** at 325 Ford Street and 237 Marion Street, Clarksville, Tennessee.

Estimated Project Cost: **\$40,000.00**
SBC Project No. 166/003-04-2008

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