

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

MARCH 24, 2003

The State Building Commission Executive Sub-committee met this day at 2:00 p.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

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
George Brummett, Department of Finance and Administration
Genie Whitesell, Attorney General's Office
Janie Porter, Attorney General's Office
Dennis Raffield, Tennessee Higher Education Commission
Jerry Preston, Tennessee Board of Regents
Mark Wood, Secretary of State's Office
Karen Hale, Comptroller's Office
Pat Haas, Comptroller's Office
Paul Ensminger, Department of Agriculture
Lou Bervoets, Department of Agriculture
Jurgen Bailey, Department of Finance and Administration
Bob King, Department of Finance and Administration
Greg Phelps, Military Department

Bob Bumbalough, Department of Human Services
Judy Gayle, Department of Human Services
Sherri Snap, TennCare
Jan Sylvis, Department of Finance and Administration

Commissioner Goetz called the meeting to order at 2:10 p.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

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 Request for APPROVAL to DEMOLISH Improvements:

Description: Washington County – 0.22 +/- Acres with Improvements – 414 Love Street, Johnson City, TN – Trans. No. 03-02-015 (LW)

Purpose: Acquisition in Fee of an in-holding to complete the purchase of property for the proposed parking area for East Tennessee State University

Source of Funding: Institutional Funds

Estimated Cost: Fair Market Value

Estimated Value: \$55,000.00

Owner(s): Mullican Flooring, LP

SSC Report: 03-17-03. Jurgen Bailey advised that the subject transaction is an in-holding in a 9.0 acre acquisition in December 2002 from the current owner, Mullican Flooring. He stated the subject transaction would complete the area needed for parking at ETSU. Staff referred to Sub-committee with recommendation.

SC Action: 03-24-03. Charles Garrett summarized the transaction and requested approval. Sub-committee approved the request as presented. Final action.

MILITARY DEPARTMENT

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT, with RIGHT-OF-ENTRY, of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description: Monroe County – 2.66 +/- Acres – National Guard Armory, Sweetwater, TN – Trans. No. 02-10-023 (CH)

Purpose: Disposal by Easement for a TVA transmission line across Armory property.

Estimated Sale Price: \$45,250.00 Per Appraisal

Grantee: Tennessee Valley Authority

SSC Report: 12-09-02. Cliff Hatcher, Real Property Management, stated the agency was not present for review of the transaction. He stated TVA's need to begin construction of the transmission line as soon as possible. He also advised that the Attorney General has given prior approval of the easement document. Staff raised concern regarding the easement crossing Armory property as it relates to utilization of the requested area. Staff deferred action pending additional information from the agency.

SSC Report: 01-13-03. Discussion centered around the placement of the transmission line across State property and its potential impact to the Armory site. Ken Parks, Agency representative, advised that the aviation division saw no problem with the placement of the transmission line as it may relate to aircraft. Staff referred to Sub-committee for discussion.

SC Action: 01-21-03. Charles Garrett summarized the transaction. He stated that TVA will only be placing two "H" poles on the property and that TVA is acquiring right-of-way from Sweetwater to Madisonville for its project. He stated that TVA has indicated it will condemn if necessary and advised that the agency has determined the transmission line does not affect its mission. Secretary Darnell asked what the line would do to the remainder of the property as it relates to additional damages to the remainder. He stated that the proposed value should be looked at to see if \$8,400.00 plus damages is appropriate. Sub-committee approved the request and that it be brought back for final approval to accept the offer based upon competent appraisals.

Military Department – continued:

- SSC Report: 03-17-03. Jurgen Bailey advised that the property was appraised as approved by the Sub-committee at its January 2003 meeting. He reported that the appraised value of the property is \$45,250.00 and that TVA has agreed to pay the fair market value. Staff referred to Sub-committee with recommendation.
- SC Action: 03-24-03. Charles Garrett summarized the transaction and requested approval. Sub-committee approved the request as presented. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

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

Description: Hamilton County – 134.0 +/- Acres – Patrick Forest Legacy Tract, Chattanooga, TN – Trans. No. 03-02-002 (CH)

Purpose: Acquisition of a Perpetual Easement to the Forest Legacy Program administered by the Division of Forestry for protection of development rights.

Source of Funding: Federal Funds

Estimated Cost: Fair Market Value

Estimated Value: \$80,000.00

Owner(s): Gary Patrick

SSC Report: 03-17-03. Paul Ensminger, agency representative, summarized the Forest Legacy Program (FLP). He stated this transaction will also protect the North Chickamauga watershed. He advised that the Federal government would only cover seventy-five percent of fair market value. He stated the Patrick Tract would be less than seventy-five percent of market value of the easement. Staff referred to Sub-committee with recommendation.

SC Action: 03-24-03. Charles Garrett summarized the transaction and requested approval. Sub-committee approved the request as presented. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

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

Description: Sequatchie County – 2,125 +/- Acres – Sarah Gwynn Forest Legacy Tract, Signal Mountain, TN – Trans. No. 03-02-013 (CH)

Purpose: Acquisition of a Perpetual Easement to the Forest Legacy Program administered by the Division of Forestry for protection of development rights.

Source of Funding: Federal Funds

Estimated Cost: Fair Market Value

Estimated Value: \$667,000.00

Owner(s): Sarah Gwynn

SSC Report: 03-17-03. Paul Ensminger, agency representative, summarized the transaction. He stated the Federal government has set aside \$500,000.00 for the easement and the Gwynn's will donate the remaining twenty-five percent and no State dollars are required. Staff referred to Sub-committee with recommendation.

SC Action: 03-24-03. Charles Garrett summarized the transaction and requested approval. Sub-committee approved the request as presented. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

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

Description: Sequatchie County – 2,000 +/- Acres – Emmy Casey Forest Legacy Tract, Dunlap, TN – Trans. No. 03-02-012 (CH)

Purpose: Acquisition of a Perpetual Easement to the Forest Legacy Program administered by the Division of Forestry for protection of development rights.

Source of Funding: Federal Funds

Estimated Cost: Fair Market Value

Estimated Value: \$1,400,000.00

Owner(s): Emmy Patton Casey

SSC Report: 03-17-03. Paul Ensminger, agency representative, summarized the transaction. He stated there are no State dollars required and the Federal government will pay seventy-five percent of the easement value. Staff referred to Sub-committee with recommendation.

SC Action: 03-24-03. Charles Garrett requested deferral of the transaction pending additional details being worked out.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

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

Location: Rhea County – 111 Fourth Avenue, Dayton, TN – Trans. No. 02-06-905 (JS)

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

Term: November 1, 2003 thru October 31, 2013 (10 yrs.)

Proposed Amount:	<u>5,500 Square Feet</u>		
	Annual Contract Rent:	\$51,225.00	@ \$ 9.31/sf
	Est. Annual Utility Cost:	\$ 7,700.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,050.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$64,975.00	@ \$11.81/sf

Current Amount:	<u>2,556 Square Feet</u>		
	Annual Contract Rent:	\$21,087.00	@ \$ 8.25/sf
	Est. Annual Utility Cost:	\$ 3,578.40	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 2,811.60</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$27,477.00	@ \$10.75/sf

Type: New Lease – Advertisement – Only Proposal

FRF Rate: \$10.25 Per Square Foot

Purchase Option: None – City of Dayton multi-use government facility. Purchase option not possible.

Lessor: City of Dayton

Comment: The proposed lease provides (1) the proposed Lessor will construct a 5,500 square foot office building, 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 funding and 180 days notice thereafter.

SSC Report: 01-13-03. Referred to Sub-committee for consent agenda.

SC Action: 01-21-03. Approved as presented. Final action.

Department of Children's Services – continued:
Rhea County

- Comment: Request for APPROVAL to REVISE PREVIOUS APPROVAL. - the proposed lease provided for no cancellation during the entire term of the lease except for cause and/or funding as proposed by Lessor.
- SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction and requested revision to the previous approval given at the Subcommittee meeting, January 21, 2003 regarding an error in the reported cancellation provision of the lease. Mr. King advised that the cancellation provision in response to the advertisement was no cancellation during the entire term of the lease except for cause and/or funding and approved by the Commissioner of Finance and Administration. Staff referred to Subcommittee for discussion.
- SC Action: 03-24-03. Charles Garrett summarized the request to revise previous approval regarding the cancellation provision. Sub-committee approved the request as presented. Final action.

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: Roane County – 1064 North Gateway Avenue, Rockwood, TN – Trans. No. 02-05-918 (JS)

Purpose: To provide office and related space for the Department's county and vocational rehabilitation operations.

Term: March 1, 2004 thru February 28, 2014 (10 yrs.)

Proposed Amount:	<u>9,200 Square Feet</u>		
	Annual Contract Rent:	\$70,200.00	@\$ 7.63/sf
	Est. Annual Utility Cost:	\$12,880.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$10,120.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$93,200.00	@\$10.13/sf

Current Amount:	<u>8,592 Square Feet</u>		
	Annual Contract Rent:	\$58,345.92	@\$ 6.79/sf
	Est. Annual Utility Cost:	\$12,028.80	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 9,451.20</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$79,825.92	@\$ 9.29/sf

Type: New Lease – Advertisement – Lowest of (4) Proposals from (3) Proposers

FRF Rate: \$10.25 Per Square Foot

Purchase Option: None

Lessor: Glenn M. Hill, Owner/Principal

Comment: The proposed lease provides (1) the Lessor shall install a new roof and construct interior tenant improvements and build-out 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 funding and 180 days thereafter.

SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction. Staff referred to Sub-committee with recommendation.

SC Action: 03-24-03. Charles Garrett summarized the transaction and requested approval. Sub-committee approved the request as presented. Final action.

DEPARTMENT OF HEALTH

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12 -2-114(b)(1) and 12-2-115:

Location: Putnam County – 1351 South Old Kentucky Road, Cookeville, TN – Trans. No. 03-03-907 (EN)

Purpose: To provide temporary space for the Upper Cumberland Regional Health Facility

Term: April 1, 2003 thru March 31, 2004 (1 yr.)

Proposed Amount: 25,000 Square Feet
Annual Contract Rent
Including Utility Cost: \$275,000.04 @\$11.00/sf
Est. Annual Janitorial Cost: \$ 27,500.00 @\$ 1.10/sf
Total Annual Effective Cost: \$302,500.04 @\$12.10/sf

Current Amount: 24,000 - State Facility \$225,840.00 @\$13.00/sf

Type: New Lease - Negotiated

FRF Rate: \$13.00 Per Square Foot

Purchase Option: None

Lessor: South Maple Business Center
Douglas England, President

Comment: The proposed lease was negotiated to provide temporary housing for the Upper Cumberland Regional Health Facility (UCRHF) and provides no cancellation during the one (1) year lease term except for cause and/or lack of funding. The UCRHF occupied space on the campus of Tennessee Technical Institute until the agency discovered mold in the facility. In July 2002, the Commissioner of Health condemned the facility and employees were displaced to various locations throughout the Upper Cumberland Region.

Department of Health – Continued:
Putnam County

SSC Report: 03-17-03. Larry Kirk summarized the transaction. He stated the proposed one-year emergency lease would provide the time necessary to remediate the state-owned building and make it habitable for a few years. He advised that when the agency moves back into the state-owned building after remediation, Finance and Administration and the agency will be working to budget for a permanent facility for the Upper Cumberland Regional Health Facility. Staff referred to Sub-committee for discussion.

SC Action: 03-24-03. Charles Garrett summarized the transaction. He stated the following is being proposed to resolve the Department's needs in Cookeville for the Regional Health Office:

- Enter into the emergency lease as requested if necessary
- Remediate the FRF Building on the TTU campus in the next 60 days
- Move staff back into the building on a temporary basis
- Begin the advertisement process for a build-to-suit with an option to purchase

Larry Kirk advised that the agency is agreeable to the proposed plan and that the clinic will remain in shared space with the Overton County Health Department until the long term need is completed.

Sub-committee members expressed concern regarding agency staff being comfortable going back into the building. Larry Kirk advised that he would again seek Commissioner Robinson's assurance in this matter. Commissioner Goetz suggested maybe staff could tour the facility as it was being remediated.

Charles Garrett then requested approval to enter into the emergency lease if needed and address the issues raised by Sub-committee with the agency. Sub-committee approved the request. Final Action.

BUREAU OF TENNCARE

LEASE AGREEMENT

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

Location: Davidson County – 729 Church Street, Nashville, TN – Trans. No.

Purpose: Lease extension to provide continued occupancy for the Bureau of TennCare operations and to allow identical expiration dates to allow the Bureau to consolidate two of its operations.

Term: April 1, 2003 thru September 30, 2004 (1 yr., 6 mos.)

Proposed Amount:	<u>62,000 Square Feet</u>		
	Annual Contract Rent:	\$ 961,000.08	@\$15.50/sf
	Est. Annual Utility Cost:	<u>\$ 86,800.00</u>	@\$ 1.40/sf
	Total Annual Effective Cost:	\$1,047,800.08	@\$16.90/sf

Current Amount:	<u>62,000 Square Feet</u>		
	Annual Contract Rent:	\$ 899,000.00	@\$14.50/sf
	Est. Annual Utility Cost:	<u>\$ 86,800.00</u>	@\$ 1.40/sf
	Total Annual Effective Cost:	\$ 985,800.00	@\$15.90/sf

Type: Lease Extension - Negotiated

FRF Rate: \$18.00 Per Square Foot

Purchase Option: None

Lessor: Nashboro Joint Venture
J. William Blevins, Principal

Comment: The proposed extension period will give the Bureau's 729 Church Street and 706 Church Street locations identical expirations and to allow TennCare to consolidate its operations.

SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction. Staff referred to Sub-committee with recommendation.

Bureau of TennCare – Continued:
Davidson County

SC Action: 03-24-03. Charles Garrett advised that the requested lease extension would align (3) lease locations to expire at the same time. He stated the above lease location has been chosen for the new Federal Courthouse. He also stated that during the extension period an advertisement for a consolidated facility for the agency would be developed. He advised that early space requirements indicate a need for approximately 200,000 square feet for the consolidation. Sub-committee approved the request to extend the lease as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE AMENDMENT 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 - 159 +/- Acres - 1100 County Hospital Road, Nashville, TN - Trans. No. 03-03-001 (JB)

Purpose: Lease Amendment to the existing lease as follows:
1) Delete Paragraph 4, Lease Consideration, in its entirety
2) Delete last four (4) sentences of Paragraph 9, Improvements

Term: July 1, 1992 thru June 30, 2042 (50 yrs.)

Consideration: Shared use for training and education programs as needed by various State agencies and general public

Lessee: Nashville Gun Club, Inc. (NGC)
Rich Archer, President

SSC Report: 03-17-03. Jurgen Bailey provided a history of the lease and summarized the transaction. He stated the lease was originally approved in 1990, amended the first time in 1991 to reduce NGC contribution from \$400,000 to \$120,000 worth of improvements. The proposed request to amend the lease is as stated in Purpose above. Larry Kirk introduced Senator Doug Jackson representing the NGC request. Senator Jackson stated the original agreement stated that the State would provide plans for a firearm training facility and to date, the plans have not been provided. The facility was to be consideration for the lease to the NGC. Senator Jackson stated the NGC has taken wasteland and made improvements of approximately \$1,000,000.00, such as equipment and infrastructure, a 2,500 square foot indoor pavilion for events, a reservoir of water for sprinkler system, and has provided maintenance of the site. He stated users such as the Boy Scouts, Girl Scouts, and Ducks Unlimited have held events at the facility at no expense to the taxpayers. Senator Jackson requested the lease be amended as proposed. Senator Jackson also advised that the NGC will be undergoing a name change to the Tennessee Clay Target Complex in the near future. After further review and discussion, Staff referred to Sub-committee with recommendation and that the lease be amended as proposed clearly providing that the facility can be used by the general public and other uses of State agencies.

Department of Finance & Administration – continued:
Davidson County

SC Action: 03-24-03. Charles Garrett gave the history and summary of the transaction. Senator Doug Jackson was recognized and requested approval of the lease amendment as presented. Sub-committee approved the request as presented. Final action.

STATE BUILDING COMMISSION

MINUTES OF MEETING OF STATE BUILDING COMMISSION

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on February 27, 2003.

Following approval of the Consent Agenda, the meeting adjourned at 2:50 p.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: Disposal in Fee
Provision: Waiver of Advertisement

- B. Agency: **Department of Military – Crockett County**
Transaction: Disposal in Fee
Provision: Waiver of Advertisement and One (1) Appraisal

- C. Agency: **TN Wildlife Resources Agency – Hamblen County**
Transaction: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and One (1) Appraisal

- D. Agency: **Department of Safety – Anderson County**
Transaction: Lease Agreement

- E. Agency: **Department of Financial Institutions – Davidson County**
Transaction: Lease Amendment

- F. Agency: **Department of Human Services – Rutherford County**
Transaction: Lease Agreement

UNIVERSITY OF TENNESSEE

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: Hamilton County – 0.156 +/- Acres – Lot 28, E. 8th Street, University of Tennessee at Chattanooga – Trans. No. 02-10-018 (GM)

Purpose: Disposal in Fee of surplus property to the adjoining property owner for construction of a parking garage

Original Cost to State: \$1,000,000 for 1.45 Acres

Date of Original Conveyance: May 2000

Grantor Unto State: Community Foundation of Greater Chattanooga

Estimated Sale Price: Pending Appraisal

Grantee: Campus Development Foundation, Inc. (CDFI)

SSC Report: 11-18-02. Alvin Payne presented the transaction for review. He stated the CDFI would construct a parking garage for students in the UC Foundation housing facilities and that the garage would serve UTC students only. Staff referred to Sub-committee for discussion.

SC Action: 11-25-02. Charles Garrett advised the transaction was being deferred.

SSC Report: 03-17-03. Alvin Payne stated the parking garage would be for UTC students only. Staff referred to Sub-committee for consent agenda.

SC Action: 03-24-03. Approved as presented. Final action.

DEPARTMENT OF MILITARY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT AND ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112:

Description: **Crockett County - 0.29 +/- Acres – Alamo National Guard Armory, Alamo, TN – Trans. No. 03-02-014 (CH)**

Purpose: Disposal in Fee for installation of equipment to serve the communities of Alamo, Brownsville, and Fruitland

Original Cost to State: \$5.00

Date of Original Conveyance: February 1977

Grantor Unto State: Crockett County, TN

Estimated Sale Price: Fair Market Value Per Appraisal

Grantee: Tennessee Valley Authority

Comment: A license agreement was issued on February 27, 2003 to allow TVA to begin installation of four capacitor banks subject to Executive Subcommittee final approval at its March 2003 meeting.

SSC Report: 03-17-03. Jurgen Bailey summarized the transaction. Referred to Subcommittee for consent agenda.

SC Action: 03-24-03. Approved as presented. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT, with RIGHT-OF-ENTRY, of interest in real property with WAIVER of ADVERTISEMENT and One (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description: Hamblen County - 0.40 +/- Acres - TWRA Regional Office, Morristown, TN - Trans. No. 02-12-013 (CH)

Purpose: Disposal by Easement for construction of a waterline across agency property. The proposed easement will not impact use of the agency's property.

Estimated Sale Price: Fair Market Value

Grantee: Morristown Utility System

SSC Report: 01-13-03. Discussion centered around the placement of the easement across State property. Staff deferred pending discussion with Utility System regarding placement of the easement along the highway's right-of-way.

SSC Report: 03-17-03. John Gregory advised that the Morristown Utility System has agreed to pay fair market value. He also advised that the MUS requests to leave placement of the easement as originally requested due to existing water lines within the right-of-way. Mr. Gregory advised the placement of the easement as originally requested will not impact agency's future use at the site. Staff referred to Sub-committee for consent agenda.

SC Action: 03-24-03. 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: Anderson County – 704 Charles Seivers Blvd., Clinton, TN – Trans. No. 02-09-907 (JS)

Purpose: To provide office and related space for Driver License Issuance

Term: February 1, 2004 thru January 31, 2014 (10 yrs.)

Proposed Amount:	<u>3,100 Square Feet</u>		
	Annual Contract Rent:	\$40,083.00	@\$12.93/sf
	Est. Annual Utility Cost:	\$ 4,340.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 3,410.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$47,833.00	@\$15.43/sf

Current Amount:	<u>1,350 Square Feet</u>		
	Annual Contract Rent:	\$11,100.00	@\$ 8.22/sf
	Est. Annual Utility Cost:	\$ 1,890.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 1,485.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$14,475.00	@\$10.72/sf

Type: New Lease – Advertisement – Lowest of (3) Proposals from (2) Proposers

FRF Rate: \$13.50 Per Square Foot

Purchase Option: None – Multi-tenant Property

Lessor: Robert L. Gilliam, Current Lessor

Comment: The proposed lease provides (1) the Lessor will construct a 3,100 square foot office building including interior tenant improvements at no additional cost to the State, and (2) no cancellation during the first five years of the lease term and 180 days thereafter.

SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 03-24-03. Approved as presented. Final action.

DEPARTMENT OF FINANCIAL INSTITUTIONS

LEASE AGREEMENT

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

Location: Davidson County – Nashville City Center, 511 Union Street, Nashville, TN – Trans. No. 03-02-918 (EN)

Purpose: To provide office and related space for the Department's Legal Division.

Term: April 1, 2003 thru February 28, 2007 (3 yrs., 11 mos.)

Proposed Amount: 20,600 Square Feet
Avg. Annual Contract Rent
Incl. Utility & Janitorial Cost: \$355,456.00 @\$17.26/sf
Total Avg. Ann. Effective Cost: \$355,456.00 @\$17.26/sf

Current Amount: 18,300 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$322,980.00 @\$17.65/sf
Total Annual Effective Cost: \$322,980.00 @\$17.65/sf

Type: Amendment No. 1 – 2,300 Square Feet

FRF Rate: \$18.00 Per Square Foot

Purchase Option: None – Multi-tenant Building

Lessor: Nashville City Center, L.P.

SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 03-24-03. Approved as presented. Final action.

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: Rutherford County – 1711 Old Fort Parkway, Murfreesboro, TN – Trans. No. 01-07-906 (RS)

Purpose: To provide office and related space for local operations

Term: January 1, 2004 thru December 31, 2013 (10 yrs.)

Proposed Amount:	<u>14,000 Square Feet</u>		
	Annual Contract Rent:	\$109,900.00	@\$ 7.85/sf
	Est. Annual Utility Cost:	\$ 19,600.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 15,400.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$144,900.00	@\$10.35/sf

Current Amount:	<u>12,000 Square Feet</u>		
	Annual Contract Rent:	\$109,900.00	@\$ 9.16/sf
	Est. Annual Utility Cost:	\$ 16,800.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 13,200.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$139,900.00	@\$11.66/sf

Type: New Lease – Advertisement – Lowest of (3) Proposals from (3) Proposers

FRF Rate: \$13.50 Per Square Foot


Purchase Option: Yes - Years 1 thru 10

Lessor: Pedigo-Murfreesboro Properties, LP, Jerrold Don Pedigo, Principal & Current Lessor

Comment: The proposed lease provides the Lessor will (1) construct a 2,000 square foot addition to the existing building to include interior tenant build-out at no additional cost to the State, (2) Perform improvements and repairs to the existing building at no additional cost to the State, (3) No cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter, and (4) the State's Option to Purchase.

SSC Report: 03-17-03. Robert S. King, Real Property Management, summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 03-24-03. Approved as presented. Final action.

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