

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

MAY 19, 2003

The State Building Commission Executive Sub-committee met this day at 10:30 a.m. in the Executive Conference Room of the State Capitol, 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
Gloria Rittenberry, Department of Finance and Administration
Bob King, 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
Karen Hale, Comptroller's Office
Pat Haas, Comptroller's Office
Mark Wood, Secretary of State's Office
Keith Robinson, Tennessee Board of Regents
Ralph Mickle, Department of Mental Health & Developmental Disabilities

Dwight Hensley, Department of Environment and Conservation
Tim Schwarz, Department of Environment and Conservation
Alvin Payne, University of Tennessee
George Criss, University of Tennessee
Nancy Blevins, Department of Finance and Administration
Jim Dixey, Department of Finance and Administration
Tom Giese, Department of Correction
Fred Hix, Department of Correction
Nick DePalma, Department of Finance and Administration

Commissioner Goetz called the meeting to order at 10:37 a.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL at LESS THAN APPRAISED VALUE as required by TCA 4-15-102 and 12-2-112:

Description: **Wilson County – 0.25 +/- Acres with 2,800 square foot Office Building – 328 North Cumberland Street, Lebanon, TN – Trans. No. 02-09-004 (LW)**

Purpose: Disposal in Fee at Less Than Appraised Value due to deferred maintenance, roof replacement and limited parking.

Original Cost to State: \$14,100 – Land
\$70,652 - Building

Date of Original Conveyance: October 1961

Grantor Unto State: Pierce W. Dodson and Ramon T. Davis

Estimated Sale Price: \$140,000 (Appraised Value \$160,000)

Grantee: Jonathan G. Dugdale

Comment: Previous Sub-committee Action, October 21, 2002, approved disposal in fee at fair market value.

SSC Report: 05-12-03. Jurgen Bailey, Real Property Management, advised that the transaction was advertised with a minimum of \$160,000. He stated there were seven inquiries and only one offer of \$140,000. He stated the offer of \$140,000 is recommended for acceptance due to the problems of deferred maintenance, roof repairs, and limited parking. Charles Garrett advised that the appraiser was provided with the additional information and agrees with the \$140,000 offer. Staff referred to Sub-committee with recommendation.

SC Action: 05-19-03. Larry Kirk summarized the transaction for review and approval. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF MENTAL HEALTH AND
DEVELOPMENTAL DISABILITIES

LAND ITEM

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

Description: **Hardeman County – 181.83 +/- Acres – Western Mental Health Institute, Bolivar, TN – Trans. No. 03-04-005 (BM)**

Purpose: Disposal in Fee for industrial park development and surplus to agency's need.

Original Cost to State: \$40.00 per Acre

Date of Original Conveyance: 1884

Grantor Unto State: Various Grantors

Estimated Sale Price: Fair Market Value

Grantee: City of Bolivar

SSC Report: 05-12-03. Jurgen Bailey, Real Property Management, advised that a twenty-five year lease between the City of Bolivar and the State requires that the City come back to the State for approval each time it sells a parcel for development. He stated the City is now requesting to purchase the property at fair market value. Staff referred to Sub-committee with recommendation.

SC Action: 05-19-03. Larry Kirk summarized the transaction and requested approval. After review and discussion, Sub-committee approved the transaction as presented with Treasurer Adams abstaining.

SBC Action: 06-12-03. Comptroller Morgan brought up an item from the floor regarding an approval of transfer of land interest in Hardeman County at that Subcommittee meeting. He said, under the lease agreement, it was contemplated that all or a portion of the leased premises would be conveyed to third parties for the purpose of an industrial park and any such conveyance would require payment to the State at fair market value based upon an independent appraisal. Comptroller Morgan stated that he wanted to make sure that the appraisals were conditioned upon establishment of fair market value on a basis which did not include any increase in value due to improvements in the form of streets, grading, access, utilities, or other development fostered by the Lessee and made to, or near, this property.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

NORRIS DAM STATE PARK, ANDERSON COUNTY, TENNESSEE

- 1) Approved a project to **Demolish Ranger Station** at Norris Dam State Park, with work to be accomplished by inmate labor and/or park staff with no cost to the State.

Estimated Project Cost: \$0.00
SBC Project No. 126/063-01-03

FROZEN HEAD STATE PARK AND NATURAL AREA, MORGAN COUNTY, TENNESSEE

- 1) Approved a project to **Demolish Office Trailer and Picnic Shelter** at Frozen Head State Park and Natural Area, with work to be accomplished by inmate labor and/or park staff with no cost to the State.

Estimated Project Cost: \$0.00
SBC Project No. 126/039-01-03

TENNESSEE BOARD OF REGENTS

AUSTIN PEAY STATE UNIVERSITY, CLARKSVILLE, TENNESSEE

- 1) Approved a request to cancel a project for **Foust House Demolition** at Austin Peay State University in Clarksville, Tennessee.

Estimated Project Cost:

45,000.00

SBC Project No. 166/003-01-02

SYSTEMWIDE

- 1) Approved the scope, estimated project cost and funding for **Storm Damage Repairs** at Tennessee Board of Regents institutions, systemwide, with design services provided by regional consultants.

Estimated Project Cost:

\$ 250,000.00

SBC Project No. 166/000-01-03

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the FOLLOWING LEASE AMENDMENT and LEASE EXTENSION with WAIVER of ADVERTISEMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 226 Capitol Boulevard, Nashville, TN – Trans. No. 03-04-908 (JS)

Purpose: Amendment to reduce the lease space occupied by the University of Tennessee and extend the lease term an additional five (5) year term and the end of the current lease term.

Term: July 1, 2003 thru August 31, 2009 (6 yrs., 2 mos.)

Proposed Amount: 29,614 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$399,789.00 @\$13.50/sf
Total Annual Effective Cost: \$399,789.00 @\$13.50/sf

Current Amount: 32,714 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$441,636.00 @\$13.50/sf
Total Annual Effective Cost: \$441,636.00 @\$13.50/sf

Type: Amendment No. 3 – 3,100 Square Feet Reduction

FRF Cost: \$18.00 Per Square Foot

Lessor: Tennessee Municipal League

SSC Report: 05-12-03. Alvin Payne stated the University is reorganizing within and staff at the Murfreesboro Road location. He stated the University will vacate the 3,100 square feet it occupies under the lease. Charles Garrett stated the requested lease extension will allow the remaining agencies to continue working relationship with each other and remain in close proximity to other State agencies and the legislature. Staff referred to Sub-committee with recommendation.

SC Action: 05-19-03. Larry Kirk summarized the transaction and requested approval. Commissioner Goetz brought up the District Attorney's General Conference (DAGC) need for space and wondered if the space being eliminated would suit the need. After discussion, Sub-committee deferred action pending consultation with the DAGC.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LOWELL THOMAS STATE OFFICE BUILDING SITE, JACKSON, TENNESSEE

- 1) Approved a request to utilize Commissioning Services for the new Jackson State Office Building at the Lowell Thomas State Office Building site in Jackson through construction and acceptance phases of the project.

Estimated Project Cost: \$14,375,000.00
SBC Project No. 523/061-01-00

JAMES K. POLK STATE OFFICE COMPLEX, NASHVILLE, TENNESSEE

- 1) Approved a request to utilize Commissioning Services for the TPAC Lobby, ADA and Restroom Upgrade projects at the James K. Polk State Office Complex in Nashville, through construction and acceptance phases of the project.

Estimated Project Cost: \$7,425,000.00
SBC Project No. 529/075-05-00

STATEWIDE

- 1) Approved a request for a revision in the source of funding and acknowledgment of the source of funding of a project for **Fuel Storage Systems Renovations, Statewide.**

Estimated Project Cost: \$1,015,000.00
SBC Project No. 529/000-06-97

SPECIAL ITEM

- 1) Larry Kirk reported on the status of the recent storm damage, particularly in the Jackson area, giving estimated repair costs to specific sites. He stated that the local partner, of the design firm for the State office building now under construction and the contractor, had jumped on board to address the emergency repairs for the State Office and Supreme Court Buildings. He requested approval of a project and approval to use the designer, Anderson-Vaughn of Jackson, to provide design services for the **Emergency Repairs** on the Lowell Thomas State Office Building and Supreme Court Building at an estimated project cost of \$425,000. After discussion, the Subcommittee approved Mr. Kirk's request without objection.

Estimated Project Cost: \$425,000.00
SBC Project No. 523/000-01-03

STATE BUILDING COMMISSION

MINUTES

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on April 21, 2003.

SPECIAL ITEMS

Treasurer Adams brought up two issues from the floor. He asked if the William R. Snodgrass Tennessee Tower was capable of reinstating the lighting advertising on the exterior of the building. Larry Kirk responded that the building was set up to accommodate that function. The issue was discussed regarding the control of the messages to be placed on the face of a State building. Treasurer Adams suggested that they might need to establish a private Commission to oversee this use and asked that staff actively pursue the issue.

Secondly, Treasurer Adams stated that the State has some money available to build a new State office building and asked if staff had looked at buying one instead of building new. He added that, supposedly, there are a couple of buildings for sale that are about one half the cost of building a new one. Larry Kirk stated that, if Mr. Adams could get the building owners in touch with him, he would look into it.

* * * * *

Following approval of the Consent Agenda, the meeting adjourned at 11:15 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: Disposal by Lease
Provision: Waiver of Advertisement and AppraisalsB.
- B. Agency: **TN Wildlife Resources Agency – Maury County**
Transaction: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and One Appraisal
- C. Agency: **Finance & Administration – Greene County**
Transaction: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and Appraisals
- D. Agency: **Finance & Administration – Davidson County**
Transaction: Lease Amendment

A.

UNIVERSITY OF TENNESSEE

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: Knox County – 100' x 155' Lot – James Agee Street and Laurel Avenue, Knoxville, TN – Trans. No. 03-04-003 (GM)

Purpose: Disposal by Lease to the City of Knoxville for construction and maintenance of a public park.

Term: Thirty (30) Years with a twenty (20) year mutual agreement renewal option

Consideration: Grant – Public Purpose

Lessee: City of Knoxville

Comment: Property was used by the University for surface parking and has been replaced by the White Avenue Parking Garage

SSC Report: 05-12-03. Alvin Payne reported the City will construct the improvements and maintain a park/memorial in recognition of James Agee born in the Fort Saunders area. He stated the students and employees will also have use of the park. The proposed lease agreement provides that should the University terminate the lease, the City will have the right of first refusal to purchase at fair market value. Staff referred to Sub-committee for consent agenda.

SC Action: 5-19-03. Approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCE AGENCY

LAND ITEM

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

Description: Maury County – 0.45 +/- Acres – Williamsport Wildlife Management Area – Trans. No. 03-04-004 (CH)

Purpose: Disposal by Easement, 30 foot wide, for construction of a 30' wide easement along the WMA boundary.

Estimated Sale Price: Fair Market Value

Estimated Value: \$100.00

Grantee: City of Centerville

SSC Report: 05-12-03. Referred to Sub-committee for consent agenda.

SC Action: 5-19-03. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

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 and APPROVAL of a RIGHT-OF-ENTRY as required by TCA 4-15-102 and 12-2-112.

Description: Greene County – 0.46 +/- Acres – Greene Valley Developmental Center – Trans. No. 03-04-002 (BM)

Purpose: Disposal by Permanent Easement with Temporary Construction Easement for installation of sewer line to connect to a new High School.

Estimated Sale Price: Grant – Public Purpose

Grantee: City of Greeneville

SSC Report: 05-12-03. After review and discussion, Staff referred to Sub-committee for consent agenda subject to routing of the easement along Edens Road.

SC Action: 5-19-03. Approved the transaction as presented. Final action.

D.

DEPARTMENT OF FINANCE & ADMINISTRATION

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 – 404 James Robertson Parkway, Nashville, TN – Trans. No. 03-04-907

Purpose: To provide additional office and related space for the TN Housing Development Agency (THDA) for centralization purposes.

Term: August 16, 2003 thru January 31, 2007 (3 yrs., 5 ½ mos.)

Proposed Amount: 106,060 Square Feet
Avg. Annual Contract Rent
Incl. Utility & Janitorial Cost: \$1,441,138.74 @\$13.59/sf
Avg. Total Ann. Effective Cost: \$1,441,138.74 @\$13.59/sf

Current Amount: 88,298 Square Feet
Avg. Annual Contract Rent
Incl. Utility & Janitorial Cost: \$1,184,845.01 @\$13.42/sf
Avg. Total Ann. Effective Cost: \$1,184,845.01 @\$13.42/sf

Type: Amendment No. 2 – 17,762 Additional Square Feet

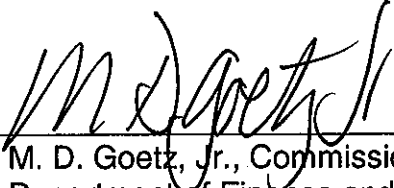
FRF Rate: \$18.00 Per Square Foot

Lessor: Domain Copper Ridge Associates, Ltd.
Michael A. Block, President

Comment: THDA currently occupies 27,253 rentable square feet in Parkway Towers and 7,374 rentable square feet in the state-owned Andrew Jackson (AJ) Building. THDA would move out of the space occupied in the AJ Building to Parkway Towers. The space vacated in the AJ Building is needed by other agencies. The proposed transaction will centralize the THDA Nashville operations.

SSC Report: 05-12-03. After review and discussion, Staff referred to Sub-committee for consent agenda.

SC Action: 5-19-03. Approved the transaction as presented. Final action.

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