

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

SEPTEMBER 21, 2009

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

OTHERS PRESENT

Mike Fitts, State Architect	David Gregory, Tennessee Board of Regents
Alan Robertson, Assistant State Architect	Blake Fontenay, Constitutional Officers
Georgia Martin, State Architect's Office	Nicholas Crafton
Dottie Hagood, Real Property Administration	Lola Potter, Department of Finance and Administration
Bob King, Real Property Administration	Bob McKee, Select Oversight Committee on Correction
Jurgen Bailey, Real Property Administration	Doug Delaney, Department of Transportation
Genie Whitesell, Attorney General's Office	Alan Durham, Department of Transportation
Janie Porter, Attorney General's Office	Mike Williams, Department of Transportation
Joy Harris, Treasurer's Office	Greg Steck, Real Property Administration
Jonathan Rummel, Secretary of State's Office	Annette Crutchfield, Legislative Budget Office
Melinda Parton, Comptroller's Office	John Carr, Department of Finance & Administration
Mark Cherpack, Department of Finance and Administration	Dick Tracy, Tennessee Board of Regents
Dave Thurman, Legislative Budget Office	Cindy Liddell, Bond Finance
Gayle Ray, Department of Correction	Terry Mason, Comptroller's Office
Tom Robinson, Department of Correction	Melanie Buchanan, Real Property Administration
George Little, Department of Correction	Melissa Ziegler, Wilbur Smith Associates
Nancy Blevins, Department of Finance and Administration	
Russ Deaton, THEC	
Scott Boelscher, THEC	
Megan Lyons, JPGR	
Lois Riggins Ezzell, Tennessee State Museum	
Mary Jane Crockett Green, Tennessee State Museum	

Commissioner Goetz called the meeting to order at 10:33 a.m. He stated that the Commission's Executive Subcommittee had been scheduled to address the **West Tennessee Megasite** item at this meeting. However, the Department of Economic & Community Development had asked last Friday to delay the review to give officials time to assemble details on the specific land to be acquired. He added that the Subcommittee wanted to make sure that whoever showed up was afforded an opportunity to speak for five minutes.

Nick Crafton was recognized from the floor. He stated that time was getting short and he had some very real pivotal environmental constraints based on Assistant Commissioner Mark Drury's comments at the last SBC meeting. Secretary Hargett asked Mr. Crafton if there was any way he could distill his information before addressing the Subcommittee at the special-called meeting. Mr. Crafton said that there were major air issues, and that Assistant Commissioner Drury's remark said the plan was to get some public hearings over the ozone issue. Secretary Hargett said, in order for the meeting to be productive, it would be helpful if he could address his issues to the Departments of ECD and Environment & Conservation. Treasurer Lillard asked Mr. Crafton why this was important to address at this time, and how can the State deal with his issues when it's not known how it is going to be developed.

The Subcommittee thanked Mr. Crafton and confirmed the scheduling of the special meeting for September 29 at 2:00 p.m. to address the Haywood County Megasite project.

Estimated Project Cost: \$40,300,000.00
SBC Project No. 529/000-07-2009

CONSENT AGENDA

Approved the following real property transactions, which had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **University of Tennessee – Knox County**
Transaction: Approval for RFP
Provision: Waiver of appraisals
- B. Agency: **Tennessee Board of Regents – Montgomery County**
Transaction: Disposal in fee
Provision: Waiver of advertisement & appraisals
- C. Agency: **Tennessee Board of Regents – Rutherford County**
Transaction: Acquisition in fee
- D. Agency: **Tennessee Board of Regents – Shelby County**
Transaction: Lease Agreement
Provision: Waiver of advertisement
- E. Agency: **Department of Labor & Workforce Development – Bradley County**
Transaction: Disposal in fee
Provision: Waiver one appraisal
- F. Agency: **Department of Transportation – Sevier County**
Transaction: Disposal in fee
Provision: Waiver of advertisement & appraisal
- G. Agency: **F & A for Intellectual Disabilities Services – Greene County**
Transaction: Acquisition in fee
- H. Agency: **Department of Environment and Conservation – Sumner County**
Transaction: Demolition

TENNESSEE BOARD OF REGENTS

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: Shelby County – Highland Row Shopping Center, 443 S. Highland Street, Suite 460, Memphis, TN – 09-09-900

Purpose: To provide space for the campus bookstore

Term: Undecided at this time

Proposed Amount: 40,000 Square Feet

Annual Contract Rent:	\$740,000.00	@\$18.50 / sf
Est. Annual Utility Cost:	\$ 70,000.00	@\$ 1.75 / sf
Est. Annual Janitorial Cost:	\$ 44,000.00	@\$ 1.10 / sf
Total Annual Effective Cost:	\$854,000.00	@\$21.35 / sf

Current Amount: 22,000 Square Feet
Annual Contract Rent: State owned bldg.

Type: New Lease

FRF Rate: \$18.00

Purchase Option: No

Lessor: Poag & McEwen Lifestyle Center

Comment: The proposed lease provides no cancellation except for cause: University of Memphis will also be required to pay a percentage of gross sales beginning at \$8M. The lessor has agreed to pay to build and fit out the space based on specifications of the contracted bookstore vendor at a cost of approx. \$1.5M.

SSC Report: 09-14-09. Bob King summarized the transaction. Dick Tracy summarized in more detail on the project. Staff referred to Subcommittee for discussion.

Tennessee Board of Regents – continued:

SC Action: 09-21-09. Bob King presented the transaction. Dick Tracy stated that they were requesting approval for waiver of advertisement to negotiate a lease. He stated the campus wanted to move the bookstore to the new location in order for it to be a full service operation with Barnes & Noble with the campus receiving revenue from the operation. Campus officials stated that this would be in keeping with the campus master plan and would increase the community interaction. Treasurer Lillard expressed his support of the project, but when the lease is approved, he asked that they be prepared to address the specific details as to the term and costs. Subcommittee approved the request as presented.

TENNESSEE STATE MUSEUM

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACQUIRE BY GIFT, WAIVER OF APPRAISALS required interest in the following real property.

Description: Davidson County – 0.87 +/- acres – 305 Kent Road, Nashville, TN – Trans. No. 09-09-009 (Woodard)

Purpose: Acquisition by Gift. William Clyde Baker died April 30th, 2009. In his will he vested title to property to the Tennessee State Museum.

Source of Funding: Gift by Will

Estimated Cost: \$234,000

Owner(s): William C. Baker III

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Lois Riggins Ezell stated that this was a historically significant home and that they wanted to establish a work group to determine the best use for the property. Staff referred to Subcommittee for discussion.

SC Action: 09-21-09. Jurgen Bailey presented the transaction. Tennessee State Museum Director, Lois Riggins-Ezzell, was recognized. She stated that the house was constructed in 1790 and has the original floors, plaster and woodworking. She said it was their hope to appoint a working committee to determine what might be done to preserve the property. She said the only operating expense is the alarm system, which requires approximately \$1500 a year to keep electricity on to power the alarm. After discussion, the Subcommittee approved the request as presented.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER of APPRAISALS required interest in the following real property, not to exceed the appraised value for the property being acquired:

- Description: **Grundy County – Purchase 27 Wetland Mitigation Credits from Burrow Cove Wetland site – 09-08-016 (Bailey)**
- Purpose: Acquisition in fee to acquire 15 of the Wetland Mitigation Credits will be used to mitigate unavoidable wetland impacts associated with the construction of State Route 15 in Lincoln & Franklin County, the remaining 12 credits will be used to mitigate unavoidable wetland impacts associated with TDOT projects within the upper Elk River Watershed and will cover all or portions of the following counties: Lincoln, Franklin, Moore, Coffee and Grundy.
- Source of Funding: Highway Funds
- Estimated Cost: \$32,500 per credit x 27 = \$877,500
- Owner(s): Restoration Systems, LLC
- SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. TDOT representatives stated that it took a year of negotiations to bring the mitigation credit price down. There are very few mitigation opportunities in this area of the state. Staff referred to Subcommittee with recommendation.
- SC Action: 09-21-09. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER of APPRAISALS required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Fayette County – Purchase 26.7 Wetland Mitigation Credits from Wolfe River Wetland site – 09-08-017 (Bailey)

Purpose: Acquisition in fee to acquire wetland credits to mitigate unavoidable wetland impacts associated with the construction of State Route 385 in Fayette and Shelby Counties.

Source of Funding: Highway Funds

Estimated Cost: \$26,125 per credit x 26.7 = \$697,537.50

Owner(s): Wolfe River Mitigation Bank, LLC

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. These are the last remaining wetland credits in this mitigation bank and TDOT was offered a 5% discount on these credits if they can close the transaction within 90 days. Staff referred to Subcommittee with recommendation.

SC Action: 09-21-09. Jurgen Bailey presented the transaction. Commissioner Goetz asked TDOT representatives to report back to them as to what it would take for the Department to be in the business for themselves as he could always see a need for mitigation credits. He said that it seems like this is not a good approach when money is tight and he would like to get a proposal from the Department as to why this could not be fixed. Comptroller Wilson commented that this is a very complex issue, and that he would like to have a good discussion regarding the matter. The Department stated they would do so. 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 2008-2009:

<u>Transaction No.</u>	<u>Reason for Waiver</u>	<u>REM FEE</u>
08-08-001	Bonds	\$ 5,177.90
08-11-009	Bonds	3,750.00
08-11-008	Bonds	4,356.00
08-12-013	Bonds	10,000.00
08-12-007	Bonds	4,570.00
08-04-010	Bonds	10,000.00
08-04-011	Bonds	10,000.00
08-04-012	Bonds	1,500.00
08-05-011	Bonds	10,000.00
08-01-001	Bonds	10,000.00
07-08-023	Bonds	3,600.00
07-07-001	Bonds	10,000.00
07-10-016	Bonds	6,900.00
07-12-023	Bonds	8,350.00
07-10-017	Bonds	7,150.00
07-10-018	Bonds	7,250.00
07-11-001	Bonds	9,200.00
07-02-004	Bonds	7,500.00
07-10-014	Bonds	4,750.00
08-06-009	Bonds	10,000.00
08-06-008	Bonds	10,000.00
08-02-018	Bonds	7,350.00
08-02-003	Bonds	10,000.00
08-06-020	Bonds	3,412.50
08-06-010	Bonds	10,000.00
08-02-017	Bonds	7,000.00
08-02-003	Bonds	10,000.00
08-04-009	Bonds	10,000.00
08-02-017	Bonds	7,000.00
08-08-020	Bonds	6,950.00
08-09-006	Bonds	10,000.00
08-07-009	Bonds	8,325.00
08-07-027	Bonds	9,900.00
08-07-008	Bonds	8,200.00
08-07-028	Bonds	7,550.00
07-08-004	Bonds	2,925.00
07-08-011	Bonds	1,760.00
07-11-002	Bonds	1,875.00
07-10-024	Bonds	1,495.00
07-10-022	Bonds	2,025.00
07-10-023	Bonds	<u>2,500.00</u>
TOTAL		\$282,321.40

Department of Finance and Administration – continued:

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 09-21-09. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

TOURIST DEVELOPMENT ZONE-PIGEON FORGE

Review of a request to make a small change in the configuration of the Tourist Development Zone (TDZ)
(SBC Project No. 529/000-08-2003)

COMMENT

The City of Pigeon Forge wishes to add a small parcel in the TDZ in order to use an existing building for the Qualified Public Use Facility (QPUF). Pigeon Forge is grandfathered under a previous of the law which did not have a size limit. Since this change is requested under the present law, the Convention Center focus group determined that they had to give up equivalent acreage to compensate. There is a very small difference in the acreage added to the acreage given up (1.3 acres). The focus group determined that difference is immaterial.

SSC Report: 09-14-09. Bob King summarized the transaction. Eric Brackins, Assistance City Manager, stated that the space is where Old Time Pottery was located and burned in February. Staff referred to Subcommittee with recommendation.

SC Action: 09-21-09. Bob King presented the transaction. He said that this was going to save the City of Pigeon Forge money and get them back into a tax-paying mode quicker. He stated that they, along with SBC staff, looked at this long and hard and, because the law has changed several times, and even though Pigeon Forge has been grandfathered in, they were going to have to give up an equivalent amount of acreage. Melissa Ziegler, representing the City, stated that the City was looking at retrofitting this building and avoid having to create a large amount of debt. Comptroller Wilson confirmed that they were not having to build a new building, it meets the requirements and it will be cheaper. Treasurer Lillard stated that because the construction cost would be cheaper and the TDZ would be paid off sooner, he was definitely for it. Subcommittee asked that a project schedule be furnished to them, and then approved the requested as presented.

DEPARTMENT OF CORRECTION

SOUTHEAST TENNESSEE REGIONAL CORRECTIONAL COMPLEX, BLEDSOE COUNTY, TENNESSEE

- 1) Commissioner Little presented a request for approval of additional design services, approval to allocate funding, approval of the Early Design Phase, and authorization to proceed with a project for **Southeast Tennessee Regional Correctional Complex**, Bledsoe County, Tennessee. He stated that there was currently a shortfall of about 2200 beds, which will hold fairly constant for the upcoming year as there is a steady growth in the felon population. He stated that if Whiteville is closed down, and Bledsoe is not built, they will be looking at a 6000 bed shortfall by the year 2019. Commissioner Little added that, twenty years ago, 70% of the inmates were classified as non-violent and property offenders, as opposed to 30% today. He said that the Department is committed to use the low cost beds first and by 2013, Bledsoe would come online. If the project is bid this fall and construction begins, it would be completed by 2012 with full occupancy by 2013, assuming no sentencing enhancements will be passed by the Legislature. Bob McKee was recognized and stated that the Select Oversight Committee on Correction supports the recommendations made by Commissioner Little. Treasurer Lillard made a motion to approve the request as presented. He asked that, as the GMP language is developed, that it be sent to the Subcommittee in advance for review so that everyone will be on the same page. The motion was properly seconded and passed without objection.

Estimated Project Cost: \$208,000,000.00
SBC Project No. 142/013-02-2004

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meetings held on August 24 and September 8, 2009.

DESIGNER SELECTION

- 1) A request was made for approval of a designer selection for **Environmental Consultant** to support Real Property Administration. Treasurer Lillard discussed the State process used for recommending the three firms. After discussion, he stated that there should have been a greater effort to discuss the project with all of the recommended firms and requested that be done in the future. He then made a motion to approve the Department's No. 1 recommendation, Gobbell Hays Partners, which was seconded, and passed without objection.

SBC Project No. 529/000-08-2009

There being no further business, the meeting adjourned at 11:35 a.m.

Consent Agenda Items

UNIVERSITY OF TENNESSEE

A.

LAND ITEM

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

Description: **Knox County – 973 +/- square foot at UTK 's University Center, Knoxville, TN – 09-08-014 (Baugh)**

Purpose: Approval of an RFP to enter Shipping / Mailing Services lease on campus.

Term: Five (5) years

Consideration: N/A

Lessee: To be determined by RFP

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

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: Montgomery County - Castle Heights Road, Clarksville, TN - 09-08-011 (Woodard)

Purpose: Disposal in fee to allow the realignment of Castle Heights Road. Equal value land exchange.

Original Cost to State: \$58,200 for entire property including house

Date of Original Conveyance: April 1, 1992

Grantor Unto State: State of Tennessee

Estimated Sale Price: Mutual benefits

Grantee: City of Clarksville

Comment: Property was originally purchased for future expansion of APSU. Request a transfer of 0.259 acres belonging to APSU to the City of Clarksville and the City is transferring the 0.259 acres to APSU. This needed for the safety of students and general public. SBC Project #166/003-07-2007.

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. 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: Rutherford County – 1102 Ewing Blvd., Murfreesboro, TN – 09-08-015 (Maholland)

Purpose: Acquisition in fee to acquire the property as part of MTSU Master Plan, the house will be rented until needed for future campus expansion.

Source of Funding: Auxillary Funds

Estimated Cost: \$160,000

Estimated Title, Appraisal and Survey Fees: Fair Market Value

Owner(s): Robert L. Kinney

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

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: Shelby County – Liberty Bowl Memorial Stadium, 335 S Hollywood Street, Memphis, TN – 09-09-901

Purpose: To provide the home field for the University of Memphis football games.

Term: July 16, 2009 thru January 1, 2015 (5 yrs., 5 mons.) (6 seasons)

Proposed Amount: Football Stadium
Annual Contract Rent per game: \$35,000.00
Additional cost for license fee for the Jumbotron: \$25,000.00
Total Effective Cost per game: \$60,000.00

Current Amount: Football Stadium
Annual Contract Rent per game: \$35,000.00
Additional cost for license fee for the Jumbotron: \$25,000.00
Total Effective Cost per game: \$60,000.00

Type: New Lease

Lessor: City of Memphis

Comment: The lease provides that the City retains all of the income from concession and parking revenues. Any of the suites that are actually sold will cost \$200 per game. No cancellation clause.

SSC Report: 09-14-09. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

LAND ITEM

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

Description: Bradley County - 173 Broad Street, S.W., Cleveland, TN - 09-08-010 (Maholland)

Purpose: Disposal in fee to sell surplus property.

Original Cost to State: \$23,110

Date of Original Conveyance: June 9, 1972

Grantor Unto State: Lloyd Calloway

Estimated Sale Price: Fair Market Value

Grantee: Successful Proposer

Comment: Building is no longer being used by the State of Tennessee.

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.

DEPARTMENT OF TRANSPORTATION

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: **Sevier County – 0.643 +/- acres – Dolly Parton Parkway, Sevierville, TN – 09-08-012 (Baugh)**

Purpose: Disposal in fee for assemblage of property

Original Cost to State: N/A

Date of Original Conveyance: July 27, 1972

Grantor Unto State: William Mills etux Nort T. Mills

Estimated Sale Price: \$240,000

Grantee: Leonard Waring for James Bookstaff

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.

G.

DEPARTMENT OF FINANCE & ADMINISTRATION
FOR
INTELLECTUAL DISABILITIES SERVICES

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: Greene County – 0.75 acre lot on Redbud Drive, Greeneville, TN – 09-07-015 (Bailey)

Purpose: Acquisition in fee for property to be used along with two other lots to build a MR Home.

Source of Funding: SBC 346/000-05-2005

Estimated Cost: \$40,000

Owner(s): Kyle Parkins

SSC Report: 09-14-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 09-21-09. Subcommittee approved the request as presented.


DEPARTMENT OF ENVIRONMENT AND CONSERVATION

BLEDSON CREEK STATE PARK, SUMNER COUNTY, TENNESSEE

- 1) Approved a request to demolish an abandoned restroom building as part of the **Campground Upgrade** project at Bledsoe Creek State Park, Sumner County, contingent upon review by the Tennessee Historical Commission.

SBC Project No. 126/012-01-2007

Approved by:


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