

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
December 15, 2022

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room II of the Cordell Hull State Office Building, Nashville, Tennessee, with the following members and Departments present. Commissioner Bryson called the meeting to order at 11:00 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Jim Bryson, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
Jason Mumpower, Comptroller of the Treasury

MEMBERS ABSENT

David Lillard, State Treasurer

ORGANIZATION

- Tennessee State University
- Department of Children's Services
- State Building Commission

PRESENTER

Associate Vice President & Dean of Students Frank Stevenson
Assistant Commissioner of Administration Julie Rotella
State Architect Ann McGauran

CONSENT AGENDA

Approved the following items which had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **University of Tennessee – Knoxville**
Transaction: Acquisition – Lease (Space)
Provision(s): n/a

- B. Agency: **University of Tennessee – Knoxville**
Transaction: Acquisition – Lease (Space)
Provision(s): n/a

- C. Agency: **University of Tennessee – Knoxville**
Transaction: Acquisition – Lease Amendment
Provision(s): n/a

- D. Agency: **Department of Military**
Transaction: Disposal – Fee
Provision(s): Waiver of advertisement

- E. Agency: **Department of General Services**
Transaction: Disposal – Lease (Space)
Provision(s): Waiver of advertisement and appraisal

- F. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- G. Agency: **Department of General Services**
Transaction: Acquisition – Lease (Space)
Provision(s): n/a

TENNESSEE STATE UNIVERSITY

Acquisition – Lease

Requested Action: **Approval of lease**

Transaction Description: Transaction No. 332.77-23.3957

• **Proposed Lease**

- **Location:** Jefferson Flats, 2714 Jefferson Street, Nashville, Davidson County, TN
- **Landlord:** Jefferson Flats Managers, LLC
- **Term:** Five years (January 5, 2023 – January 4, 2028)
- **Area / Costs:** 10 – 1 bedroom/1 bath units, 12 – 2 bedroom/1 bath units (68 beds)
\$1,078.43 per bedroom per month
Annual Contract Rent: \$440,000.00

• **Source of Funding:** Housing Revenue

• **Procurement Method:** Negotiated

Comment: Tennessee State University (TSU) does not currently hold any housing options for graduate students despite increased student demand. The Jefferson Flats apartment complex is located adjacent to the TSU campus, has been recently renovated, and TSU is able to lease the entire complex.

Due to the timing of the complex’s availability, TSU intends to place undergraduate students at the complex for the spring 2023 semester and start using this facility for graduate students in fall 2023. This lease will provide TSU the ability to house up to 64 students and additional residence support personnel adjacent to campus with no need for shuttles or dining services. TSU will have Residence Life and security staff on site and will control the entire complex, including its adjacent gated parking area.

The annual rent will be divided into three lump-sum payments. Utilities and maintenance are included in the rent.

Previous Action: 06/21/2021 Approved waiver of advertisement

Minutes: 12/15/2022 Comptroller Mumpower had questions about the use of Jefferson Flats relative to the hotels that were approved earlier this year. Comptroller Mumpower asked for confirmation that plant funds were used for the hotels because the rent for the hotels was higher than what would be brought in by student room and board fees. Associate Vice President Stevenson replied that was correct. Comptroller Mumpower asked if the Jefferson Flats lease would be fully covered by student room and board fees so no additional plant funds are needed to rent the Jefferson Flats. Associate Vice President Stevenson replied that was correct. He asked for confirmation that the plan was to house undergraduate students at Jefferson Flats for the spring term. Associate Vice President Stevenson replied that was correct. Comptroller Mumpower asked if that takes enough students out of a hotel so that one of the previously approved hotels would no longer be needed. Associate Vice President Stevenson replied that they have three hotels that will not renew in the spring and the priority would be to house those students in on-campus housing and Jefferson Flats. This will not reduce the need for the two

remaining hotel leases but does allow TSU to house the students from those three hotels closer to the campus.

Comptroller Mumpower confirmed that the eventual plan for Jefferson Flats was to house graduate students. Associate Vice President Stevenson replied that was correct; graduate and non-traditional students. Comptroller Mumpower asked if that would start in the fall of 2023. Associate Vice President Stevenson replied yes. Comptroller Mumpower stated that undergraduates in the spring of 2023 and graduates and non-traditional in the fall of 2023. He asked what would happen to the undergraduates in the fall of 2023. Associate Vice President Stevenson replied that the undergraduates in the fall of 2023 are part of the housing plan. They know how many undergraduate students TSU will be able to house and will be limiting the number of students along with other things to keep within the available housing. He believes they will be ok housing undergraduates in the fall of 2023. Comptroller Mumpower asked for clarification if they are going to be recalibrating their admission/housing practices for the fall of 2023 year. Associate Vice President Stevenson replied yes.

The Subcommittee approved a lease.

DEPARTMENT OF CHILDREN'S SERVICES

Disposal – Lease (Space)

Requested Action: **Approval of disposal by lease with waiver of advertisement**

Transaction Description: Transaction No. 22-06-017

- **Location:** Standing Tall Youth Development Center
Davidson County – 9.4 +/- acres – 3965 Stewarts Lane, Nashville, TN
- **Tenant:** Wayne Halfway House, Inc.
- **Term:** January 1, 2023, through June 30, 2026
- **Area / Costs:** 37,500 Square Feet

Annual Contract Rent	\$631,875.00	\$16.85 / sf
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Comment: The term of this lease will coincide with the term of the vendor service contract between the Department of Children’s Services and Wayne Halfway House, Inc. to provide custodial youth services at Standing Tall Youth Development Center. Wayne Halfway House, Inc. will be responsible for all utility costs and the State will be responsible for all other costs at the Standing Tall Youth Development Center facility.

The previous 2018 lease with Wayne Halfway House, Inc. expired on June 30, 2022. Wayne Halfway House, Inc. remains in the leased premises in holdover status. Due to the nature of the leasing need, advertising is not feasible.

The Rental Rate was determined by appraisal.

Minutes: 12/15/2022 Approved disposal by lease with waiver of advertisement

DEPARTMENT OF CHILDREN'S SERVICES

Disposal – Lease (Space)

Requested Action: **Approval of disposal by lease with waiver of advertisement**

Transaction Description: Transaction No. 22-06-016

- **Location:** Mountain View Youth Development Center
Jefferson County – 44.5 +/- acres – 809 Peal Lane, Dandridge, TN
- **Tenant:** Wayne Halfway House, Inc.
- **Term:** January 1, 2023, through June 30, 2026
- **Area / Costs:** 109,500 Square Feet

Annual Contract Rent	\$722,700	\$6.60 / sf
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Comment: The term of this lease will coincide with the term of the vendor service contract between the Department of Children’s Services and Wayne Halfway House, Inc. to provide custodial youth services at Mountain View Youth Development Center. Wayne Halfway House, Inc. will be responsible for all utility costs and the State will be responsible for all other costs at the Mountain View Youth Development Center.

The previous 2018 lease with Wayne Halfway House, Inc. expired on June 30, 2022. Wayne Halfway House, Inc. remains in the leased premises in holdover status. Due to the nature of the leasing need, advertising is not feasible.

The Rental Rate was determined by appraisal.

Minutes: 12/15/2022 Approved disposal by lease with waiver of advertisement

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on November 21, 2022.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following three capital projects with total project cost of \$100,000 - \$1,000,000 in accordance with Item 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:

- 1) **State Procurement Agency:** University of Tennessee Institute of Agriculture
Location: Greeneville, Tennessee
Project Title: Clyde Austin 4-H Center Improvements
Project Description: Construction of two open air pavilions at the center, and a garage at the center director's residence. Includes site work, ADA accessibility, and all related work to complete the project.
- SBC Project No.** 540/001-16-2022
Total Project Budget: \$176,000.00
Source of Funding: \$124,000.00 Gifts (O)
\$ 52,000.00 Plant Funds (Non-Aux) (A)
- Approval:** Approved project and to select a designer
Approval Date: 11/29/2022
- 2) **State Procurement Agency:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Student Services Building Upgrades
Project Description: Upgrades of a suite for the Office of New Student Orientation *and also includes the Communications Dean's Suite* in the Student Services Building. Changes include finishes, lighting, and abatement as well as all related work to complete the project.
- SBC Project No.** 540/009-09-2022
Total Project Budget: \$535,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project scope, budget, and funding (increases by \$306,000.00)
Approval Date: 11/28/2022

- 3) **State Procurement Agency:** Tennessee Board of Regents / TN College of Applied Technology
Location: Knoxville, Tennessee
Project Title: Interior Updates
Project Description: Update the interior of Buildings A, B, and C including repairing floor coverings, repairing and painting walls, and replacing ceiling tiles, doors, and windows.
SBC Project No. 166/060-01-2021
Total Project Budget: \$302,000.00
Source of Funding: \$260,000.00 CurrFunds-CapMaint
\$ 42,000.00 Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding to award a contract (Pannell Construction, LLC) (increases by \$42,000.00)
Approval Date: 11/29/2022

Approvals of Contract Amendments

- Reported the following approval of a consultant contract amendment in accordance with Item 2.04(C)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Military
Location: Statewide, Tennessee
Project Title: Architectural, Civil & Structural Consultant
Project Description: Consultant to support the agency for project development and associated facility needs including limited designer services.
SBC Project No. 361/000-02-2020
Total Project Budget: \$457,365.56
Current Project Funding: \$257,365.56
Source of Funding: Federal Funds (NGB) (F)
Approval: Approved a revision in project budget, funding, and to select a consultant (increases by \$67,517.48)
Approval Date: 11/21/2022

Designer Selections

- Reported the following designer selection for capital projects as delegated to the State Architect in accordance with Items 2.04(A)(1) and 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee Institute of Agriculture
Location: Greeneville, Tennessee
Project Title: Clyde Austin 4-H Center Improvements
SBC Project No. 540/001-16-2022
Total Project Budget: \$176,000.00
Source of Funding: \$124,000.00 Gifts (O)
\$ 52,000.00 Plant Funds (Non-Aux) (A)
Designer: Approved designer selection (Baxter Architecture and Design, LLC)
Approval Date: 12/05/2022
- Reported a designer name change from “Tuck Hinton Architects, PLC” to “Anecdote, PLC” on all State projects.

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

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| <p>1) University of Tennessee – Knoxville
 (Steam Plant Boiler Replacement)
 Total Project Budget: \$3,000,000.00
 SBC Project No. 540/009-42-2022
 Designer: CMTA, Inc.</p> | <p>4) Department of Military
 (Consultant – Mechanical, Electrical & Plumbing)
 Total Project Budget: Not Applicable
 SBC Project No. 361/000-05-2022
 Designer: Oliver Little Gipson Engineering, Inc.</p> |
| <p>2) University of Tennessee – Knoxville
 (Lindsey Nelson Stadium Renovation)
 Total Project Budget: \$68,840,000.00
 SBC Project No. 540/009-43-2022
 Designer: Barber McMurry Architects, LLC</p> | <p>5) Volunteer Training Site – Milan
 (Cantonment Area Additional Emergency Generators)
 Total Project Budget: \$1,380,000.00
 SBC Project No. 368/031-04-2022
 Designer: Building Systems Group Engineering, LLC</p> |
| <p>3) Department of Military
 (Consultant – Architectural, Civil & Structural)
 Total Project Budget: Not Applicable
 SBC Project No. 361/000-02-2020
 Designer: Allen & Hoshall, Inc.</p> | <p>6) Multi Agency Law Enforcement Training Academy
 (EVOC Track)
 Total Project Budget: \$415,134,726.34
 SBC Project No.: 529/017-01-2021
 Designer: Pickering Firm, Inc.</p> |

Other Business

There being no further business, the meeting adjourned at 11:10 a.m.

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 21-12-010

● **Proposed Lease**

- **Location:** University of Tennessee – Knoxville (UTK), Knox County, Tennessee
Quarry Trail, 3999 Highland Crest Way, Knoxville, TN
- **Landlord:** Bayou Park TIC LLC & Dorel Laredo TIC LLC
- **Term:** 1 year (August 12, 2023 – July 31, 2024)
- **Area / Costs:** 24 – 4 bedroom/4 bath units, 24 – 3 bedroom/3 bath units (168 beds)

	\$/bed	Estimated Total Cost
Average cost per bed (incl utilities)	\$820.29/mo.	\$1,653,696/year

- **Source of Funding:** Plant Funds (Aux-Housing) (A)
- **Procurement Method:** Negotiated

● **Current Lease**

- **Location:** University of Tennessee – Knoxville, Knox County, Tennessee
Quarry Trail, 3999 Highland Crest Way, Knoxville, TN
- **Landlord:** Quarry Trail (Knoxville) Propco LLC
- **Term:** 1 year (August 14, 2022 – July 31, 2023)
- **Area / Costs:** 10 – 4 bedroom/4 bath units (40 beds)

	\$/bed	Estimated Total Cost
Average cost per bed (incl utilities)	\$800/mo.	\$384,000.00/year

- **Source of Funding:** Plant Funds (Aux-Housing) (A)
- **Procurement Method:** Negotiated

Comment: Enrollment at UT Knoxville continues to increase, creating the need for additional bed capacity for undergraduate students, intended for continuing or upper division and above students. With a requirement for first-time students to live on campus, this will significantly limit on-campus bed availability for continuing students. As a result, additional beds will be needed off-campus for these students.

The renewal process for off-campus housing has begun with some apartment complexes starting as early as September. To lock-in favorable pricing and secure a block of rooms near campus, there is a need to begin executing leases immediately. Under this agreement, UTK will lease all units in two of the buildings at this property.

This complex was selected because of proximity to campus, the units are comparable to campus housing, the units are fully furnished, and the rate is competitive. Electricity costs will be billed separately and there is a one-time parking and utility administration fee that totals \$15,456 for all units. Due to the short-term nature of the lease, there is no termination for convenience.

Previous Action: 12/20/2021 Approval of waiver of advertisement
 01/24/2022 Approved a lease
 02/28/2022 Approved a lease

05/23/2022 Approved a lease
06/21/2022 Approved a lease

Minutes:

12/15/2022 Approved a lease

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 2021-08-001

● **Proposed Lease**

- **Location:** University of Tennessee – Knoxville (UTK)
Knox County – 1600 Accelerator Way, Knoxville, TN
- **Landlord:** University Health System, Inc. (UHS)
- **Term:** 10 years
- **Area / Costs:** 15,138 Square Feet

First Year Contract Rent:	\$317,898.00/yr	\$21.00/sf
Average Annual Contract Rent	\$356,197.14/yr	\$23.53/sf
Estimated Annual Utility Cost	\$26,491.50/yr	\$1.75/sf
Estimated Annual Janitorial Cost	\$16,651.80/yr	\$1.10/sf
Total Annual Effective Cost	\$399,340.44/yr	\$26.38/sf

- **Source of Funding:** Research operating funds and grants
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

● **Previously Approved Lease**

- **Location:** University of Tennessee – Knoxville (UTK)
Knox County – 1600 Accelerator Way, Knoxville, TN
- **Landlord:** University Health System, Inc. (UHS)
- **Term:** 5 years with one (1) five (5) year option to extend
- **Area / Costs:** 3,268 Square Feet

First Year Contract Rent:	\$68,628.00/yr	\$21.00/sf
Average Annual Contract Rent	\$72,871.08/yr	\$22.30/sf
Estimated Annual Utility Cost	\$5,710.00/yr	\$1.75/sf
Estimated Annual Janitorial Cost	\$3,594.80/yr	\$1.10/sf
Total Annual Effective Cost	\$82,175.88/yr	\$25.15/sf

- **Source of Funding:** Research operating funds and grants
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

Comment: A 91,354 square foot ambulatory care/research facility has been constructed at UT Research Park at Cherokee Farm by a partnership that includes OrthoTennessee and University Health System, Inc. (aka University of Tennessee Medical Center). UTK initially planned to lease 3,268 square feet of space in the building for its' VOIs Healthcare Innovation LAB (VOILA!). However, a small business planning to lease a portion of the third floor has chosen to locate elsewhere, providing UTK the opportunity to lease a larger space on the third floor, increasing the size from 3,268 square feet to approximately 15,138 square feet.

VOILA! brings together UT faculty, staff, and students across multiple disciplines to develop solutions to healthcare challenges. VOILA!-Ortho, a new VOILA! program focused on innovations in orthopaedics, will work hand-in-hand with OrthoTennessee physicians and other healthcare professionals to develop solutions to real-world orthopaedic challenges in the surgical suite, in hospital and ambulatory care processes, and in patient recovery and rehabilitation. This strategy of co-locating academic innovation teams and practitioners is consistent with best practices in translational research and innovation and yields the best possible outcomes.

The rental rate increases 2.5% per year. UHS will provide a \$55/sf tenant improvement (TI) allowance. The University can terminate the lease for convenience with 90-days notice with a termination payment from the University. The University will reimburse UHS for its proportionate share of maintenance expenses, insurance costs, ground rent and property taxes.

Previous Action:	08/23/2021	Approved waiver of advertisement
	04/25/2022	Approval of a lease
Minutes:	12/15/2022	Approved a lease

UNIVERSITY OF TENNESSEE**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment**Transaction Description:** Transaction No. 2020-10-01

- **Proposed Amendment**

- **Area / Costs:** 39,422 +/- square feet; The total estimated construction cost is \$30.8M which includes \$18.94M to build the UTK space. The prepaid rent would be made in four equal installments of \$5.788M. The annual rental rate is \$7.91/sf or \$311,828.28 per year with a 2% annual escalation. CAM charges are estimated to be \$3.73/sf or \$146,988.87 per year and will be reconciled annually.

- **Current Lease**

- **Location:** University of Tennessee – Knoxville (UTK)
Knox County – approximately 37,000 sf - UT Research Park, Knoxville TN
- **Landlord:** Innovation South Partners, LLC (ISP)
- **Term:** 50 years ending December 31, 2072 with one (1) forty (40) year option to extend
- **Area / Costs:** 37,000 +/- square feet; The total estimated construction cost is \$32.4M which includes \$18.6M to build the UTK space. UTK's payments to ISP would include prepaid rent, annual rent costs and common area maintenance (CAM) charges. The prepaid rent would be made in four equal installments of \$4.654M with the final installment made when the certificate of occupancy is issued. The annual rental rate is \$7.91/sf or \$291,582 per year with a 2% annual escalation. CAM charges are estimated to be \$3.73/sf or \$137,499 per year and will be reconciled annually.
- **Source of Funding:** Plant Funds (Non-Aux) (A)
- **FRF Rate:** \$18.00/sf (for reference only)

Comment: In March 2022, SBC ESC approved a lease between the University and Innovation South Partners, LLC (ISP) for the lease of space in a new building to be constructed by ISP at the UT Research Park at Cherokee Farm. The terms of the lease include a provision that if the construction costs exceed the estimated guaranteed maximum price (GMP) by 5% or more, UT may seek the appropriate university and state approvals to accept the revised GMP and amend the lease. The cost/square foot of the Annual Rental and Common Area Maintenance (CAM) charges have remained the same, but the payments have increased slightly based on the square footage increase. The University is seeking approval for an amendment based on a revised GMP of \$18.94M and a total cost of \$23.15M.

Previous Action: 03/21/2022 Approved a lease**Minutes:** 12/15/2022 Approved a lease amendment

DEPARTMENT OF MILITARY

Disposal – Fee

Requested Action: **Approval of disposal in fee with waiver of advertisement**

Transaction Description: Transaction No. 22-08-024
• **Location:** Cheatham County – 0.372 ± acres – 1935 Highway 12 South, Ashland City
• **Estimated Sale Price:** Fair Market Value
• **Grantee** Ashland City

Comment: This property is needed by Tennessee Department of Transportation (TDOT) in connection to complete the Highway 12 State Industrial Access Road in Cheatham County for Project # 11950-2510-04. TDOT has requested that this property be conveyed to Ashland City.

Department of Military supports this request and the public purpose that it will serve. TDOT will be paying all fees associated with this request.

In accordance with T.C.A. §12-2-121, proceeds from the sale will be appropriated to the DOM as funds for facility replacement and repair.

Minutes: 12/15/2022 Approved disposal in fee with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Disposal – Lease (Space)

Requested Action: Approval of disposal by lease with waiver of advertisement and appraisal

Transaction Description: Transaction No. 22-10-005

- **Proposed Lease:**
- **Location:** Tennessee Preparatory School
Davidson County – 1276, 1278, 1280 & 1282 (Menzler), and 1284 & 1290 (Sills) Foster Avenue, Nashville, TN
- **Tenant:** 4:13 Strong, Inc.
- **Term:** February 1, 2023 to January 31, 2027
- **Area / Costs:** 22,800 Square Feet
Annual Contract Rent \$49,020.00 \$2.15/sf

- **Current Lease:**
- **Location:** Tennessee Preparatory School
Davidson County – 1276, 1278, 1280 & 1282 (Menzler), and 1284 & 1290 (Sills) Foster Avenue, Nashville, TN
- **Tenant:** 4:13 Strong, Inc.
- **Term:** February 1, 2020, to January 31, 2023
- **Area / Costs:** 22,800 Square Feet
Annual Contract Rent \$49,020.00 \$2.15/sf

Comment: 4:13 Strong is the current tenant and a nonprofit residential program providing training, skills and job placement for at-risk men. They or their predecessor, Y-Build, have been in occupancy at Tennessee Preparatory School (TPS) since 2009 under various agreements. Waiver of advertisement is requested because of the program’s mission and tenure at this location.

The rent is \$2.15 psf. This allows the tenant, during the term of the lease, to recoup costs of repairs for items which include but are not limited to parking lot re-paving, restrooms, doors, roofing, gutters, downspouts, and exterior soffits totaling \$214,320.

The Tenant is responsible for janitorial and routine maintenance; and the State is responsible for the cost of all utilities, landscaping and other maintenance and repairs.

This proposed lease will not negatively impact the State’s operations. The State may terminate this agreement at any time by providing 90 days written notice to the tenant.

Date of Last Transfer: July 15, 1921
Purchase Price: N/A
Square Footage Improvements: 22,800

Minutes: 12/15/2022 Approved disposal by lease with waiver of advertisement and appraisal

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 05-10-907 & 05-10-906

● **Proposed Amendment**

○ **Term:** 16 years (February 1, 2010 – January 31, 2026)

● **Current Lease**

○ **Location:** Grundy County – 606 Highway 41, Tracy City, TN

○ **Landlord:** Pedigo-Tracy Properties, LP

○ **Term:** 13 years (February 1, 2010 – January 31, 2023)

○ **Area / Costs:** 5,700 Square Feet

○ Current:	Annual Contract Rent:	\$56,430.00	\$9.90/sf
	Estimated Annual Utility Cost:	9,975.00	1.75/sf
	Estimated Annual Janitorial Cost:	<u>6,270.00</u>	<u>1.10/sf</u>
	Total Annual Effective Cost:	\$72,675.00	\$12.75/sf

● **Source of Funding:** FRF

● **Procurement Method:** Negotiated

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Human Services and Children's Services.

This amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to renovate the space and commence a new long-term lease.

Based on a review of the financial aspects, occupancy requirements and market indicators, this lease is deemed to be in the State's best interest at this time.

Previous Report: 09/25/2006 Approved lease agreement
12/16/2019 Approved a lease amendment with waiver of advertisement

Minutes: 12/15/2022 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 21-03-912● **Proposed Lease**

- **Location:** Maury County – 1421 Hampshire Pike, Columbia, TN
- **Landlord:** REALCO-TN, LLC
- **Term:** 10 years with one 3-year renewal option
- **Area / Costs:** 12,900 Square Feet

First Year Annual Contract Rent	\$400,029.00	\$31.01/sf
Average Annual Contract Rent	302,233.59	23.43/sf
Estimated Utilities Cost	22,575.00	1.75/sf
Estimated Janitorial Cost	14,190.00	1.10/sf
Total Average Annual Effective Cost	\$338,998.59	\$26.28/sf

● **Current Lease**

- **Location:** Maury County – 1421 Hampshire Pike, Columbia, TN
- **Landlord:** REALCO-TN, LLC
- **Term:** 16 years (September 1, 2009 – August 31, 2025)
- **Area / Costs:** 17,000 Square Feet

Annual Contract Rent	\$238,000.00	\$14.00/sf
Estimated Annual Utility Cost	23,800.00	1.40/sf
Estimated Annual Janitorial Cost	18,700.00	1.10/sf
Total Annual Effective Cost	\$280,500.00	\$16.50/sf

- **Source of Funding:** FRF

- **Procurement Method:** Advertised

- **FRF Rate:** \$18.00

Comment:

This lease will provide office space of Tennessee Department of Environment and Conservation. Three proposals from three proposers were received and evaluated. Alternative Workplace Solutions will be implemented at this location. The proposed location will be renovated to meet the State's needs. The lease is estimated to commence on or before September 2025.

The tenant may terminate this lease for convenience at any time with 120 days written notice to the landlord after the 36th month of the lease.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

If renewal option is exercised the rent rate will increase.

The CBRE, Inc. commission is \$41,556.98 for the 10-year base term, if the renewal option is exercised the commission will be \$54,440.82.

Minutes: 12/15/2022 Approved a lease

Approved:



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