

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
February 28, 2022

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room IV of the Cordell Hull State Office Building, Nashville, Tennessee, with the following members and Departments present. Commissioner Eley called the meeting to order at 11:02 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Butch Eley, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
David Lillard, State Treasurer

MEMBERS ABSENT

Jason Mumpower, Comptroller of the Treasury

ORGANIZATION

- University of Memphis
- Department of General Services
- State Building Commission

PRESENTER

Chief University Planning Officer Tony Poteet
Assistant Commissioner Jennifer Murphy
State Architect Ann McGauran

CONSENT AGENDA

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

- A. Agency: **East Tennessee State University**
Transaction: Disposal – Easement (Utility)
Provision(s): Waiver of advertisement and one appraisal

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

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

- D. Agency: **Tennessee Board of Regents / TCAT Chattanooga**
Transaction: Acquisition – Fee
Provision(s): Waiver of advertisement

- E. Agency: **Tennessee Board of Regents / TCAT Dickson Clarksville Campus**
Transaction: Disposal – Lease (Land)
Provision(s): n/a

- F. Agency: **Tennessee Board of Regents / Jackson State Community College**
Project Title: Nelms Classroom HVAC Updates
SBC Project No: 166/019-01-2017
Requested Action: Approval of a revision in project funding in order to award a contract

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

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

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

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

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

UNIVERSITY OF MEMPHIS

Acquisition – Lease (Space)

Requested Action: **Approval of waiver of advertisement**

Transaction Description: Transaction No. 21-11-916

• **Proposed Lease**

- **Location:** University of Memphis – Various Locations in Memphis, Shelby County, TN
- **Landlord:** To Be Determined (multiple apartment complexes)
- **Term:** Up to 5 years, August 2022 – August 2023 with four (4) one year extensions
- **Area / Costs:** Up to 300 beds (mix of 1 to 4 bedroom units)

• **Source of Funding:** Plant Funds (Aux-Housing) (A)

• **Procurement Method:** Negotiated

Comment: Out of state enrollment at The University of Memphis continues to increase, creating the need to establish leases with private apartment owners to provide student housing. Current on-campus student housing is near 100% capacity and demand for next fall semester is anticipated to increase beyond capacity.

The admission of out of state students has grown from 622 in spring of 2021 to 2300 for spring 2022. Approximately 35 – 40% of the admitted students continue to enroll at the University after admission. The University desires to provide student housing by lease until new housing can be constructed on campus per the master plan.

Given the gap between the housing needs of incoming non-resident students and the lack of available housing on campus, development of leases for with housing providers in close proximity to campus is a viable option. Adjacent, safe housing for these students is essential for them to pursue their educational goals at The University of Memphis.

Approval is requested, based on availability, to commence negotiations with landlords that best meet criteria including the proximity to campus, safety and security controls, comparable amenities compared to on-campus housing, fully furnished units, and the rental rate. The proposed leases resulting from the negotiations will be submitted to the ESC and TSSBA for approval.

Minutes: 02/28/2022 Commissioner Eley asked how many students can be accommodated with these leases. Mr. Tony Poteet replied, up to 300. Commissioner Eley asked where these leases would position the University as far as the need is concerned. Mr. Poteet replied that the University had a need of 200 last year and since enrollment has risen from 3,600 in 2020 to 4,600 in spring of 2022. Mr. Poteet stated that he thinks this will position the University well to accommodate the students that need housing close to campus.

Secretary Hargett asked what price the University expects to negotiate compared to similar on-campus housing. Mr. Poteet stated that right now an apartment style housing unit on campus is \$3,800 per semester, roughly \$740 per month including utilities and data and they negotiate similar rates for off campus housing. The university is currently leasing 66 beds from two different apartment complexes that are below the on-campus rate. One option may

allow the University to lease an entire building which has 264 beds. The landlord would offer a very good rate because they will only be dealing with one entity instead of 264 separate tenants. Secretary Hargett asked that even if it meant a loss to the University, they would not charge students more than what they would pay for an apartment style living on campus. Mr. Poteet replied they probably would not enter into a lease for more than what students pay on campus. Mr. Poteet stated that a future action would bring the actual leases for approval by the ESC and TN State School Bond Authority and this is just the first step. Secretary Hargett stated that he wanted to understand what the University envisioned and likes to hear that they don't intend to have students living off campus for a higher rate than on campus housing. Mr. Poteet stated that the University intends to build housing, between 500-600 beds, on the Park Avenue campus.

The Subcommittee approved a waiver of advertisement.

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 07-05-904

• **Proposed Amendment**

- **Term:** 12 years & 6 months (April 1, 2010 – September 30, 2022)

• **Current Lease**

- **Location:** Knox County, 430 Montbrook Lane, Knoxville, TN
- **Landlord:** APEX BANK – (formerly Bank of Camden)
- **Term:** 12 years (April 1, 2010 – March 31, 2022)
- **Area / Costs:** 9,500 Square Feet

○ Current:	Annual Contract Rent:	\$179,718.00	\$18.92/sf
	Estimated Annual Utility Cost (electric only):	10,450.00	1.10/sf
	Estimated Annual Janitorial Cost:	10,450.00	1.10/sf
	Total Annual Effective Cost:	\$200,618.00	\$21.12/sf

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Safety and Homeland Security (DSC and THP). A long term lease was approved by the ESC on September 2020 (19-05-901), and this six month extension will allow for the construction to be completed at the new location.

This amendment is in the best interest of the State to prevent a lease holdover to allow continuity of operations while the new long-term solution is prepared for occupancy.

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:

12/17/2007	ESC Approved lease agreement
01/28/2020	ESC Approved lease amendment with waiver of advertisement
03/23/2020	ESC Approved lease amendment with waiver of advertisement
02/22/2021	ESC Approved lease amendment with waiver of advertisement

Minutes: 02/28/2022 ESC Approved lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 19-03-910 and 19-03-911

• **Proposed Lease**

- **Location:** Macon County – 315 and 317 Highway 52 Bypass East, Lafayette, TN
- **Landlord:** Pedigo-Lafayette Properties, L.P.
- **Term:** 10 years with one 3-year renewal option
- **Area / Costs:** 7,804 Square Feet

First Year Annual Contract Rent:	\$108,865.80	\$13.95/sf
Average Annual Contract Rent	112,143.80	14.37/sf
Estimated Annual Utility Cost	13,657.00	1.75/sf
Estimated Annual Janitorial Cost	8,584.40	1.10/sf
Total Average Annual Effective Cost	\$134,385.20	\$17.22/sf

• **Current Lease**

- **Location:** Macon County – 315 and 317 Highway 52 Bypass East, Lafayette, TN
- **Landlord:** Pedigo-Lafayette Properties, L.P.
- **Term:** 15 years (August 1, 2009 – July 31, 2024)
- **Area / Costs:** 7,200 Square Feet

Annual Contract Rent	\$80,546.64	\$11.19/sf
Estimated Utilities Cost	12,600.00	1.75/sf
Estimated Janitorial Cost	7,920.00	1.10/sf
Total Annual Effective Cost	\$101,066.64	\$14.04/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Advertised
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Human Services and Department of Children’s Services. The proposed location will be renovated and expanded to meet the State’s needs. The lease is estimated to commence on or before August 2024.

The tenant may terminate this lease for convenience at any time with 90 days’ written notice to the landlord after the 60th month.

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.

Minutes: 02/28/2022 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a new lease

Transaction Description: Transaction No. 19-06-937

• **Proposed Lease**

- **Location:** Maury County – 2501 Pulaski Hwy, Columbia, TN
- **Landlord:** John Davenport
- **Term:** 10 years
- **Area / Costs:** 7,500 Square Feet

First Year Annual Contract Rent	\$191,250.00	\$25.50/sf
Average Annual Contract Rent	196,050.00	26.14/sf
Estimated Utility Cost	13,125.00	1.75/sf
Estimated Janitorial Cost	8,250.00	1.10/sf
Total Average Annual Effective Cost	\$217,425.00	\$28.99/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment:

This lease will provide office space for Tennessee Bureau of Investigation. Five proposals from five proposers were received and evaluated. The proposed location will be renovated to meet the State's needs. The lease is estimated to commence on or before November 2023. The recommendation is not the lowest cost proposal; but it is recommended because it does not have conflicts with adjacent properties. It is anticipated that the proposed new lease will be considered a special use facility per SBC policy 14.01 due to the unique features required.

The tenant may terminate the lease by giving 90 days written notice to the landlord after the 60th month.

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.

The CBRE, Inc. commission is \$53,913.75 for the 10-year base term.

Minutes:

02/28/2022 Treasurer Lillard asked if the \$28.99/sf is so much more than the others because of the tenant improvements. Assistant Commissioner Jennifer Murphy replied yes because the TN Bureau of Investigation (TBI) have unique requirements, in particular to be the only tenant on the property, special security needs and other items, evidence storage, etc.

Commissioner Eley asked if their special needs were why the second lowest cost proposer was selected. Assistant Commissioner Murphy replied yes because the low cost proposer's property topography placed it below the adjacent neighboring properties creating security concerns.

The Subcommittee approved a new lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 20-07-914

● **Proposed Lease**

- **Location:** Smith County – 105 Eatherly Landing Road, Carthage, TN
- **Landlord:** James Freddie Holloway and wife, Janet Holloway
- **Term:** 10 Years with one 5-year renewal option
- **Area / Costs:** 4,290 Square Feet

Annual Contract Rent (includes utilities)	\$91,162.50	\$21.25/sf
Estimated Janitorial Cost	4,719.00	1.10/sf
Total Annual Effective Cost	\$95,881.50	\$22.35/sf

● **Current Lease**

- **Location:** Smith County – 105 Eatherly Landing Road, Carthage, TN
- **Landlord:** James Freddie Holloway and wife, Janet Holloway
- **Term:** 6 years (January 1, 2017 to December 31, 2022)
- **Area / Costs:** 5,000 Square Feet

Annual Contract Rent	\$49,900.00	\$9.98/sf
Estimated Utilities Cost	8,750.00	1.75/sf
Estimated Janitorial Cost	5,500.00	1.10/sf
Total Annual Effective Cost	\$64,150.00	\$12.83/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Advertised
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Human Services. One proposal from the incumbent was 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 January 2023.

The tenant may terminate this lease at any time by giving 90 days written notice to the landlord after the 36th month.

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.

Minutes: 02/28/2022 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 20-12-913v2

● **Proposed Lease**

- **Location:** Williamson County – 203 Beasley Dr., Ste. A, Franklin, TN
- **Landlord:** Richland South, LLC
- **Term:** 10 years
- **Area / Costs:** 5,677 Square Feet

First Year Annual Contract Rent	\$90,775.23	\$15.99/sf
Average Annual Contract Rent	104,063.63	18.33/sf
Estimated Utilities Cost	9,934.75	1.75/sf
Estimated Janitorial Cost	6,244.70	1.10/sf
Total Average Annual Effective Cost	\$120,243.08	\$21.18/sf

● **Current Lease**

- **Location:** Williamson County – 203 Beasley Dr., Ste. A, Franklin, TN
- **Landlord:** Richland South, LLC
- **Term:** 13 years (August 1, 2011 – July 31, 2024)
- **Area / Costs:** 5,650 Square Feet

Annual Contract Rent	\$66,148.00	\$11.71/sf
Estimated Utilities Cost	9,887.50	1.75/sf
Estimated Janitorial Cost	6,215.00	1.10/sf
Total Annual Effective Cost	\$85,250.50	\$14.56/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Human Services. One proposal was evaluated. The proposed location will be refreshed to meet the State's needs. The lease is estimated to commence on or before October 2023.

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.

The CBRE, Inc. commission is \$14,308.75 for the 10-year base term.

Minutes: 02/28/2022 Approved a lease

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on January 24, 2022.

Report of Items Submitted to the ESC

- 1) Status Update Reports from the State Procurement Agencies in accordance with SBC Policy & Procedures Item 2.03.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following capital improvement with total project cost of less than \$100,000 in accordance with Item 2.04(A)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee Institute of Agriculture
Location: Springfield, Tennessee
Project Title: REC-Highland Improvements
Project Description: Construction of two gazebos and includes all related work to complete the project.
SBC Project No. 540/001-04-2022
Total Project Budget: \$12,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and utilizing Campus Consultant (Ross Bryan Associates, Inc.) for design, and Campus Resources and System Procurement for construction
Approval Date: 02/28/2022
- Reported the following ten capital projects with total project cost of \$100,000 - \$500,000 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: Knoxville, Tennessee
Project Title: CVM Hospital Improvements
Project Description: Improvements of the College of Veterinary Medicine (CVM) Hospital include upgrading surgical equipment and lighting, and all related work to complete the project.
SBC Project No. 540/001-02-2022
Total Project Budget: \$220,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and utilizing Campus Consultant (Dollar & Ewers Architecture, Inc.) for design and Campus Resources and System Procurement for construction
Approval Date: 01/31/2022

- 2) **State Procurement Agency:** University of Tennessee Institute of Agriculture
Location: Knoxville, Tennessee
Project Title: ETREC – JARTU Improvements
Project Description: Upgrades the existing surgical sinks and installs new task lights in the Johnson Research Teaching Unit (JARTU). Includes all related work to complete the project.
SBC Project No. 540/001-03-2022
Total Project Budget: \$155,500.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and utilizing Campus Consultant (West Welch Reed Engineers, Inc.) for design and Campus Resources and System Procurement for construction 02/08/2022
Approval Date: 02/08/2022
- 3) **State Procurement Agency:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Chamique Holdsclaw Storm Line Upgrades
Project Description: The project will upgrade the storm line and catch basin structures along Chamique Holdsclaw from Pat Head Summit to Lake Loudon.
SBC Project No. 540/009-04-2021
Total Project Budget: \$425,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding (increase budget \$200,000.00)
Approval Date: 02/08/2022
- 4) **State Procurement Agency:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Vivarium Facilities HVAC Upgrades
Project Description: Upgrades of the HVAC and electrical systems, serving vivarium facilities in Ken and Blaire Mossman Building, Jessie W. Harris Building, and Hesler Biology Building. Includes all related work to complete the project.
SBC Project No. 540/009-08-2022
Total Project Budget: \$320,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and utilizing Campus Consultant (I. C. Thomasson Associates, Inc.) for design and Campus Resources and System Procurement for construction 01/31/2022
Approval Date: 01/31/2022
- 5) **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 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: \$229,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and utilizing Campus Consultant (The Architecture Collaborative) for design and Campus Resources and System Procurement for construction 02/08/2022
Approval Date: 02/08/2022

- 6) **State Procurement Agency:** University of Tennessee Health Science Center
Location: Memphis, Tennessee
Project Title: Coleman Storage Tank Replacement
Project Description: This project will remove the underground diesel storage tank and replace it with an above ground tank.
SBC Project No. 540/013-01-2021
Total Project Budget: \$300,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding (increase budget \$172,000.00)
Approval Date: 01/27/2022
- 7) **State Procurement Agency:** University of Tennessee Health Science Center
Location: Memphis, Tennessee
Project Title: Madison Plaza Deck
Project Description: This project provides a new seating area with ADA accessible ramp and stairs with an outdoor free-standing canopy to protect the area from the elements.
SBC Project No. 540/013-06-2020
Total Project Budget: \$370,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding in order to award a contract (LaGasse Construction, Inc.) (increase budget \$100,000.00)
Approval Date: 01/26/2022
- 8) **State Procurement Agency:** Tennessee Board of Regents / Southwest Tennessee Community College
Location: Memphis, Tennessee
Project Title: Emergency Union Campus Elevator Replacements
Project Description: Replace two elevators in the Parrish Building on the Union Campus.
SBC Project No. 166/033-01-2022
Total Project Budget: \$362,500.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project utilizing a Consultant (brg3s, Inc.) for design
Approval Date: 01/27/2022
- 9) **State Procurement Agency:** Middle Tennessee State University
Location: Murfreesboro, Tennessee
Project Title: College Heights Renovation
Project Description: Minor upgrades to the College Heights Building to renovate space for the University Police. Renovations include space to accommodate a police training simulator and offices for emergency management personnel and related work.
SBC Project No. 366/009-08-2021
Total Project Budget: \$0.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved cancellation of the project
Approval Date: 02/02/2022

- 10) **State Procurement Agency:** STREAM / Tennessee Wildlife Resources Agency
Location: Morristown, Tennessee
Project Title: Morristown Hatchery Modular Home Replacement
Project Description: Replace modular home at the Morristown Hatchery and all required related work.
SBC Project No. 220/020-01-2022
Total Project Budget: \$150,000.00
Source of Funding: TWRA Op Funds (A)
Approval: Approved project utilizing a Central Procurement Office contract to perform the work
Approval Date: 02/11/2022

Approvals of Revisions to Existing Capital Projects

- Reported the following approval of a revision in funding for capital project (no change in total project budget) in accordance with Item 2.04(B)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: Millennium Centre Computer Science Renovation
Project Description: Renovate the main level of the Millennium Centre for Computer Science classrooms and offices. The work to include reconfiguration of some walls to meet the departmental requirements. Upgrade and conversion of the IT infrastructure to ETSU standards will also be required. Additional scope to renovate 2nd floor classrooms and 1st floor auditoriums.
SBC Project No. 369/005-15-2018
Total Project Budget: \$1,470,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project funding in order to award a contract (J.E. Green Company) (increased MACC \$191,128.54)
Approval Date: 02/08/2022

Approvals of Acquisitions and Disposals of State Property

- Reported the following disposal easement in accordance with Item 2.04(E)(3) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Austin Peay State University
Transaction Description: Transaction No. 21-11-007
Location: Austin Peay State University
 Montgomery County – 0.05 ± acres (10' wide) – 0 Castle Heights, Clarksville, TN
Grantee: City of Clarksville (CoC)
Estimated Purchase Price: Fair Market Value
Source of Funding: Sigma Chi Corporation (SCC)
Approval: Approved disposal by easement with waiver of advertisement and one appraisal
Approval Date: 01/26/2022

Designer Selections

- Reported the following two designer selections 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:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: Bristol Family Practice HVAC Maintenance
SBC Project No. 369/005-10-2021
Total Project Budget: \$450,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Facility Systems Consultants, LLC
Approval Date: 01/18/2022
- 2) State Procurement Agency:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: Johnson City Family Practice Maintenance
SBC Project No. 369/005-11-2021
Total Project Budget: \$250,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Cain Rash West Architects, Inc. P.C.
Approval Date: 01/18/2022

- 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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| <ol style="list-style-type: none">1) University of Tennessee – Knoxville
(McClung Tower Renovation – Africana Studies)
Total Project Budget: \$975,000.00
SBC Project No. 540/009-06-2022
Designer: Thomas Caldwell, Architect2) University of Tennessee – Knoxville
(Walters Academic Building Renovation)
Total Project Budget: \$1,505,000.00
SBC Project No. 540/009-07-2022
Designer: Randolph Architecture, LLC | <ol style="list-style-type: none">3) Austin Peay State University
(Lot 7 Improvements)
Total Project Budget: \$750,000.00
SBC Project No. 373/003-01-2022
Designer: Hurst-Rosche, Inc. |
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Other Business

There being no further business, the meeting adjourned at 11:16 a.m.

EAST TENNESSEE STATE UNIVERSITY**Disposal – Easement (Utility)**

Requested Action: **Approval of disposal by easement with waiver of advertisement and one appraisal**

Transaction Description: Transaction No. 22-01-006

- **Location:** East Tennessee State University, Eastman Valleybrook Research Facility
Washington +/- 0.256 acres 142 Pickens Road, Kingsport
- **Grantee:** City of Kingsport
- **Estimated Sale Price:** Mutual Benefit
- **Source of Funding:** n/a

Comment: The ETSU/Eastman Valleybrook campus consists of 72,000 square feet of research and office space and 24,500 square feet of warehouse and storage facilities located on approximately 137 acres property. The City of Kingsport is requesting permanent easement to construct gravity sanitary sewer line to serve the ETSU - Eastman Valleybrook Research Facility. They also request a temporary construction easement of approximately 0.350 acres. This easement will not negatively affect the growth or development of this site.

Date of Last Transfer: 08/18/2011
 Guarantor: ETSU Foundation
 Original Cost to State \$0

Minutes: 02/28/2022 Approved disposal by easement with waiver of advertisement and one appraisal

UNIVERSITY OF TENNESSEE**Acquisition – Lease (Space)****Requested Action:** Approval of a lease amendment**Transaction Description:** Transaction No. 13-01-947● **Proposed Lease**○ **Area / Costs:**44,208 square feet

Annual Contract Rent (incl util and janitorial) \$309,456.00 \$7.00/sf

● **Current Lease**○ **Location:**University of Tennessee – Health Science Center (UTHSC)
Shelby County - 50 North Dunlap Street, Memphis Tennessee○ **Landlord:**

Methodist Healthcare – Memphis Hospitals on behalf of its' Le Bonheur Children's Hospital

○ **Term:**

10 years (March 1, 2013 – February 28, 2023)

○ **Area / Costs:**45,208 square feet

Annual Contract Rent (incl util and janitorial) \$316,456.00 \$7.00/sf

● **Source of Funding:**

State Appropriations and Tuition/Fees

● **Procurement Method:**

Negotiated

Comment:

In February 2013, ESC approved a lease for space at Le Bonheur Children's Hospital, the teaching hospital for UTHSC's pediatric program. At Le Bonheur's request, UTHSC has agreed to consolidate and vacate a 1,000 sf lab for Le Bonheur's use. This will not negatively impact UTHSC's programs at this location.

Previous Action:

02/25/2013 Approved a lease

Minutes:

02/28/2022 Approved a lease amendment

UNIVERSITY OF TENNESSEE**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 2021-12-010● **Proposed Lease**

- **Location:** University of Tennessee – Knoxville, Knox County, Tennessee
 - The Heights of Knoxville, 1319 Knotty Pine Way, Knoxville, TN – Vol Partners I, LLC
 - University Park Student Apartments, 301 Lippencott Street, Knoxville, TN – University Park Partners I, LLC
- **Landlord:** See above
- **Term:** August 14, 2022 – July 28, 2023 with three (3) one (1) renewal options
- **Area / Costs:** Up to 108 beds (27-4BR units)

	\$/bed	Estimated Total Cost
Average cost per bed (excl utilities)	\$562/mo.	Up to \$728,784/year

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

- **Location:** University of Tennessee – Knoxville, Knox County, Tennessee
 - Aspen Heights, 2223 Cumberland Avenue, Knoxville, TN – Breckenridge Group Knoxville Tennessee, LLC
 - 303 Flats, 303 W Blount Avenue, Knoxville, TN - 303 West, LLC
- **Landlord:** See above
- **Term:** 1 year (August 8, 2021 – August 7, 2022)
- **Area / Costs:** Up to 325 beds

	\$/bed	Estimated Total Cost
Average cost per bed (incl utilities)	\$888/mo.	\$3,463,200.00/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. Undergraduate applications for Fall 2022 have increased by over 30% from last year and incoming student enrollment could increase by more than 10%. 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.

To lock-in favorable pricing and begin securing blocks of rooms at properties located in close proximity to campus, there is a need to begin executing leases immediately. These complexes were selected because of the proximity to campus, the units have comparable amenities compared to on-campus housing, the units are furnished and the rate is competitive. These complexes also have a high volume of completely vacant units which allows UTK students to be housed together.

The cost of utilities is not included in the rent and will be paid by the University separately. The University has the right to extend the leases for three (3) additional one (1) year periods. If

extended, the rent will increase by 5% over the current year rate. Due to the short-term of the lease, there is no termination for convenience.

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

Minutes: 02/28/2022 Approved a lease

TENNESSEE BOARD OF REGENTS**Acquisition – Fee**

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

Transaction Description: Transaction No. 22-01-005

- **Location:** TCAT Chattanooga
Hamilton – 22.47+/- acres – 9090 Dayton Pike, Soddy Daisy, TN
- **Owner(s):** Taybro-Falke LLC
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Plant Funds (Non-Aux) (A)

Comment: This request will allow the TCAT to relocate their truck driving program from a leased facility. The current lease ends June 20, 2022. However, the vehicle access at the leased site is not conducive to additional truck traffic and the site will require substantial sitework and grading to meet the new TDOT requirements. This property will allow the TCAT to meet their anticipated increase in enrollment.

This property is in the **2014 TCAT Master Plan** for TCAT Chattanooga Soddy Daisy site as modified by amendment with approval of the Executive Director of THEC on January 20, 2022.

Date of Last Transfer:	March 10, 2004
Purchase Price:	\$660,000.00
Property Assessor's Value:	\$278,900.00
Square Footage Improvements:	0.00

Minutes: 02/28/2022 Approved acquisition in fee with waiver of advertisement

TENNESSEE BOARD OF REGENTS

Disposal – Lease (Land)

Requested Action: **Approval of disposal by lease**

Transaction Description:

- **Location:** TCAT-Dickson Clarksville Campus
Montgomery – Approx. 11,850 sf, 135 International Blvd, Clarksville, TN
- **Tenant:** Clarksville Montgomery County School System
- **Term:** March 1, 2022 – June 20, 2032
- **Area / Costs:** 11,850+/- sf / \$0.00

Comment:

TCAT Dickson requests approval for Clarksville Montgomery County School System to place portable classroom buildings on the concrete area behind the TCAT facility in Clarksville. Advertising is not required since the tenant is a governmental entity who will use the property for a public purpose-

The portable classroom buildings are owned by the School System and used to provide high school classes to students who participate in Dual Enrollment programs at the TCAT. The portable classroom buildings are currently located on the property under a license. Because of the public purpose for which the property will be used, the benefits to the TCAT of having the Dual Enrollment students on campus, and the limited cost to the TCAT associated with the portable classroom buildings, no rent will be charged to the School System.

Date of Last Transfer:	07/06/2006
Original Cost to State:	\$0.00
Square Footage Improvements:	0

Minutes:

02/28/2022 Approved disposal by lease

TENNESSEE BOARD OF REGENTS

Jackson State Community College, Jackson, Madison County, Tennessee

Requested Action: Approval of a revision in project funding in order to award a contract

Project Title: Nelms Classroom HVAC Updates

Project Description: Update HVAC and associated controls.

SBC Number: 166/019-01-2017

Total Project Budget: \$1,625,000.00

Source of Funding:	\$ 610,000.00	17/18	CurrFunds-CapMaint (MP)	(A)
	125,000.00		Plant Funds (Non-Aux)	(A)
	890,000.00	21/22	CurrFunds-CapMaint (MP)	(A)

Comment: Two bids were received on February 2, 2022. Funds are being moved from Administration & Miscellaneous and Contingency to award the base bid in the amount of \$750,000.00 to Xenergy, Inc. There will be no additional designer fees.

Previous Action:

07/13/2017	SBC	Approved project
07/27/2017	ESC	Approved designer selection (Allen & Hoshall, Inc.)
05/10/2018	ESC	Approved a revision in budget and funding to award contract
07/22/2021	ESC	Approved a revision in budget and funding
02/10/2022	SBC	Referred to ESC with authority to act

Minutes: 02/28/2022 ESC Approved a revision in project funding in order to award a contract

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 19-03-916

- **Proposed Lease**

- **Location:** Knox County – 2600 Western Avenue, Knoxville, TN
- **Landlord:** WG Holdings TN, LLC
- **Term:** 10 years with three 1-year renewal options
- **Area / Costs:** 48,522 Square Feet

First Year Annual Contract Rent	\$676,396.68	\$13.94/sf
Average Annual Contract Rent	691,826.65	14.26/sf
Estimated Utilities Cost	84,913.50	1.75/sf
Estimated Janitorial Cost	53,374.20	1.10/sf
Total Average Annual Effective Cost	\$830,114.35	\$17.11/sf

- **Current Lease**

- **Location:** Knox County – 2600 Western Avenue, Knoxville, TN
- **Landlord:** WG Holdings TN, LLC
- **Term:** 15 years (December 1, 2009 to November 30, 2024)
- **Area / Costs:** 55,000 Square Feet

Annual Contract Rent	\$651,000.00	\$11.84/sf
Estimated Utilities Cost	77,000.00	1.40/sf
Estimated Janitorial Cost	60,500.00	1.10/sf
Total Annual Effective Cost	\$788,500.00	\$14.34/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for the Department of Children’s Services regional office. Three proposals 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 and is at the same location as the current lease. The lease is estimated to commence on or before October 2023 based on the renovations needed.

The tenant may terminate this lease for convenience at any time with 90 days written notice to the landlord with payment of a termination fee if termination is exercised in the first 60 months.

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.

The Knox Office Realty broker commission is \$112,767.74 for the 10-year term, if all three renewal options are exercised the commission will be \$147,536.08.

Minutes: 02/28/2022 Approved a lease

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 20-04-921● **Proposed Lease**

- **Location:** Shelby County – 6174 Macon Rd., Memphis, TN
- **Landlord:** Goldenrod King General Partnership & 2224 S. Goldenrod Road General Partnership
- **Term:** 5 years, with five 1-year renewal options
- **Area / Costs:** 5,280 Square Feet

First Year Annual Contract Rent	\$73,920.00	\$14.00/sf
Average Annual Contract Rent	74,967.00	14.20/sf
Estimated Utility Cost	9,240.00	1.75/sf
Estimated Janitorial Cost	5,808.00	1.10/sf
Total Average Annual Effective Cost	\$90,015.00	\$17.05/sf

● **Current Lease**

- **Location:** Shelby County – 6174 Macon Rd., Memphis, TN
- **Landlord:** Goldenrod King General Partnership & 2224 S. Goldenrod Road General Partnership
- **Term:** 11 years (August 1, 2013 – July 31, 2024)
- **Area / Costs:** 5,666 Square Feet

Annual Contract Rent	\$73,658.00	\$13.00/sf
Average Annual Contract Rent	79,947.26	14.11/sf
Estimated Utilities Cost	9,915.50	1.75/sf
Estimated Janitorial Cost	6,232.60	1.10/sf
Total Average Annual Effective Cost	\$96,095.36	\$16.96/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment:

This lease will provide office space for Department of Safety – Legal Department. Seven proposals from six proposers were received and evaluated. The proposed location will be refreshed to meet the State's needs. The lease is estimated to commence on or before August 2022.

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.

The CBRE, Inc. commission is \$5,154.60 for the 5-year base term, if all five renewal options are exercised the commission will be \$10,614.12

Minutes: 02/28/2022 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 14-04-908

● **Proposed Amendment**

- **Term:** 7 years (May 1, 2017 – April 30, 2024)
- **Area / Costs:** 14,000 Square Feet

First Year Annual Contract Rent:	\$109,135.08	\$7.80/sf
Average Contract Rent	81,018.98	7.76/sf
Estimated Annual Utility Cost:	24,500.00	1.75/sf
Estimated Annual Janitorial Cost:	15,400.00	1.10/sf
Total Average Annual Effective Cost:	<u>\$120,918.98</u>	<u>\$10.61/sf</u>

● **Current Lease**

- **Location:** Warren County, 1200 Belmont Drive, McMinnville, TN
- **Landlord:** PUP 12 Properties LLC
- **Term:** 5 years (May 1, 2017 – April 30, 2022)
- **Area / Costs:** 9,000 Square Feet (DCS)

- **Current:**

Annual Contract Rent:	\$69,772.55	\$7.75/sf
Estimated Annual Utility Cost:	15,750.00	1.75/sf
Estimated Annual Janitorial Cost:	9,900.00	1.10/sf
Total Annual Effective Cost:	<u>\$95,422.55</u>	<u>\$10.60/sf</u>

● **Current Lease**

- **Location:** Warren County, 1200 Belmont Drive, McMinnville, TN
- **Landlord:** PUP 12 Properties LLC
- **Term:** 5 years (May 1, 2017 – April 30, 2022)
- **Area / Costs:** 5,000 Square Feet (DHS)

- **Current:**

Annual Contract Rent:	\$39,362.53	\$7.87/sf
Estimated Annual Utility Cost:	8,750.00	1.75/sf
Estimated Annual Janitorial Cost:	<u>5,500.00</u>	<u>1.10/sf</u>
Total Annual Effective Cost:	\$53,612.53	\$10.72/sf

- **Source of Funding** FRF Operating Funds
- **Procurement Method** Negotiated
- **FRF Rate:** \$15.00

Comment: This lease is for office space for the Department of Children’s Services and the Department of Human services. There is no change in the total square feet leased by the State and there is no total rent increase for the additional two years.

A request for waiver of advertisement; to extend the term by two years; and to combine the two leases under one lease (DCS) is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement for a single co-locate lease is currently in the advertisement phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agencies anticipate a new procurement can be awarded prior to expiration of this 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.

Minutes: 02/28/2022 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 08-01-914

● **Proposed Amendment**

- **Term:** 14 years (April 1, 2010 – March 31, 2024)
- **Area / Costs:** 6,580 Total Square Feet

First Year Annual Contract Rent:	\$65,339.40	\$9.93/sf
Average Annual Contract Rent:	60,248.49	9.16/sf
Estimated Annual Utility Cost:	11,515.00	1.75/sf
Estimated Annual Janitorial Cost:	7,238.00	1.10/sf
Total Annual Effective Cost:	<u>\$79,001.49</u>	<u>\$12.01/sf</u>

● **Current Lease**

- **Location:** Weakley County, 8616 Hwy. 22., Dresden, TN
- **Landlord:** Pedigo-Dresden Properties, LP
- **Term:** 12 years (April 1, 2010 – March 31, 2022)
- **Area / Costs:** 6,580 Square Feet

○ Current: Annual Contract Rent:	\$59,400.00	\$9.03/sf
Estimated Annual Utility Cost:	11,515.00	1.75/sf
Estimated Annual Janitorial Cost:	7,238.00	1.10/sf
Total Annual Effective Cost:	<u>\$78,153.00</u>	<u>\$11.88/sf</u>

- **Source of Funding** FRF Operating Funds
- **Procurement Method** Negotiated
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Human Services.

A request for waiver of advertisement and to amend the current lease by two (2) years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the evaluation phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency anticipate a new procurement can be awarded prior to expiration of this 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: 06/26/2008 ESC Approved lease agreement
 01/28/2020 ESC Approved a lease amendment with waiver of advertisement

Minutes: 02/28/2022 ESC Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 17-06-950

- **Proposed Amendment**

○ Term:	7 years (May 1, 2018 – April 30, 2025)		
○ Area / Costs:	<u>5,274 Square Feet</u>		
	First Year Annual Contract Rent:	\$58,435.84	\$11.07/sf
	Average Annual Contract Rent:	56,929.03	10.79/sf
	Estimated Annual Utility Cost:	9,229.50	1.75/sf
	Estimated Annual Janitorial Cost:	5,801.40	1.10/sf
	Total Average Annual Effective Cost:	\$71,959.93	\$13.64/sf

- **Current Lease**

○ Location:	Weakley Co., 8593 Highway 22, Dresden, TN		
○ Landlord:	James H. Westbrook, Jr. and Partners a TN LP		
○ Term:	4 years (May 1, 2018 – April 30, 2022)		
○ Area / Costs:	<u>5,274 Square Feet</u>		
○ Current:	Annual Contract Rent:	\$55,798.92	\$10.58/sf
	Estimated Annual Utility Cost:	9,229.50	1.75/sf
	Estimated Annual Janitorial Cost:	5,801.40	1.10/sf
	Total Annual Effective Cost:	\$70,829.82	\$13.43/sf

- **Source of Funding:** FRF Operating Funds
- **Method:** Negotiated
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for the Department of Correction.

A request for waiver of advertisement and to amend the current lease by three (3) years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the evaluation phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency anticipate a new procurement can be awarded prior to expiration of this lease.

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

Minutes: 02/28/2022 Approved a lease amendment with waiver of advertisement

Approved:



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