

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
December 21, 2015

The State Building Commission Executive Subcommittee met this day at 11:05 a.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee with the following members and Departments present. Secretary of State Tre Hargett called the meeting to order at 11:00 a.m. and requested action on the following matters as presented by State Architect Peter Heimbach.

MEMBERS PRESENT

Tre Hargett, Secretary of State
Justin Wilson, Comptroller of the Treasury
David Lillard, State Treasurer

MEMBERS ABSENT

Larry Martin, Commissioner, Department of Finance and Administration

ORGANIZATION

- Tennessee Board of Regents
- Tennessee State Museum
- Department of General Services
- State Building Commission

PRESENTER

Executive Director Dick Tracy
Executive Director Lois Riggins-Ezzell
Deputy Commissioner John Hull
State Architect Peter Heimbach

CONSENT AGENDA

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

- A. Agency: University of Tennessee Institute of Agriculture – Knox County
Transaction: Disposal in fee
Provision(s): With waiver of advertisement and one appraisal

- B. Agency: Tennessee Board of Regents – Shelby County
Transaction: Disposal in fee
Provision(s): Waiver of one appraisal and to utilize State Procurement Agency procurement methods to contract with a realty firm to assist with the disposal

- C. Agency: Department of Environment & Conservation – Unicoi County
Transaction: Acquisition – Fee
Provision(s): Waiver of advertisement and appraisals

- D. Agency: Tennessee Wildlife Resources Agency – Maury County
Transaction: Acquisition – Fee
Provision(s): Waiver of advertisement and one appraisal

- E. Agency: Department of General Services – Hamilton County
Transaction: Acquisition – Lease

- F. Agency: Department of General Services – Hamilton County
Transaction: Acquisition – Lease

TENNESSEE BOARD OF REGENTS

Disposal – Fee

Requested Action: **Approval of disposal in fee below fair market value**

Transaction Description: Transaction No. 09-02-027

- **Location:** Pellissippi State Community College
Blount County – 18.526+/-acres – 1010 Middlesettlements Road, Alcoa, TN
- **Estimated Sale Price:** \$1,800,000
- **Broker’s Commission:** 6% Transaction Fee (\$108,000 - Oliver Smith Realty & Auction and Cornerstone Realty Associates, LLC)
- **Grantee:** Rudd Seeley Walls, LLC

Comment: The State has been actively trying to sell this property for several years. Market feedback indicates that the limited access to the property reduces its desirability to developers. The buyer who previously had the property under contract elected not to close on the acquisition. The Property Assessor’s Value has not been updated recently, and the current appraisal shows a reduction in value.

Date of Last Transfer: June 5, 1990
Property Assessor’s Value: \$3,032,800
Original Cost to State: \$0 (Gift)
Square Footage Improvements: 32,000

Previous Action: 03/23/2009 Approved transaction
 09/24/2012 Approved local realty firm to sell property
 06/24/2013 Approved disposal in fee below fair market value with waiver of one appraisal

Minutes: 12/21/2015 Approved disposal in fee below fair market value.

TENNESSEE BOARD OF REGENTS

Acquisition – Lease (Space)

Requested Action: Approval of a lease with waiver of advertisement

Transaction Description: Transaction No. 15-11-001

- **Proposed Lease**

- **Location:** Tennessee Technological University
Putnam County – 10 West Broad Street, Cookeville, TN
- **Landlord:** Tennessee Technological University Foundation
- **Term:** January 1, 2016 thru December 31, 2025
- **Area / Costs:** 26,216 Square Feet

Annual Contract Rent	\$314,592.00	@\$12.00/sf
Estimated Annual Utility Cost	40,000.00	@1.75/sf
Estimated Annual Janitorial Cost	28,837.30	@1.10/sf
Total Annual Effective Cost	\$383,429.30	\$14.85/sf

- **Source of Funding:** Plant Funds (Non-Auxiliary)
- **Procurement Method:** Negotiated Lease Agreement for 10 years
- **FRF Rate:** \$18.00/sq. ft. (for reference only)

Comment: The space will be used for the Information Technology Department (ITS), the Small Business Development Center (SBDC) and a new Conference Center that will be shared by the SBDC and the Continuing Education Department. The ground floor of this building previously served as the central data center for bank operations. Power, cooling, and data cable infrastructure are already in place, with a concrete vault with 6" thick steel reinforced walls that can withstand an F5 tornado. The central data center would be located in this vault allowing for better survivability of the production IT system in the event of a natural disaster. This information, along with the market survey, show that this was the only space that met those requirements making it special and unique.

Minutes: 12/21/2015 Approved a lease with waiver of advertisement.

TENNESSEE STATE MUSEUM

Disposal – Fee

Requested Action: Approval to dispose of property for less than Fair Market Value

Transaction Description: Transaction No. 13-09-002

- **Location:** Davidson County - 0.87+/-acres – 305 Kent Rd., Nashville, TN
- **Estimated Sale Price:** \$56,000
- **Grantee:** Alexandria Honeycutt

Comment: The McCampbell House property has been advertised twice. There were seven total bids. The agency would like to accept the highest bid received, which was below Fair Market Value. The property has been designated and placed on the National Register of Historic Places. The museum is requesting the property be sold pursuant to TCA § 4-13-1001 for the following reasons:

- 1) No public funds are being appropriated for maintenance or preservation of the property;
- 2) The state is not maintaining or preserving the property; and
- 3) The use of the property is not available to the general public

Proceeds from the sale will be deposited into the general fund, with recommendation to F&A budget for same amount, minus expenses, to be appropriated to the museum.

Date of Last Transfer: August 19, 2009
Previous Owner: William C. Baker
Original Cost to State: Gift
Square Footage Improvements: 3,717

Previous Action: 04/21/2014 Approved disposal in fee

Minutes: 12/21/2015 Lois Riggins-Ezzell, Executive Director for the Tennessee State Museum, presented the request. Peter Heimbach was asked to read, for the record, the following statement from Patrick McIntyre, Executive Director of the Tennessee Historical Commission, who was unable to be in attendance:

“The Tennessee Historical Commission (THC) supports the sale of the McCampbell House to Alexandria Honeycutt. Under the terms of TCA 4-11-111(a) consultation occurred between the THC and STREAM in December, 2015. THC recommended a covenant to protect the significant architectural features and to ensure the house retains its National Register status. STREAM and the SBC staff recommendation is not to covenant the building. As one of the earliest remaining homes in Davidson County, the McCampbell House is, in many respects, a museum-quality property. Ms. Honeycutt has stated that she is willing to work with our office regarding the historic interior features of the building. THC believes that it is in the best interest of all parties to work together to facilitate the long-term protection of the McCampbell House. In that spirit we look forward to working with her, should her bid be accepted.”

Comptroller Wilson stated that Representative Jernigan was present and supported the sale. A motion was made and carried to approve disposal of the property for less than fair market value.

DEPARTMENT OF GENERAL SERVICES

Disposal – Lease (Land)

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

Transaction Description: Transaction No. 15-12-001

- **Proposed Lease**
 - **Location:** Davidson County - Ellington Agricultural Center, Nashville, TN
 - **Tenant:** Cul2vate, Inc., a nonprofit organization
 - **Term:** 10 years with one 10 year option
 - **Area / Costs:** 2.62+/-acres/ Mutual Benefit
- **Source of Funding:** Dept. of Agriculture Operating Funds (REM fees) (A)

Comment: The lease is to support a program under the auspices of the Department of Agriculture that is intended to increase accessibility to nutritious vegetables in underserved communities and provide employment opportunities. Cul2vate will construct and maintain a metal barn and at least four greenhouses on the property.

Minutes: 12/21/2015 Secretary Hargett noted that Joey Lankford of Cul2vate, Inc. was present. Subcommittee approved a lease agreement with waiver of advertisement.

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 09-04-911

- **Proposed Amendment**

- **Area / Costs:**

5,390 Square Feet

1 Year Average Contract Rent:	\$83,760.60	@\$15.54/sf
Annual Utilities Cost:	8,662.50	@\$ 1.75/sf
Annual Janitorial Cost:	5,445.00	@\$ 1.10/sf
Average Annual Total Cost:	\$97,868.10	@\$18.39/sf

- **Current Lease**

- **Location:**

Sumner County – Tulip Popular Drive, Gallatin, TN

- **Landlord:**

Pedigo Gallatin Trust

- **Term:**

(10 years) Commence upon occupancy

- **Area / Costs:**

4,950 Square Feet

1 Year Average Contract Rent:	\$76,923.00	@\$15.54/sf
Annual Utilities Cost:	8,662.50	@\$ 1.75/sf
Annual Janitorial Cost:	5,445.00	@\$ 1.10/sf
Average Annual Total Cost:	\$91,030.50	@\$18.39/sf

- **Source of Funding:**

FRF Operating Fund

- **FRF Rate:**

\$18.00

Comment:

This is a build to suit lease. The delay in commencement was due to changes in requirements made by Department of Correction. Additional square footage is needed to accommodate an increase in staff. The anticipated commencement date of the amended lease is July, 2016.

Previous Action:

06/22/2011 Approved lease

Minutes:

12/21/2015 Approved a lease amendment.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease Amendment (Parking)

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 15-07-901

● **Proposed Lease**

○ Area / Costs: **259 Parking Spaces** @\$56.52 per space/month
Monthly Rent: \$14,640
Estimated Cost of Fencing: \$40,000 (one time cost)

● **Current Lease**

○ Location: Davidson County – 612 10th Ave., North, Nashville, TN
○ Landlord: Capital View Joint Venture
○ Term: (2 years) October 1, 2015 – September 30, 2017
○ Area / Costs: **259 Parking Spaces** @\$60.00 per space/month
Monthly Rent: \$15,540
Estimated Cost of Fencing: \$40,000 (one time cost)

● **Source of Funding:** FRF Operating Funds (A)

● **Procurement Method:** Negotiated

Comment: The lease is amended to reduce the rental rate due to grading issues.

Previous Action: 08/24/2015 Approved lease with waiver of advertisement and appraisals.

Minutes: 12/21/2015 Approved a lease amendment.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on November 23, 2015.

Designer Selections

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.

- | | |
|--|---|
| <p>1) Middle Tennessee State University
(Campus Quadrangle)
Total Project Budget: \$2,000,000
SBC Project No. 166/009-11-2015
Fee: HODGSON & DOUGLAS</p> | <p>6) Chickasaw State Park
(Bridge Replacement)
Total Project Budget: \$790,000
SBC Project No. 126/021-02-2015
Fee: BURR & COLE CONSULTING ENGRS</p> |
| <p>2) University of Tennessee – Knoxville
(Campus Beautification – Volunteer Blvd Ph 1)
Total Project Budget: \$6,400,000
SBC Project No. 540/009-08-2015
Fee: ROSS FOWLER</p> | <p>7) Chickasaw State Park
(Campground Improvements)
Total Project Budget: \$2,650,000
SBC Project No. 126/021-01-2015
Fee: A2H INC</p> |
| <p>3) University of Tennessee – Knoxville
(Neyland Stadium Improvements)
Total Project Budget: \$3,000,000
SBC Project No. 540/009-07-2015
Fee: STUDIO FOUR DESIGN</p> | <p>8) David Crockett State Park
(Campground Improvements)
Total Project Budget: \$970,000
SBC Project No. 126/033-02-2015
Fee: CTI ENGINEERS</p> |
| <p>4) Department of Environment & Conservation
(ADA Upgrades – Various Facilities)
Total Project Budget: \$2,850,000
SBC Project No. 126/000-01-2015
Fee: KLINE SWINNEY ASSOCIATES</p> | <p>9) Cedars of Lebanon State Park
(Campground Renovation)
Total Project Budget: \$2,200,000
SBC Project No. 126/015-01-2015
Fee: CTI ENGINEERS</p> |
| <p>5) Department of Environment & Conservation
(Bathhouse Replacement – Various Facilities)
Total Project Budget: \$5,100,000
SBC Project No. 126/000-02-2015
Fee: CTI ENGINEERS</p> | <p>10) Fall Creek Falls State Park
(Sewage Treatment Upgrade)
Total Project Budget: \$1,800,000
SBC Project No. 126/036-01-2015
Fee: HETHCOAT & DAVIS</p> |

Other Business

There being no other business, the meeting adjourned at 11:12 a.m.

UNIVERSITY OF TENNESSEEDisposal – Fee

Requested Action: Approval of disposal in fee with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 15-11-002
 ● **Location:** University of Tennessee – Institute of Agriculture (UTIA)
 3400 Riverside Drive, Knoxville, TN
 ● **Estimated Sale Price:** Fair-Market Value

Comment: The University proposes to dispose of up to 1.65 +/- acres at the East Tennessee Research and Education Center – Holston Unit. This parcel was fragmented when a City of Knoxville bridge was built on Riverside Drive over a rail line. The tract has poor topography and is not usable for UTIA purposes.

Given the above and the low value ascribed to the property, it will be offered to the two adjoining landowners.

Date of Last Transfer: 2/14/1974
 Previous Owner: State of Tennessee
 Original Cost to State: Not Available
 Square Footage Improvements: None

Minutes: 12/21/2015 Approved disposal in fee with waiver of advertisement and one appraisal.

TENNESSEE BOARD OF REGENTSDisposal – Fee (with Right to Hire Realtor)

Requested Action: Approval of disposal in fee with waiver of one appraisal and to utilize State Procurement Agency procurement methods to contract with a realty firm to assist with the disposal

Transaction Description: Transaction No. 15-08-008

- **Location:** University of Memphis
Shelby County – 1.0070+/-acres – 635 Patterson Street, Units #5, #6,#7, and #8 – Greenbrier Condo Subdivision
- **Estimated Sale Price:** Fair Market Value
- **Estimated Realtor Cost:** 6% of the Sale Price

Comment: The units were gifted to the University and are no longer needed.

Date of Last Transfer:	December 31, 1990
Previous Owner:	Robert and Martha Fogelman
Original Cost to State:	\$0.00
Square Footage Improvements:	0

Minutes: 12/21/2015 Approved disposal in fee with waiver of one appraisal and to utilize State Procurement Agency procurement methods to contract with a realty firm to assist with the disposal.

DEPARTMENT OF ENVIRONMENT AND CONSERVATIONAcquisition – Fee (Gift)

Requested Action:	Approval to obtain title work, survey, and environmental assessment, and to accept as gift the required interest with waiver of advertisement and appraisals
Transaction Description:	Transaction No. 13-05-005
• Location:	Rocky Fork State Park Unicoi County – 1.0+/-acres – Rocky Fork Rd., Erwin, TN
• Owner(s):	C.G. Shelton
• Estimated Purchase Price:	Gift
• Source of Funding:	15/16 State Land Acquisition Fund (REM fees) (A)
Comment:	The Conservation Fund is purchasing the property and donating it to the State. Transaction was initially approved as acquisition of an easement but will be a donation of the fee interest.
	Date of Last Transfer: March 10, 1995
	Purchase Price: \$24,000
	Property Assessor's Value: \$70,900
	Square Footage Improvements: None
Previous Action:	06/24/2013 Approved acquisition of easement as gift, obtaining title work, survey, and accept as gift, with waiver of advertisement and appraisals
Minutes:	12/21/2015 Approved obtaining title work, survey, and environmental assessment, and to accept as gift the required interest with waiver of advertisement and appraisals.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Purchase)

Requested Action: Approval to obtain title work, appraisal, survey, and environmental assessment, and to exercise an option to acquire the required interest, not to exceed fair market value, with waiver of advertisement and one appraisal

Transaction Description: Transaction No. 15-11-012

- **Location:** Maury County – 4.14+/-acres – New Lewisburg Highway, Columbia, TN
- **Owner(s):** Miriam Battersby
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Wildlife Restoration Fund (75%) (F)
The Nature Conservancy (25%) (O)

Comment: The property is an inholding at the Yanahli Wildlife Management Area (YWMA) and will provide access from State Highway 50 to the YWMA. The required 25% match is being provided by The Nature Conservancy. No additional management costs are anticipated with this acquisition.

Date of Last Transfer: May 10, 2013
 Purchase Price: \$33,120
 Property Assessor's Value: \$36,400 (4.14 acres)
 Square Footage Improvements: None

Minutes: 12/21/2015 Approved obtaining title work, appraisal, survey, and environmental assessment, and to exercise an option to acquire the required interest, not to exceed fair market value, with waiver of advertisement and one appraisal.

DEPARTMENT OF GENERAL SERVICESAcquisition – Lease (Space)

Requested Action: Approval of a lease agreement

Transaction Description: Transaction No. 13-10-947

- Proposed Lease

- Location: Hamilton County – 100 West Martin Luther King Blvd., Chattanooga, TN
 - Landlord: Luken Holdings, Inc.
 - Term: 5 years
 - Area / Costs: 15,984 Square Feet
- | | | |
|-------------------------------------|--------------|-----------|
| Annual 1 Year Rent | | |
| Includes Utility & Janitorial Cost: | \$271,728.00 | @17.00/sf |
| Average Annual Total Rent | | |
| Includes Utility & Janitorial Cost: | \$287,712.00 | @18.00/sf |

- Current Lease

- Location: **Chattanooga State Office Building
 - Area / Costs: 147,269 Rentable Square Feet (21,669 sq. ft. - TDOC)
- | | | |
|---|----------------|-----------|
| FY 2012 Operating & Maintenance Cost: | \$1,394,302.00 | @ 9.47/sf |
| Current Est. Deferred Maintenance Cost: | 859,225.00 | @ 5.83/sf |
| | | |
| Total Est. First Year Costs: | 2,253,527.00 | @15.30/sf |
| Estimated 15 year Average Annual Cost: | \$2,921,816.96 | @19.84/sf |

- Source of Funding: FRF Operating Fund
- Procurement Method: RFP on approved form
- FRF Rate: \$18.00

Comment: The lease is to provide office space for the Department of Correction, moving out of CSOB which was transferred to University of Tennessee.

This lease contains the right to terminate with the payment of the termination fee for the following two reasons: (1) Termination or consolidation of Tenant's operations or programs housed in the leased premises because of loss of funding by the appropriate Legislative Body; and (2) Lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease. The termination fee is equal to the unamortized costs for the Tenant Improvements and other associated fees.

Jones Lang LaSalle commission amount is \$57,542.40, and the rebate to the State is \$754.14.

**Costs from CSOB are from the last time the building was fully occupied.

Minutes: 12/21/2015 Approved a lease agreement.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease agreement

Transaction Description: Transaction No. 14-02-905

● **Proposed Lease**

- **Location:** Hamilton County – 3916 Volunteer Dr., Chattanooga, TN
- **Landlord:** Tallan Holdings, Company.
- **Term:** 10 years
- **Area / Costs:** 8,255 Square Feet

Annual 1 Year Rent		
Includes Janitorial & Utility Cost:	\$169,277.50	@20.50/sf
Average Annual Total Rent:	<u>\$187,801.25</u>	<u>@22.75/sf</u>

● **Current Lease**

- **Location:** **Chattanooga State Office Building
- **Area / Costs:** 147,269 Rentable Square Feet (5,738 sq. ft. – AG, ABC, HRC)

FY 2012 Operating & Maintenance Cost:	\$1,394,302.00	@ 9.47/sf
Current Est. Deferred Maintenance Cost:	859,225.00	@ 5.83/sf
Total Est. First Year Costs:	<u>2,253,527.00</u>	<u>@15.30/sf</u>
Estimated 15 year Average Annual Cost:	\$2,921,816.96	@19.84/sf

- **Source of Funding:** FRF Operating Fund
- **Procurement Method:** RFP on approved form
- **FRF Rate:** \$18.00

Comment: The lease is to provide office space for the Office of Attorney General, Alcoholic Beverage Commission and the Human Rights Commission moving out of CSOB which is now transferred to University of Tennessee. Square footage increased due to the application of current State space standard. The rental rate increased because the State went from state owned space where the FRF rate applied to a private space where the market rate applies.

This lease contains the right to terminate with the payment of the termination fee for the following two reasons: (1) Termination or consolidation of Tenant's operations or programs housed in the leased premises because of loss of funding by the appropriate Legislative Body; and (2) Lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease. The termination fee is equal to the unamortized costs for the Tenant Improvements and other associated fees.

Jones Lang LaSalle commission amount is \$75,120.50, and the rebate to the State is \$2,511.95.

**Costs from CSOB are from the last time the building was fully occupied.

Minutes: 12/21/2015 Approved a lease agreement.

Approved:



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