

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
February 22, 2016

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee with the following members and Departments present. Commissioner Martin called the meeting to order at 11:03 a.m. and requested action on the following matters as presented by State Architect Peter Heimbach.

MEMBERS PRESENT

Larry Martin, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
Justin Wilson, Comptroller of the Treasury

MEMBERS ABSENT

David Lillard, State Treasurer

ORGANIZATION

- Department of Veterans Services
- Department of General Services
- State Building Commission

PRESENTER

Deputy Commissioner Mark Breece
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: Tennessee Board of Regents – Putnam County
Transaction: Acquisition – Fee (Purchase)
Provision(s): Waiver of advertisement and one appraisal

- B. Agency: Department of Environment & Conservation – Grundy County
Transaction: Acquisition – Fee (Purchase)
Provision(s): Waiver of advertisement and one appraisal

- C. Agency: Tennessee Wildlife Resources Agency – Franklin County
Transaction: Acquisition – Fee (Third Party)
Provision(s): Waiver of advertisement and one appraisal

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

- E. Agency: Tennessee Wildlife Resources Agency – Cumberland County
Transaction: Acquisition – Fee (Third Party)
Provision(s): Waiver of advertisement and one appraisal

- F. Agency: Tennessee Wildlife Resources Agency – Warren County
Transaction: Acquisition – Lease (Land)
Provision(s): Waiver of advertisement and appraisals

DEPARTMENT OF VETERANS SERVICES

Acquisition – 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 one appraisal

Transaction Description: Transaction No. 15-12-005
• **Location:** Bradley County – 28.29+/- acres - 1960 Westland Drive, Cleveland, TN
• **Owner(s):** Trustees of American Legion Post 81
• **Estimated Purchase Price:** Gift
• **Source of Funding:** City of Cleveland (REM fees) (O)

Comment: The property will be used for a veterans' home. The City of Cleveland has agreed to pay all associated costs of the conveyance. The property is being purchased for use by SBC # 680/001-01-2012.

Date of Last Transfer: December 30, 2009
Purchase Price: \$740,000
Property Assessor's Value: \$401,200
Square Footage Improvements: None

Minutes: 02/22/2016 Approved obtaining title work, survey, and environmental assessment, and to accept as gift the required interest with waiver of advertisement and one appraisal.

DEPARTMENT OF GENERAL SERVICES

West Tennessee Regional Health Office, Jackson, Madison County, Tennessee

Requested Action: Approval of a revision in project budget, scope, funding and source(s) of funding

Project Title: Office Renovations

Project Description: Demolition of existing laboratory space, renovation of offices and conference rooms, restroom upgrades, HVAC and electrical modifications, code upgrades, and all related work to be included. Renovate all building restrooms to be ADA compliant. *Install Building Automation System, LED Lighting and controls.*

SBC Number: 408/005-01-2015

Total Project Budget: \$3,359,000.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$1,800,000.00	\$ 0.00	\$1,800,000.00	2007	FRF GO Bonds CapImp	(R)
	790,752.94	0.00	790,752.94		FRF Reserves	(R)
	279,066.43	0.00	279,066.43	08/09	CFCM-ADA Funds	(R)
	110,180.63	0.00	110,180.63	09/10	CFCM-ADA Funds	(R)
	0.00	36,000.00	36,000.00	15/16	FRF CFCM (Empower)	(A/R)
	0.00	343,000.00	343,000.00	2015	GO Bonds (Empower)	(A)
Original Project Budget:	\$2,980,000.00					
Change in Funding:		\$379,000.00				
Revised Project Budget:			\$3,359,000.00			

Comment: This project is being enhanced with funds from the Empower TN Project Implementation fund which will be utilized for energy savings improvements including LED lighting and control upgrades and a new Building Automation System that will reduce energy costs. The time frame for payback of Empower funds is as follows:

	<u>Est. Annual Savings</u>	<u>Est. Simple Payback</u>
Total Project	\$61,280	5 to 6
Lighting and Lighting Control	\$17,280	5 to 7
New Bldg. Automation System	\$44,000	4 to 5

Previous Action: 03/12/2015 SBC Approved project
 04/20/2015 ESC Selected designer (Gould Turner Group)
 08/13/2015 SBC Revised scope & funding
 02/11/2016 SBC Referred to ESC w/authority to act

Minutes: 02/22/2016 ESC Comptroller Wilson said he had received the requested information and moved for approval of a revision in project budget, scope, funding and sources of funding. His motion was seconded and passed without objection.

DEPARTMENT OF GENERAL SERVICES

Disposal – Lease (Land)

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

Transaction Description: Transaction No. 15-09-014

• **Proposed Lease**

- **Location:** Davidson County – 6.4+/-acres – 1150 Foster Avenue, Nashville, TN
- **Tenant:** Metropolitan Government of Nashville and Davidson County (Metro)
- **Sublessee:** STEM Academy
- **Term:** 10 years with two 5 year options
- **Area / Costs:**
34,800 Square Feet

Years 1 – 3	\$295,800/year	@\$8.50/sf
Years 4 – 6	\$310,764/year	@\$8.93/sf
Years 7 - 9	\$326,076/year	@\$9.37/sf
Year 10	\$342,432/year	@\$9.84/sf
Option years rent at Fair Market Value		

Comment: Metro will sublease to STEM Academy Hardison Complex to provide a public charter high school for Nashville residents. Tenant and Sublessee may exercise an option to purchase at any point during the lease. The purchase price shall be as follows:

Years 1 – 3	\$2,000,000
Years 4 – 6	\$2,100,000
Years 7 – 9	\$2,200,000
Year 10	\$2,320,000
Year 11 & beyond	Fair Market Value

Date of Last Transfer:	July 1, 1987
Original Cost to the State:	\$0.00
Property Assessor’s Value:	\$1,028,600 (102.86 acres)
Square Footage Improvements:	34,800

Minutes: 02/22/2016 Approved a disposal by lease with waiver of advertisement and appraisals.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 15-04-913

- **Proposed Lease**

- **Location:** Shelby County – 2399 Chiswood Street, Memphis, TN
- **Landlord:** Robert J. Wilson Family Trust
- **Term:** 5 years
- **Area / Costs:** 7,900 Square Feet

Annual 1-Year Average Contract Rent	\$131,675.54	@\$16.67/sf
Estimated Annual Utility Cost	5,925.00	@\$ 1.75/sf
Estimated Annual Janitorial Cost	8,690.00	@\$ 1.10/sf
Total Annual Effective Cost	\$146,290.54	@\$19.52/sf

- **Current Lease**

- **Location:** Shelby County - State Office Building - 6325 Haley Rd. – Memphis, TN
- **Area / Costs:** 16,475 Square Feet **** (7,900 – TBI Memphis Investigators)**

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

Comment: This is a turnkey build out lease that will provide office space for the Tennessee Bureau Investigation (TBI) for Memphis area investigators. The Toxicology and DNA Analysis Labs are expanding in to the office space currently occupied by Memphis Investigators, thereby displacing them. The Agency does not foresee an ending to this space need for Investigators in the Memphis area.

The State has the right to terminate for convenience after the third year of the lease on 90 days written notice with payment of a termination fee. The termination fee is equal to the unamortized value of the landlord's buildout costs and lease commissions paid by the landlord.

** The Memphis Investigator employees will occupy 7,900 sq. ft. TBI employees will remain in the State Office Building.

Minutes: 02/22/2016 Approved a lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval to negotiate a lease for special and unique space

Transaction Description: Transaction No. 16-01-903

- **Proposed Lease**

- **Location:** Davidson County – 227 French Landing, Nashville, TN
- **Landlord:** Heritage Place Partners, LLC
- **Term:** To Be Negotiated
- **Area / Costs:** 107,500 Square Feet

- **Current Lease**

- **Location:** Davidson County – 227 French Landing, Nashville, TN
- **Landlord:** Heritage Place Properties, LLC
- **Term:** June 1, 2006 – May 31, 2016 (amended Oct. 1, 2014)
- **Area / Costs:** 77,711 Rentable Square Feet

Annual Contract Rent Including

Utilities & Janitorial Cost:	\$1,250,836.00	\$@16.09/sf
Total Annual Effective Cost:	\$1,250,836.00	\$@16.09/sf

- **Source of Funding:** FRF Operating Fund - 50% FRF / 50% Federal
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00

Comment: This lease is for Health Care Finance & Administration/Bureau of TennCare. The space needed is special and unique because in order to satisfy its legal obligations TennCare must remain in its current location. It is requested that a new lease be negotiated for the current lease space under SBC Policy 7.01F.2. The additional space will accommodate 125 new positions related to implementation of eligibility determination system and process for TennCare and Coverkids in order to comply with the State's Affordable Care Act Program Plan.

Minutes: 02/22/2016 Deputy Commissioner John Hull stated that there were a number of issues involving legal matters and a federal lawsuit so that they felt it was in the best interest of the State to ask for this special waiver to negotiate directly with the landlord to stay where they are. Comptroller Wilson asked if TennCare was in support of the request. Mr. Hull responded that they were, and that Mike Cole was present to answer any questions. Comptroller Wilson said he was not sure that this was unique space, but he was in favor of it. Subcommittee approved negotiating a lease for special and unique space.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on January 25, 2016.

SPA Policy & Procedures

- 1) Approved the University of Tennessee's form of request for proposal for residential leases (including pro forma lease) to comply with Item 7.01.B.3 *Procurement of Leases Where the State is Lessee, General Requirements*.

Report Item

- 1) Report acknowledged of a contractor name change from "Dillingham & Smith" to "S.M. Lawrence Company, Inc." on all State projects.

Designer Selections

- 1) Report acknowledged of the following designer selection as delegated to the State Architect for projects below the major maintenance threshold:

Location:	University of Tennessee Chattanooga
Project Title:	605 Oak Street Parking
Total Project Budget:	\$150,000
SBC Project No.	540/005-01-2016
Designer:	ASA ENGINEERING & CONSULTING

- 2) 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.

- 1) **East Tennessee State University**
(Johnson City Day Center)
Total Project Budget: \$1,000,000
SBC Project No. 166/005-05-2015
Designer: **REEDY & SYKES ARCHITECTURE**

2) **Pellissippi State Community College**
(Outdoor Classroom / Stage & Solar Demonstration)
Total Project Budget: \$400,000
SBC Project No. 166/032-02-2015
Designer: **JOHNSON ARCHITECTURE**

3) **University of Tennessee Knoxville**
(Athletics Scoreboard Replacement)
Total Project Budget: \$2,000,000
SBC Project No. 540/009-01-2016
Designer: **PENDING**

Other Business

Secretary Hargett asked for an update on the status of Policy 2.01, particularly if any progress had been made and if it was close to coming to the Subcommittee for a vote. Mr. Heimbach responded that the draft had been reviewed by the SPAs. Comments were received from TBR and UT and, he understood they were okay with the policy moving forward. Mr. Heimbach said his office had discussions with the Department of General Services (DGS), but DGS still had some reservations.

Secretary Hargett asked DGS Deputy Commissioner John Hull if he could help the subcommittee understand what those reservations are and how they could be resolved so the policy could be finalized. Mr. Hull responded that they would be glad to do so but were not prepared to do so at that time. Secretary Hargett stated it had been over a year and he would like to see the policy brought forward. Mr. Hull expressed his desire to continue with the process as there are a number of people working on it, and felt they were close to putting together some final recommendations.

Commissioner Martin expressed that Johnny Stites and Real Estate Process Improvements (REPI) are part of the discussion and expressed his desire to make sure that what is being done by REPI is in concert with the 2.01 proposal so as to avoid conflict between 2.01 and the REPI recommendations. Secretary Hargett said he understood 2.01 policy proposals to be in keeping with the spirit of anticipated REPI recommendations and reiterated his desire to avoid further delay. Secretary Hargett further expressed his desire that the subcommittee not be perceived as delaying the process improvements and clarifications included in 2.01. Comptroller Wilson concurred with Secretary Hargett. Commissioner Martin said he thought it was wise to consider all aspects of this and felt they could do that in short order.

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There being no other business, the meeting adjourned at 11:13 a.m.

TENNESSEE BOARD OF REGENTSAcquisition – Fee (Purchase)

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

Transaction Description: Transaction No. 16-02-003
 • **Location:** Tennessee Technological University
 Putnam County – .4 acres+/- 510 E. 11th Street, Cookeville, TN
 • **Owner(s):** Earl R. Todd, Jr. and Alan Strickland
 • **Estimated Purchase Price:** Fair Market Value
 • **Source of Funding:** Plant Funds (Non-Auxiliary) (A)

Comment: This property is in TTU's 2014 Master Plan. There is some contamination on this site, but through a series of surveys, it has been determined that the contamination is minimal, manageable, and would not adversely affect the University's intended development of the site for their new facilities services complex.

Date of Last Transfer: December 15, 2004
 Purchase Price: 0
 Property Assessor's Value: 24,700
 Square Footage Improvements: 0

Minutes: 2/22/2016 Approved obtaining title work, appraisal, survey, and environmental assessment, and to enter into an option to acquire the required interest, not to exceed fair market value, with waiver of advertisement and one appraisal.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

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. 16-02-002

- **Location:** Grundy County – 585+/-acres – (two tracts) State Route 56, Altamont, TN
- **Owner(s):** Shady Valley Nursery Inc.
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 15/16 State Lands Acquisition Fund (A)
Big Creek Utility (O)
Friends of South Cumberland & Land Trust for TN (O)

Comment: Per TCA 67-4-409, this property is on the state lands acquisition priority list and has been approved for purchase by the Commissioner of Environment and Conservation, the Commissioner of Agriculture and the Executive Director of Tennessee Wildlife Resources Agency.

The property is contiguous to Savage Gulf Natural Area. No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	November 30, 1987
Purchase Price:	\$375,000
Property Assessor's Value:	\$619,000 (397 acres)
Square Footage Improvements:	13,983

Date of Last Transfer:	July 2, 1988
Purchase Price:	\$61,541
Property Assessor's Value:	\$161,200 (188.50 acres)
Square Footage Improvements:	None

Minutes: 02/22/2016 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.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Third Party)

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

Transaction Description: Transaction No. 16-01-006

- **Location:** Franklin County – 4,642+/-acres – (two tracts) Keith Springs Mtn. Rd & Francisco Rd., Winchester, TN
- **Owner(s):** RLF Winchester Properties, LLC
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Wildlife Restoration Fund (75%) (F)
- **Third Party:** The Conservation Fund (25%) (O)

Comment: Utilization of the third party is requested because of the need to close more quickly than would be possible under the State process and to take advantage of a discounted purchase price. The required 25% match is being provided by The Conservation Fund.

The property is in close proximity to Bear Hollow Wildlife Management Area. No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	January 19, 2009
Purchase Price:	\$0.00 (Keith Springs Mtn. Rd.)
Property Assessor's Value:	\$2,220,000 (2,257 acres)
Square Footage Improvements:	1,568

Date of Last Transfer:	December 19, 2014
Purchase Price:	\$0.00 (Francisco Rd.)
Property Assessor's Value:	\$2,072,400 (2,384.68 acres)
Square Footage Improvements:	None

Minutes: 02/22/2016 Approved obtaining title work, appraisal, survey, and environmental assessment; exercise an option to acquire the required interest, not to exceed fair market value; and to utilize third party with waiver of advertisement and one appraisal.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Third Party)

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

Transaction Description: Transaction No. 16-01-008

- Location: Franklin County – 455+/-acres - off Highway 41A – Winchester, TN
- Owner(s): Peter Keeble
- Estimated Purchase Price: Fair Market Value
- Source of Funding: Wildlife Restoration Fund (75%) (F)
- Third Party: The Land Trust of Tennessee (25%) (O)

Comment: Utilization of the third party is requested because of the need to close more quickly than would be possible under the State process and to take advantage of a discounted purchase price. The required 25% match is being provided by The Land Trust of Tennessee.

The property is in close proximity to Bear Hollow Mountain Wildlife Management Area. No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	December 14, 2011
Purchase Price:	\$0.00
Property Assessor's Value:	\$451,100
Square Footage Improvements:	None

Minutes: 02/22/2016 Approved obtaining title work, appraisal, survey, and environmental assessment; exercise an option to acquire the required interest, not to exceed fair market value; and to utilize third party with waiver of advertisement and one appraisal.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee (Third Party)

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

Transaction Description: Transaction No. 16-01-007

- **Location:** Cumberland County – 6.8+/-acres - off Genesis Rd. – Crossville, TN
- **Owner(s):** David Miller
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Wildlife Restoration Fund (75%) (F)
- **Third Party:** The Nature Conservancy (25%) (O)

Comment: Utilization of the third party is requested because of the need to close more quickly than would be possible under the State process and to take advantage of a 25% discount purchase price. The required 25% match is being provided by The Nature Conservancy.

The property is an inholding at Catoosa Wildlife Management Area. No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	November 07, 2014
Purchase Price:	\$0.00
Property Assessor's Value:	\$39,100
Square Footage Improvements:	None

Minutes: 02/22/2016 Approved obtaining title work, appraisal, survey, and environmental assessment; exercise an option to acquire the required interest, not to exceed fair market value; and to utilize third party with waiver of advertisement and one appraisal.

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Lease (Land)

Requested Action: Approval of a lease with waiver of advertisement and appraisals

Transaction Description: Transaction No. 16-01-009

• **Proposed Lease**

- **Location:** Warren County - .097+/-acres – Locke Bend Rd. – McMinnville, TN
- **Landlord:** Warren County Utility District
- **Term:** 99 years
- **Area / Costs:** .097 acres/\$7,500 (1 time)

• **Source of Funding:** Federal Aid in Sportfish Restoration (F)

Comment: This lease will allow river access to Collins River for kayakers and canoers.

Date of Last Transfer: April 16, 2015

Purchase Price: \$4,500

Property Assessor's Value: \$9,000

Square Footage Improvements: None

Minutes: 02/22/2016 Approved a lease with waiver of advertisement and appraisals.

Approved:



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