

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

FEBRUARY 22, 2011

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in House Hearing Room 31, Legislative Plaza, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Chairman Mark Emkes, Commissioner, Department of Finance and Administration
Vice-Chairman Tre Hargett, Secretary of State
Justin Wilson, Comptroller of the Treasury
David Lillard, State Treasurer

OTHERS PRESENT

Bob Oglesby, State Architect
Alan Robertson, State Architect's Office
Georgia Martin, State Architect's Office
Jurgen Bailey, Real Property Administration
Melanie Buchanan, Real Property Administration
Janie Porter, Attorney General's Office
Genie Whitesell, Attorney General's Office
Melinda Parton, Comptroller's Office
Joy Harris, Treasurer's Office
Jonathan Rummel, Secretary of State's Office
John Carr, Department of Finance & Administration
Dick Tracy, Tennessee Board of Regents
Lynelle Jensen, Department of General Services
Robbi Stivers, University of Tennessee
Mark Cherpack, Department of Finance and Administration
Mike Boshers, Department of Safety
Mike Morrow, Department of Finance and Administration
Dottie Hagood, Real Property Administration
Burgess Oliver, Department of Children's Services
Felenceo Hill, Department of Finance and Administration

Table of Contents

Consent Agenda Listing	3
University of Tennessee	4
Tennessee Board of Regents	6
Real Property Administration	
• Labor & Workforce Development	9
• Children's Services	11
• Tennessee Wildlife Resources Agency	13
• Safety	15
• Intellectual & Developmental Disabilities.....	16
• Correction	17
• Finance and Administration	18
Approval of Minutes	19
Designer Selections	19
Consent Agenda Items.....	21

Chairman Emkes called the meeting to order at 10:37 a.m. and requested action on the following matters as presented by State Architect Bob Oglesby.

CONSENT AGENDA

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

- A. Agency: **University of Tennessee – Knox County**
Transaction: Lease agreement
Provision: Waiver of advertisement

- B. Agency: **University of Tennessee – Shelby County**
Transaction: Lease agreement
Provision: Waiver of advertisement

- C. Agency: **University of Tennessee – Knox County**
Transaction: Demolition – Poultry Buildings

- D. Agency: **Tennessee Board of Regents – Putnam County**
Transaction: Revise source of funding

- E. Agency: **Tennessee Board of Regents – Hamilton County**
Transaction: Acquisition in fee
Provision: Waiver one appraisal

- F. Agency: **Tennessee Board of Regents – Sullivan County**
Transaction: Disposal in fee
Provision: Waiver of advertisement & one appraisal

- G. Agency: **Department of Agriculture – Bledsoe County**
Transaction: Disposal by easement
Provision: Waiver of advertisement & one appraisal

- H. Agency: **Department of Military – Hawkins County**
Transaction: Approval for appraisal only
Provision: Waiver of one appraisal

- I. Agency: **Department of Safety – Rhea County**
Transaction: Approval for appraisal only
Provision: Waiver of one appraisal

- J. Agency: **Department of Intellectual Disabilities Services – Davidson County**
Transaction: Acquisition in fee
Provision: Waiver of one appraisal & REM Fee

- K. Agency: **Department of Intellectual Disabilities Services – Davidson County**
Transaction: Acquisition in fee
Provision: Waiver of one appraisal & REM Fee

UNIVERSITY OF TENNESSEE

LEASE AGREEMENT

PROPERTY ADDRESS AMENDMENT OF PRIOR SBC-ESC APPROVAL (TRANS. NO. 11-01-900) - Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Madison County – PROPOSED PROPERTY ADDRESS AMENDMENT: Vacant lot north of address 3021 Highway 45 Bypass (formerly approved as 1052 Greystone), Jackson, TN – Trans. No. 11-01-900 (Baltz)**

Purpose: To provide office and classroom space for degree programs offered through UTM's Extended Campus and Online Studies.

Term: April 15, 2011 thru April 14, 2016 (5 yrs)

Proposed Amount:	<u>6,002 Square Feet</u>		
	Annual Contract Rent:	\$116,000.00	@\$19.33 / sf
	Est. Annual Utility Cost:	\$ 10,503.50	@\$ 1.75 / sf
	Est. Annual Janitorial Cost:	<u>\$ 6,602.20</u>	<u>@\$ 1.10 / sf</u>
	Total Annual Effective Cost:	\$133,105.70	@\$22.18 / sf

Current Amount:	<u>6,200 Square Feet with Jackson State Community College</u>		
	Annual Contract Rent incl. Utilities & janitorial cost:	<u>\$35,000.00</u>	<u>@\$5.65 / sf</u>
	Total Annual Effective Cost:	\$35,000.00	@\$5.65 / sf

Type: New lease – Advertised on December 5th and 12th, 2010– Received three (3) proposals from two (2) proposers.

Advertising Range: The RFP lease location parameters were increased by approximately ten (10) miles and were bounded by Ashport Road to the North, Highway 70 to the East, I-40 to the South and Windy City Road and Highway 412 to the West OR bounded by I-40 to the North, Highway 70 to the East, North Parkway to the South and North Highland Avenue to the West.

FRF Rate: \$18.00

Lessor: Wolfe Development, LLC

Comment: The proposed lease has no cancellation during the five (5) year term except for cause and/or lack of funding. The RFP was initially advertised on July 25, 2010 and August 8, 2010 one (1) proposal was received for \$25.46 per square foot. The transaction was deferred from October's SBC-ESC agenda with instructions to re-advertise.

University of Tennessee – continued:

- SSC Report: 01-18-11. Robbi Stivers summarized the transaction. He stated the lease RFP has now been advertised on four separate occasions. The proposed space shall be built out to University specifications and is located in a suitable location. John Carr requested an estimate for the cost to move. Staff referred to Subcommittee with recommendation.
- SC Action: 01-24-11. Melanie Buchanan presented the transaction. Subcommittee approved the request as presented.
- Comment: Staff referred AMENDMENT to Subcommittee with recommendation.
- SC Action: 02-22-11. Melanie Buchanan presented the transaction. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER ONE (1) APPRAISAL and REM FEES required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Shelby County – 3613 Watauga Ave., (0.1950 +/- acres), Memphis, TN – Trans. No. 10-11-007 (Maholland)**

Purpose: Acquisition in fee to acquire this property is part of the University of Memphis Master Plan for acquisition for future campus expansion.

Source of Funding: G. O. Bonds – 2007

Appraisal Value: \$141,000

Owner(s): Rodney & Joy Betts

Comment: This part of the “102” properties already previously approved on July 23, 2007.

- Waiver one (1) appraisal.
- Property acquired by owner on October 23, 2000 for \$72,000.
- Tax assessors value is \$122,000.
- Improvement square footage is 1,121 sf.

SSC Report: 02-14-11. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER ONE (1) APPRAISAL required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Rutherford County – 1710 Elrod Street, (0.44+/- acres), Murfreesboro, TN – Trans. No. 11-01-005 (Maholland)**

Purpose: Acquisition in fee to acquire this property is part of MTSU's Master Plan and will be rented until needed for future campus expansion.

Source of Funding: Auxiliary Funds - 2010/2011

Appraisal Value: \$150,000

Owner(s): MTSU Foundation

Comments:

- Waiver one (1) appraisal.
- Property acquired by owner on December 3, 2010 by gift.
- Tax assessors value is \$118,000.
- Improvement square footage is 1,655 sf.

SSC Report: 02-14-11. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Comptroller Wilson stated that, while he supported the request, he wanted it noted that such transactions between the University and the Foundation were being reviewed. The requested was then approved as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER ONE (1) APPRAISAL required interest in the following real property, not to exceed the appraised value for the property being acquired:

- Description: **Washington County – Lot 1, Millennium Park, (3.59 +/- acres), Johnson City, TN – Trans. No. 11-01-007 (Woodard)**
- Purpose: Acquisition in fee to acquire this property is part of ETSU's Master Plan and recently became available and its location adjacent to ETSU's Audio Visual Lab and Pedestrian Bridge back to the main campus makes it a priority.
- Source of Funding: Campus Plant Funds
- Estimated Value: \$950,000 or Fair Market Value
- Owner(s): Carnegie Development Company
- Comments:
- Waiver one (1) appraisal.
 - Property acquired by owner on August 27, 2007 for \$980,000.
 - Tax assessors value is \$1,290,100.
- SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Dick Tracy stated that Carnegie Development Company LLC, purchased this property from the Johnson City Public Building Authority (PBA) in 2007 based on plans presented by Carnegie to build a Business Tower. Due to circumstances beyond the control of Carnegie, they were unable to complete the tower and unable to come to agreement with PBA regarding a plan for the development of this property. Carnegie offered to sell the property to ETSU for the expansion of their campus. Staff requested that the PBA execute a resolution to removal the deed restrictions on the property prior to closing with the State. Staff referred to Subcommittee with recommendation.
- SC Action: 02-22-11. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Knox County – 1513 University Avenue, Knoxville, TN – Trans. No. 10-11-914 (Lotspiech)**

Purpose: To provide office space for Attorney's & Hearing Rooms (Workers Comp Division)

Term: November 1, 2011 thru October 31, 2021 (10 years)

Proposed Amount: 7,900 Square Feet
Annual Contract Rent Incl. Utilities &
Janitorial Cost: \$119,685.00 @ \$15.15 / sf
Total Annual Effective Cost: \$119,685.00 @ \$15.15 / sf

Current Amount: 3,200 Square Feet
Annual Contract Rent Incl. Utilities &
Janitorial Cost: \$39,200.00 @ \$12.25 / sf
Total Annual Effective Cost: \$39,200.00 @ \$12.25 / sf

Type: New lease – negotiated

Advertising Range: None due to it's a government agency

FRF Rate: \$18.00

Lessor: Knoxville's Community Development Corporation

Comment: Lessor has agreed to do renovations per lease agreement. The proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180 days thereafter. New attorneys were moved into the current space earlier this FY which has created over crowding & resulted in the need for this new space. This needed increase of space is for 14 staff. The breakdown of staff to space is 11 staff in open office cubicles (65 sq ft), 3 staff in hard wall space (1 @ 150 sq. ft and 2 @ 120 sq. ft), 2 waiting rooms (1 @ 240 sq. ft., and 1 @ 250 sq. ft), 1 break room (120 sq ft), 2 conference rooms (250 sq ft), 8 hearing rooms (150 sq ft), 1 file room (410 sq ft), 1 telecom closet (80 sq ft), and 30% for circulation (hallways, entrance area, etc.) (1,299 sq.ft).

Department of Labor & Workforce Development – continued:

Other current leases that were advertised in Knox County during the last calendar year included the following rates: 7,708 sf @\$15.87; 9,500 sf @\$17.20; 9,400 sf @\$20.43; 8,200 sf @\$18.23.

- SSC Report: 12-13-10. Loretta Baltz & Angie Lotspiech summarized the transaction. Staff deferred transaction until January.
- SSC Report: 01-19-2011. Melanie Buchanan summarized the transaction. Chester Lowe emphasized the overcrowding at the current space for the attorneys which is causing difficulty with confidentially and non- secured hearing rooms. Staff deferred for one month.
- SC Report: 01-24-11. At the request of Real Property Administration, the matter was deferred for one month.
- SSC Report: 02-14-11. Melanie Buchanan summarized the transaction. Chester Lowe, with LWFD, introduced Mr. Alvin Nance the Director/CEO of Knoxville Community Development Corporation (KCDC). He stated that he is constructing a new building with 15,800 rsf (two 2 floors). LWFD will occupy the first floor (7,900 rsf) and KCDC will "reserve" the second floor of the building (7,900 rsf) for a period of two (2) years beginning after the completion and occupancy of the first floor. If the State does not occupy all of the space after two (2) year period then KCDC will lease space to others. Chester Lowe stated that the attorneys are very pleased with this area because it's well lighted, secure, cleaned and they will be very comfortable walking to their cars at night. The additional cost to the Worker's Compensation program for this additional space will be offset by savings from the planned closure of offices in Dyersburg, Columbia, and Clarksville. Staff referred to Subcommittee with recommendation.
- SC Action: 02-22-11. Melanie Buchanan presented the transaction. Treasurer Lillard asked if the Lessor was renovating the space extensively since there was a 5-year cancellation clause. Ms. Buchanan asked that the Department of Labor and Workforce representative come forward. Chester Lowe, agency rep, responded that the building is directly across the street from their current location and is a brand new building. Treasurer Lillard asked why there is 5 year cancellation clause. Ms. Buchanan stated that the 5 year cancellation is standard language in RPA's lease agreements. Treasurer Lillard asked if it was bid on that basis with that language. Ms. Buchanan stated "yes", that those were the terms the proposer agreed to as part of their bid package. Treasurer Lillard said he wasn't sure they should procure on that basis unless there are some extenuating circumstances, and requested that RPA review their policy regarding termination language in lease agreements. With those comments, Subcommittee approved the request.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Montgomery County – 350 Pageant Lane, Suite 401, Clarksville, TN – Trans. No. 10-09-911 (Smith)

Purpose: To provide office space for 80 employees.

Term: July 1, 2011 thru June 30, 2021 (10 yrs.)

Proposed Amount: 17,895 Square Feet

Annual Contract Rent for 1-5 yrs:	\$250,530.00	@\$14.00 / sf
Est. Annual Utility Cost:	\$ 31,237.50	@\$ 1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 19,635.00</u>	<u>@\$ 1.10 / sf</u>
Total Annual Effective Cost:	\$301,402.50	@\$16.85 / sf
Annual Contract Rent for 6-10 yrs:	\$286,320.00	@\$16.00 / sf
Est. Annual Utility Cost:	\$ 31,237.50	@\$ 1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 19,635.00</u>	<u>@\$ 1.10 / sf</u>
Total Annual Effective Cost:	\$337,192.50	@\$18.85 / sf

Current Amount: 18,204 Square Feet

Annual Contract Rent:	\$162,379.68	@\$ 8.92 / sf
Est. Annual Utility Cost:	\$ 25,485.60	@\$ 1.40 / sf
Est. Annual Janitorial Cost:	<u>\$ 20,024.40</u>	<u>@\$ 1.10 / sf</u>
Total Annual Effective Cost:	\$207,889.68	@\$11.42 / sf

Type: New lease – Negotiated

Advertising Range: None due to it's a government agency

FRF Rate: \$18.00

Lessor: Montgomery County Government

Comment: The proposed lease has no cancellation for the **first two (2) years** except for cause and/or lack of funding and 180 days thereafter. Lessor has agreed to do renovations per lease agreement. Square feet were re-calculated by RPA Interior Design Group for this lease.

SSC Report: 01-19-2011. Melanie Buchanan summarized the transaction. Staff referred to Subcommittee with discussion.

Department of Children's Services – continued:

SC Report: 01-24-11. Melanie Buchanan presented the transaction. Commissioner Emkes asked why they were paying so much more for strictly functional space. Dottie Hagood responded that the Lessor had planned to renovate the building, and that these were not renovations requested by the agency. Treasurer Lillard questioned why the proposed lease had no cancellation clause for the first five (5) years since they didn't ask for the improvements to be made. Ms. Hagood responded that, normally the Department of Children's Services doesn't move very often and they probably felt comfortable with the terms. Treasurer Lillard asked if it would do any harm to defer action for one month to further consider the cancellation clause issue, and made a motion to that effect. Subcommittee voted to defer action until the next meeting.

Change on the cancellation clause:

Richard Smith, Lease agent, negotiated the cancellation clause with the Mayor of Montgomery County for two (2) years no cancellation except for cause and/or lack of funding and 180 days thereafter.

SC Action: 02-22-11. Melanie Buchanan presented the transaction. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

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

Description: Anderson County – 2 +/- acres – Crave Hill Church, TN – Trans. No. 11-01-008 (Jackson)

Purpose: Disposal by easement for a gas well, pipeline and access as needed on Sundquist Wildlife Management Area.

Estimated Sale Price: \$500

Grantee: Knox Energy / CNX Gas Company LLC

Comment: The State owns the surface rights and Knox Energy owns the mineral rights. Well site AH-1038

SSC Report: 02-14-11. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

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

Description: Anderson County – 2 +/- acres – Crave Hill Church, TN – Trans. No. 11-01-009 (Jackson)

Purpose: Disposal by easement for a gas well, pipeline and access as needed on Sundquist Wildlife Management Area.

Estimated Sale Price: \$500

Grantee: Knox Energy / CNX Gas Company LLC

Comment: The State owns the surface rights and Knox Energy owns the mineral rights.
Well site AH-1022

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF SAFETY

LAND ITEM

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

Description: **Grundy County – 0.30+/- acres on Hippie Town Road, Altamont City, TN – Trans. No. 11-01-001 (Jackson)**

Purpose: Acquisition by lease of land to be leased from Mr. Hubbs for the erection of a radio communication tower and out buildings to be part of the new statewide communication system.

Source of Funding: Department of Safety THP – 100%

Estimated Cost: \$650 per month for 25 years

Owner(s): Eugene Hubbs / Hubbs Properties, LLC

Comments:

- Waiver of advertisement & appraisals.
- Lease negotiated.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff recommended that the lease be subject to the State having a first right of refusal to acquire the property should it ever be put up for sale. Safety has contacted the property owner and he is agreeable to those terms. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER OF ONE (1) APPRAISAL and REM FEE required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Davidson County – 2.29+/- acres – 4125 Saundersville Road, Old Hickory, TN – Trans. No. 11-01-002 (Woodard)

Purpose: Acquisition in fee to construct ICF Group home.

Source of Funding: Current funds and bonds & SBC 346/000-05-2005

Estimated Cost: \$150,000

Owner(s): Virginia Turner

Comments:

- Waiver one (1) appraisal.
- Property acquired by owner on January 24, 1996 for the cost of \$251,363 for the total of 10.93 acres and improvements.
- State is acquiring vacant land only.
- Tax assessor's value on 10.93 acres and improvements is \$1,437,400.

SSC Report: 02-14-11. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 02-22-11. Jurgen Bailey presented the transaction. Commissioner Emkes asked if this was an appropriate amount of land, and if the plan was to build one or two homes. Fred Hix, agency representative, responded that the property meets the criteria to support a sprinkler system for the home, but the way it is situated, the property will probably only support one house. Subcommittee approved the request as presented.

DEPARTMENT OF CORRECTION

Bledsoe County Correctional Complex, Pikeville, Bledsoe County, Tennessee

- 1) Tom Robinson stated that on February 10, 2011 the full Commission had referred to the Subcommittee, with authority to act, a request for approval to cancel the previous SBC approval for utility grant negotiations with the Town of Spring City, and approval of a utility grant in the amount of \$7,200,000.00 to the City of Pikeville for **Bledsoe County Correctional Complex** project at Pikeville, Tennessee.

Officials from both Spring City and Pikeville were present, along with their various consultants, who were allowed to speak before the Subcommittee. The discussion included recognition of the cost savings to the State of Tennessee of more than \$11 million by proceeding with Pikeville, and the fact that the new Pikeville water source would be completed in time to service the new prison. Spring City consultants presented an argument that the Pikeville water source had not been proven to be reliable. This argument was countered by Pikeville consultants and consultants hired by the State of Tennessee. After arguments were made for and against the proposed SBC requested actions, Subcommittee members discussed the merits as presented, and concluded by unanimous vote to approve the request to proceed with the utility grant with The City of Pikeville.

Amount of Grant:	\$ 7,200,000.00
Estimated Project Cost:	\$208,000,000.00
<u>Source of Funding:</u>	
97-08 Current Funds-Capital Outlay (A)	87,487,104.53
04 G.O. Bonds-Capital Outlay (A)	5,000,000.00
05 G.O. Bonds-Capital Outlay (A)	60,612,895.47
06 G.O. Bonds-Capital Outlay (A)	19,900,000.00
07 G.O. Bonds-Capital Outlay (A)	35,000,000.00
<i>SBC Project No.</i>	<i>142/013-02-2004</i>

DEPARTMENT OF FINANCE AND ADMINISTRATION

Piedmont Gas Building, Nashville, Davidson County, Tennessee

- 1) Assistant Commissioner Dottie Hagood stated that on January 13, 2011, the full Commission had referred to the Subcommittee, with authority to act, a request for approval of a revision in scope and funding from \$2,300,000.00 to \$4,800,000.00 (\$2,500,000.00 increase) for **Interior Renovation / Essential Maintenance** at Piedmont Gas Building, Nashville, to address deficiencies in existing mechanical and electrical systems. Treasurer Lillard asked if there were further things that needed to be done, and Ms. Hagood responded that they had identified everything within those numbers. Comptroller Wilson asked what was the estimated value of the property once it is complete. Ms. Hagood responded that, if they were to build a new building, it would cost approximately \$22 million, and would not include the property. Treasurer Lillard asked if there was any reason to believe they would not be able to use the building. Ms. Hagood said that, even if it was not used for the Department of General Services, the space could still be utilized since State space in downtown Nashville is very limited. Commissioner Cates was recognized. He stated that the building has been upgraded and would be a nice place to work, but it was critical that his overhead with MVM did not increase. He added that it might be difficult for some of his operations, but others would be fine, and he needed more time to study it.

Comptroller Wilson made a motion to approve the request, which Commissioner Emkes seconded. Treasurer Lillard voted "no", and Secretary Hargett abstained. The motion carried and the request was approved as presented.

Revised Estimated Project Cost:	\$4,800,000.00		
<u>Source of Funding:</u>	<u>Original</u>	<u>Increase</u>	<u>Revised</u>
Facilities Revolving Fund (A)	\$ 800,000.00	\$ 300,000.00	\$1,100,000.00
01 G.O.Bonds-FRF (A)	850,000.00	2,200,000.00	3,050,000.00
03 G.O.Bonds-FRF (A)	600,000.00	0.00	600,000.00
05 G.O.Bonds-FRF (A)	50,000.00	0.00	50,000.00
TOTAL	\$2,300,000.00	\$2,500,000.00	\$4,800,000.00
SBC Project No.	529/012-01-2009		

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meetings held on January 24 and January 28, 2011.

Designer Selections

- 1) Approved a request to rescind the selection of McKissack & McKissack as designer on a project for **Interpretive Pavilion** at T.O. Fuller State Park because they divested themselves of their architectural offices, and approved the selection of Self Tucker Architects as the new designer of record.

SBC Project No. 126/093-01-2010

- 2) Approved a request to rescind a contract with CH2M Hill as the designer on a project for **Fire Panel Circuit Upgrades** at the James K. Polk State Office Building due to their concerns over liability of the project, and approved the selection of Smith Seckman Reid as the new designer of record.

Estimated Project Cost: \$1,506,000.00

Source of Funding:

FRF (501.04) (A) \$ 606,000.00

10 G.O.Bonds-FRF (A) \$ 900,000.00

SBC Project No. 529/075-01-2007

- 3) Approved a request to change the designer name from "SSR-Ellers" to "Smith Seckman Reid, Inc." on the following State projects:

- A. **University of Memphis**
(Richardson Hall – Exterior Repairs)
SBC Project No. 166/007-12-2009

- B. **University of Memphis**
(Several Buildings – Envelope Repairs)
SBC Project No. 166/007-02-2010

- C. **West TN State Penitentiary**
(Minimum Housing & Support Bldg)
SBC Project No. 142/022-01-2007

- D. **West TN State Penitentiary**
(Energy Upgrade & Improvements-Loop System)
SBC Project No. 142/022-02-2007

- E. **Department of Correction – Statewide**
(HVAC Upgrades – 3 Prisons)
SBC Project No. 140/001-05-2007
- F. **Northwest Correctional Complex**
(Infrastructure Planning)
SBC Project No. 142/016-01-2009
- G. **West TN State Penitentiary**
(Water/Wastewater Treatment Plants Upgrades)
SBC Project No. 142/022-01-2009
- H. **West TN School for the Deaf**
(Security & Access Updates)
SBC Project No. 168/009-01-2010

4) Approved the following designer selections for projects approved at the February 10 SBC meeting.

- A) **Dunbar Cave & Radnor Lake State Parks**
(Exhibit Upgrades)
Estimated Project Cost: \$800,000.00
SBC Project No. 126/000-01-2011
Designer: **STUDIO 8 DESIGN**
- B) **Mountain View Youth Development Center**
(Campus Maintenance & Repairs)
Estimated Project Cost: \$900,000.00
SBC Project No. 144/013-01-2011
Designer: **DESIGN INNOVATIONS ARCHITECTS**

There being no further business, the meeting adjourned at 11:40 a.m.

UNIVERSITY OF TENNESSEELEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Knox County – 1930 Alcoa Highway, Medical Bldg. A, Suite 430, Knoxville, TN – Trans. No. 11-02-900 (Baltz)

Purpose: Provide experiential clinical training to students in the Nurse Anesthesia Program.

Term: January 1, 2011 to December 31, 2011 (1 yr) with four (4) one (1) year options to renew.

Proposed Amount: 1,101 Square Feet

Annual Contract Rent:	\$19,542.75	@\$17.75 / sf
Est. Annual Utility Cost:	\$ 1,926.75	@\$ 1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 1,211.10</u>	<u>@\$ 1.10 / sf</u>
Total Annual Effective Cost:	\$22,680.60	@\$ 20.60 / sf

Current Amount: None

Type: New lease – negotiated

Lessor: University of Health System, Inc.

Comment: Lease can be cancelled at anytime for convenience with ninety (90) days notice. The Medical Office Bldg. is on the campus of UT Medical Center where faculty physicians supervise fellows, residents and students in the care of hospitalized patients and ambulatory patients. UHS shall provide \$125K annually to support the program.

SSC Report: 02-14-11. Melanie Buchanan summarized the transaction. Robbi Stivers summarized the terms of the lease. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

UNIVERSITY OF TENNESSEELEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Shelby County – 770 Estate Place, Memphis, TN – Trans. No. 11-02-901 (Baltz)**

Purpose: As per UT LeBonheur Pediatric Specialists Affiliation Agreement with the University of Tennessee, State Building Commission approval is required for UT LeBonheur Pediatric Specialists (a new faculty group practice in support of the pediatric education, research and patient care missions) to enter into a Lease with Methodist Healthcare – Memphis Hospital (LeBonheur Children’s Hospital) .

Term: February 6, 2011 to February 5, 2016 (5 yr) with one (1) options to renew for an additional five (5) years

Proposed Amount: 3,485 Square Feet

Annual Contract Rent:	\$51,055.25	@\$14.65 / sf
Est. Annual Utility Cost:	\$ 6,098.75	@\$ 1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 3,833.50</u>	<u>@\$ 1.10 / sf</u>
Total Annual Effective Cost:	\$60,987.50	@\$ 17.50 / sf

Current Amount: None

Type: New lease – negotiated

Lessor: LeBonheur Children’s Hospital – (Methodist Healthcare)

Comment: Lease can be cancelled at anytime for convenience with ninety (90) days notice. This is an outpatient care facility including exam rooms and waiting areas as well as necessary space for support staff.

SSC Report: 02-14-11. Melanie Buchanan summarized the transaction. Robbi Stivers explained in details the purpose of this lease. On November 10, 2010, the University was approved by the State to enter an Affiliation Agreement with Methodist Healthcare to form a pediatric group called UT-LeBonheur Pediatric Specialists (ULPS), Inc. The Affiliation Agreement requires State approval of the proposed Lease(s) by ULPS (as Lessee). The University is not obligated under the terms of the Lease. Part of the plan for the development of this faculty practice was to consolidate providers at LeBonheur Children’s Hospital into ULPS. The first such move in this direction is the acquisition of the pediatric urology practice of Dr. Mark Williams. As part of the acquisition ULPS, will take over his lease at the location. This is the same rate that Dr. Williams was paying for this location. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

UNIVERSITY OF TENNESSEE

University of Tennessee Institute of Agriculture, Knoxville, Tennessee

- 1) Approved a project, as reviewed by the Tennessee Historical Commission, to **Demolish Poultry Buildings** located at the Institute of Agricultural Cherokee Farm Education and Research Unit in Knoxville, with the demolition expense to be funded by the Medical Center.

Estimated Project Cost:	\$25,000.00
<u>Source of Funding:</u>	Gift
<i>SBC Project No.</i>	<i>540/009-01-2011</i>

Tennessee Board of Regents

Tennessee Technological University, Cookeville, Putnam County, Tennessee

- 1) Approved a revision in source of funding for **IT Infrastructure Upgrade** at Tennessee Technological University, Cookeville, Tennessee.

Estimated Project Cost:	\$9,880,000.00		
Current Funding for the Project:	\$3,380,000.00		
<u>Source of Funding:</u>	<u>Original</u>	<u>Incr/Decrease</u>	<u>Revised</u>
Campus Plant Funds (A)	1,205,000.00	-1,205,000.00	0.00
ARRA Funds (F)	2,175,000.00	-622,598.34	1,552,401.66
2011 State Funds (A)	<u>0.00</u>	<u>1,827,598.34</u>	<u>1,827,598.34</u>
TOTAL	3,380,000.00	0.00	3,380,000.00
<i>SBC Project No.</i>	<i>166/011-04-2009</i>		

TENNESSEE BOARD OF REGENTSLAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER ONE (1) APPRAISAL required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Hamilton County – 3701 Amnicola Highway (14.98 +/- acre), Chattanooga, TN – Trans. No. 10-12-016 (Baugh)

Purpose: Acquisition in fee to acquire the property and improvements for future expansion Chattanooga State Community College. Property is in the Master Plan.

Source of Funding: 2011 Special Capital Outlay funds & Chattanooga State Community College funds

Estimated Cost: \$7,000,000

Owner(s): Olan Mills

Comments: Olan Mills acquired property in 1972 and paid \$322,000 for land only. Tax Assessor's value is \$5,985,900.00.

SSC Report: 01-18-11. Dick Tracy summarized the transaction. The property will be purchased with the Special Capital Outlay funds. The gift funds will be used for renovation and other costs. Staff referred to Subcommittee with recommendation.

SC Report: 01-24-11. Jurgen Bailey presented the transaction. Treasurer Lillard asked if there was a policy for waiving one appraisal, particularly since the value involved should justify two appraisals. Dick Tracy responded that they have an older appraisal from 2008, and was requesting getting one more appraisal. With that understanding, Treasurer Lillard made a motion to approve the request, which was seconded, and passed without objection.

Correction/ change that needs to be made:

- Address is 4325 Amnicola Highway, Chattanooga, TN
- The acres is 21.20+/- acres

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

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

Description: **Sullivan County – 201 Cassel Drive (0.60 +/- acres), Kingsport, TN – Trans. No. 10-05-001 (Maholland)**

Purpose: Disposal in fee to sell ETSU's Family Practice Center to Wellmont Holston Valley Medical Center.

Original Cost to State: \$580,499

Date of Original Conveyance: June 1987

Grantor Unto State: State of Tennessee Board of Regents

Estimated Sale Price: \$950,000

Grantee: Wellmont Holston Valley Medical Center

Comment: Wellmont Holston Valley Medical Center owns all the surrounding property and has offered ETSU to continue to remain in the current building at a no cost lease for up to three (3) years until the new facility is ready. Potential two (2) years savings would be \$240,000. Have an appraisal in the file for \$1,000,000 (completed by RPA).

- Waiver one (1) appraisal.
- Improvement square footage is 10,120 sf/Medical Bldg; 980 sf/modular unit.
- Property is tax exempt.
- ETSU constructed the present Kingsport Family Center with school bonds which have been paid off.
- The property for the Kingsport Family Practice Center was purchased from Margaret A. Eddy and Richard F. McBride d/b/a/ RMAC Property Management Company, a Tennessee General Partnership.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Dick Tracy presented the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

DEPARTMENT OF AGRICULTURELAND ITEM

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

Description: Bledsoe County – 1.76 +/- acres – TDOC STSRFC facility, Spencer, TN – Trans. No. 11-01-011 (Baugh)

Purpose: Disposal by easement for TVA power line connection to Sequatchie Valley Electric Cooperative substation and to provide power to TDOC's facility that is currently under construction. SBC Project No. 142/013-02-2004.

Estimated Sale Price: \$5,000

Grantee: TVA

Comment: The easement is to run through a portion of Bledsoe State Forrest.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

DEPARTMENT OF MILITARYLAND ITEM

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

Description: Hawkins County – 14.5+/- acres – 4401 W. Stone Drive, Hwy. 11 West, Kingsport, TN – Trans. No. 11-02-001 (Woodard)

Purpose: Disposal in fee to sell land and buildings that are no longer needed by agency.

Original Cost to State: \$14,000 / land

Date of Original Conveyance: November 29, 1961

Grantor Unto State: US General Services Administration

Estimated Sale Price: Successful proposer

Grantee: Department of Military

Comment: Military recently completed construction of the new facility to replace this facility Kingsport Readiness Center. We are requesting approval to sell this property (old armory facilities) located at the above address. This land was acquired by the State from US General Services Administration in 1961, during 1982-1983 a mixture of Federal & State funds were used to construct the old Kingsport Readiness Center including two maintenance shops and other support facilities. Request that the property be sold with proceeds from the sale of the property be returned to the Military Department.

- Waiver one (1) appraisal.
- Eleven (11) improvements for 65,490 sf.
- Tax exempt.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff deferred for one month until appraisal is completed. Staff referred to the consent agenda for appraisal only.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

DEPARTMENT OF SAFETYLAND ITEM

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

Description: Rhea County – 0.57 +/- acres – Land & Communication Tower, Spring City, TN – Trans. No. 10-12-019 (Jackson)

Purpose: Disposal in fee to sell the Tower site to Wireless Properties II, LLC (0.21 acres).
Disposal by easement to grant access to Wireless Properties II, LLC (0.36 acres).

Original Cost to State: \$150,000 Land & Tower

Date of Original Conveyance: July 31, 2008

Grantor Unto State: Francis & Patricia Maddux

Estimated Sale Price: \$150,000 Land & Tower

Grantee: Wireless Properties II, LLC

Comment: Department purchased the tower in 2008 and now no longer needs the site and would like to sell it.

SSC Report: 01-19-2011. Jurgen Bailey summarized the transaction. Staff recommended an appraisal be completed on the site and tower and the item be brought back for further consideration when fair market value had been determined. Staff deferred for one month.

SC Action: 01-24-11. At the request of Real Property Administration, the matter was deferred for one month.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff deferred for one month until appraisal is completed. Staff referred to the consent agenda for appraisal only.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER OF ONE (1) APPRAISAL and REM FEE required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Davidson County – 2.32 +/- acres – 2924 McGavock Pike, Nashville, TN – Trans. No. 10-12-005 (Woodard)

Purpose: Acquisition in fee to construct ICF Group home

Source of Funding: Current funds and bonds & SBC 346/000-05-2005

Estimated Cost: \$199,900

Owner(s): Armond & Alice Cole

Comments:

- Waiver one (1) appraisal.
- Property acquired by owner on June 8, 2010 for \$136,000.
- Improvement square footage is 1,894 sf.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIESLAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER OF ONE (1) APPRAISAL and REM FEE required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Davidson County – 0.91+/- acres – 4937 Saundersville Road, Old Hickory, TN – Trans. No. 10-12-006 (Woodard)

Purpose: Acquisition in fee to construct ICF Group home.

Source of Funding: Current funds and bonds & SBC 346/000-05-2005

Estimated Cost: \$185,000

Owner(s): Barbara Andrews

Comments:

- Waiver one (1) appraisal.
- Property acquired by owner on March 16, 2007 for \$189,500.
- Tax assessors value is \$201,700.
- Improvement square footage is 1,794 sf.

SSC Report: 02-14-2011. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 02-22-11. Subcommittee approved the transaction as presented.

Approved by: Mark A. Emkes
Mark A. Emkes, Commissioner
Department of Finance and Administration