

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
July 10, 2014

The State Building Commission Executive Subcommittee met this day at 11:30 a.m. in House Hearing Room 30, Legislative Plaza, Nashville, Tennessee. Secretary of State Tre Hargett called the meeting to order at 11:32 a.m. and requested action on the following matters as presented by State Architect Peter Heimbach.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

OTHERS PRESENT

Peter Heimbach, State Architect
Georgia Martin, Office of the State Architect
Jonathan Rummel, Secretary of State's Office
Kathy Stickel, Comptroller's Office
Bruce Davis, Legislative Budget Office
Joy Harris, Treasurer's Office
Whitney Goetz, Treasurer's Office
Genie Whitesell, Attorney General's Office
Janie Porter, Attorney General's Office
Robbi Stivers, University of Tennessee
Tim McKeehan, University of Tennessee
Chloe Shafer, Office of the State Architect
John Webb, Department of Finance and Administration
Dick Tracy, Tennessee Board of Regents
Steven Gentile, THEC

UNIVERSITY OF TENNESSEE

Lease Agreement

Requested Action: Approval of lease agreement with waiver of advertisement

Location: Knox County – 2509-2517 University Commons Way, Knoxville, TN – Trans. No. 14-06-900

Purpose: Retail space

Term: August 1, 2014 – July 31, 2024 (10 years)

Proposed Amount:	<u>Years 1-5*</u>		
	6,000 rentable sf		
	Annual rent cost –		
	Base Rent	\$138,000.00	@ \$23.00 / sf
	Common Area Maintenance	\$ 9,000.00	\$1.50 / sf
	CAM Fee	\$ 7,500.00	\$1.25 / sf
	Insurance	\$ 1,800.00	\$0.30 / sf
	Taxes	\$ 21,000.00	\$3.50 / sf
	Maintenance	\$ 3,000.00	\$0.50 / sf
	Utilities	\$ 10,500.00	\$1.75 / sf
	Janitorial	<u>\$ 6,600.00</u>	<u>\$1.10 / sf</u>
	Annual effective total cost:**	\$197,400.00	@ \$32.90 / sf
	<u>Years 6-10*</u>		
	6,000 rentable sf		
	Annual rent cost –	\$162,000.00	@ \$27.00 / sf
	Common Area Maintenance	\$ 9,000.00	\$1.50 / sf
	CAM Fee	\$ 7,500.00	\$1.25 / sf
	Insurance	\$ 1,800.00	\$0.30 / sf
	Taxes	\$ 21,000.00	\$3.50 / sf
	Maintenance	\$ 3,000.00	\$0.50 / sf
	Utilities	\$ 10,500.00	\$1.75 / sf
	Janitorial	<u>\$ 6,600.00</u>	<u>\$1.10 / sf</u>
	Annual effective total cost:**	\$221,400.00	@ \$36.90 / sf

*Does not reflect escalations in CAM, Insurance, Taxes, etc.

**Does not reflect UBIT Taxes estimated at \$175,000 per year.

Type: Negotiated lease

Source of Funding: The lease cost shall be funded by Plant Funds – Auxiliary Sources (A). No State appropriations will be used to fund this lease.

Continued...

FRF Rate: \$18.00/sq. ft. (for reference)

Lessor: UC Retail, LLC

Comment: The University of Tennessee at Knoxville (UTK) operates the VolShop to serve the University community and the general public. The University proposes to lease space for a VolShop on the western side of the campus (see attached map) from UC Retail (UCR), LLC. The space proposed will be co-located in a new Walmart and Publix shopping center under development by University Commons (UC) which is scheduled to open August 2014. UCR and UC are sister LLC's with the same principals.

A retail development of this type, and the proposed lease space, are considered unique and rare due to its location in the footprint of the campus master plan and adjacent to the core of campus. It is situated directly between UTK's main campus, UT Institute of Agriculture campus and Sorority Village. The area of the retail center will attract a large volume of pedestrian traffic from the University community. Its location is in close proximity of student residence halls, class/lab buildings and in a high traffic area where most students, faculty and staff traverse on a daily basis.

In years 1-5, the proposed base rent is \$23.00 per square foot per, or \$138K per year. In years 6-10, the base rent would increase to \$27.00 per square foot, or \$162K per year. As described in the table above, additional rent of \$9.90 per square foot includes other expenses paid to landlord that when added to the base rent increases the total annual cost per square to \$32.90 in years 1-5 and \$36.90 in years 6-10. The proposed term would commence in the summer of 2014 when the Landlord delivers the space. The total cost during the 10-year term of the lease would be approximately \$3.84M. The University may terminate the lease for cause related to conflict of interest, lack of funding by the appropriate Legislative Body, or default by Landlord.

Minutes: 07/10/2014 ESC Robbi Stivers presented the request. Commissioner Martin disclosed that, because of his past experience while with the City of Knoxville and since he was personal friends with the developers, he thought it appropriate to recuse himself from voting. Secretary Hargett stated that, while the project was unusual, it was not inappropriate. The Subcommittee voted in favor to approve the request, with Commissioner Martin abstaining.

STATE BUILDING COMMISSION

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.

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| <p>1) Military Department – Smyrna
(Fitzhugh Avenue/A Street Paving Improvements)
Total Project Budget: \$690,000
SBC Project No. 361/079-03-2014
Designer: RAGAN-SMITH ASSOCIATES</p> | <p>7) Rachel Jackson State Office Building
(Exterior Repair)
Total Project Budget: \$1,800,000
SBC Project No. 529/013-01-2014
Designer: HFR DESIGN</p> |
| <p>2) Military Department – Grubbs Kyle RC
(Bldg 510 Reroof and Facility Upgrade)
Total Project Budget: \$820,000
SBC Project No. 361/079-02-2014
Designer: DESIGN HOUSE 1411</p> | <p>8) James K. Polk State Office Building
(Exterior Window Repair)
Total Project Budget: \$750,000
SBC Project No. 529/075-01-2014
Designer: RICHARD C. RINKS & ASSOCIATES</p> |
| <p>3) Military Department – Smyrna Med Ctr RC
(Bldgs 250 & 251 Reroof & Facility Upgrade)
Total Project Budget: \$1,420,000
SBC Project No. 361/079-01-2014
Designer: ALPHA THREE GROUP</p> | <p>9) Mental Health and Substance Abuse Services
(Middle TN Architectural Consultant)
Total Project Budget: \$30,000
SBC Project No. 344/000-01-2014
Designer: GOODWYN MILLS & CAWOOD</p> |
| <p>4) Military Department – Oneida RC
(Reroof and Facility Updates)
Total Project Budget: \$950,000
SBC Project No. 361/072-01-2014
Designer: WYSTWYND DESIGNS INC</p> | <p>10) Mental Health and Substance Abuse Services
(West TN Architectural Consultant)
Total Project Budget: \$30,000
SBC Project No. 344/000-02-2014
Designer: URBANARCH ASSOCIATES</p> |
| <p>5) Military Department – Rockwood RC
(Drainage Improvements)
Total Project Budget: \$140,000
SBC Project No. 361/078-01-2014
Designer: WILL ROBINSON & ASSOCIATES</p> | <p>11) Tennessee Historical Commission
(Architectural Consultant)
Total Project Budget: \$75,000
SBC Project No. 160/000-01-2014
Designer: CENTRIC ARCHITECTURE</p> |
| <p>6) Military Department – Selmer RC
(HVAC and Energy Updates)
Total Project Budget: \$780,000
SBC Project No. 361/082-01-2014
Designer: HNA ENGINEERING</p> | <p>12) Department of General Services - Statewide
(MPE Engineering Consultant #1 Large Firm)
SBC Project No. 529/000-08-2012
Designer: SMITH SECKMAN REID</p> |

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|---|---|
| <p>13) Tennessee State University
 (Campus-wide Elevator Replacements)
 Total Project Budget: \$2,250,000
 SBC Project No. 166/001-01-2014
 Designer: GILBERT/ MCLAUGHLIN/ CASELLA</p> | <p>19) Tennessee Technological University
 (Roaden University Center Upgrades)
 Total Project Budget: \$6,000,000
 SBC Project No. 166/011-14-2014
 Designer: SPARKMAN & ASSOCIATES</p> |
| <p>14) Austin Peay State University
 (Claxton Building HVAC Corrections)
 Total Project Budget: \$1,630,000
 SBC Project No. 166/003-04-2014
 Designer: KURZYNSKE & ASSOCIATES</p> | <p>20) Chattanooga State Community College
 (Cooling Tower Replacement)
 Total Project Budget: \$550,000
 SBC Project No. 166/012-01-2014
 Designer: CAMPBELL & ASSOCIATES</p> |
| <p>15) University of Memphis
 (Emergency Operations Generator)
 Total Project Budget: \$250,000
 SBC Project No. 166/007-18-2014
 Designer: CANUP ENGINEERING</p> | <p>21) Cleveland State Community College
 (Elevator Modernizations)
 Total Project Budget: \$600,000
 SBC Project No. 166/013-01-2014
 Designer: ENGINEERING SERVICES GROUP</p> |
| <p>16) University of Memphis
 (Lambuth Elevators and Classrooms)
 Total Project Budget: \$895,000
 SBC Project No. 166/007-19-2014
 Designer: A2H INC</p> | <p>22) Motlow State Community College
 (Central Power Plant Chiller Replacement)
 Total Project Budget: \$920,000
 SBC Project No. 166/021-04-2014
 Designer: OLIVER LITTLE GIPSON ENGR</p> |
| <p>17) Middle Tennessee State University
 (Chiller and Tower Replacement)
 Total Project Budget: \$1,320,000
 SBC Project No. 166/009-03-2014
 Designer: I C THOMASSON ASSOCIATES</p> | <p>23) Northeast State Community College
 (Student Services Roof and Exterior Repairs)
 Total Project Budget: \$270,000
 SBC Project No. 166/038-01-2014
 Designer: MCGAHEY ASSOCIATES</p> |
| <p>18) Tennessee Technological University
 (Intramural Sports Field House)
 Total Project Budget: \$150,000
 SBC Project No. 166/011-12-2014
 Designer: GILBERT / MCLAUGHLIN /CASELLA</p> | <p>24) University of Tennessee Knoxville
 (Building Access Improvements)
 Total Project Budget: \$2,300,000
 SBC Project No. 540/009-09-2014
 Designer: WEST WELCH REED ENGINEERS</p> |

Other Business

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

Approved:



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