

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
March 19, 2018

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

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 Correction
- State Building Commission

PRESENTER

Wes Landers
Ann McGauran

CONSENT AGENDA

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

- A. Agency: University of Tennessee – Knox County
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of appraisals

- B. Agency: University of Tennessee – Knox County
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of appraisals

- C. Agency: Tennessee Board of Regents – Knox County
Transaction: Acquisition – Fee (Purchase)
Provision(s): Waiver of advertisement and one appraisal

- D. Agency: Department of Mental Health & Substance Abuse Services – Hamilton County
Transaction: Disposal – Reversion Interest
Provision(s): Waiver of advertisement and appraisals

- E. Agency: Department of General Services – Davidson County
Transaction: Disposal – Fee
Provision(s): n/a

- F. Agency: Department of General Services – Gibson County
Transaction: Acquisition – Lease Amendment (Space)
Provision(s): Waiver of advertisement

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

DEPARTMENT OF CORRECTION

South Central Correctional Facility, Clifton, Wayne County Tennessee

Requested Action: Approval of a project and to issue a Request for Proposals

Project Title: Private Management and Operation

Project Description: A private management and operations contract for TDOC. The contract will be a three (3) year contract with a two (2) year option.

SBC Number: 142/018-01-2018

Comment: TDOC conducted a comparative analysis in accordance with TCA §41-24-105 which found an operational cost savings greater than five percent, an equivalent quality of service as State-operated facilities, and no strategic issue with continuing the private management and operation of the facility. As a result of this analysis, TDOC believes continuing to utilize private management and operation services at this facility is the best approach at this time.

The current agreement (SBC No 142/018-01-2013) with Core Civic expires June 30, 2018, and a new management and operations contractor will be selected. The contract term will be from July 1, 2018, to June 30, 2021. State Building Commission approval is required pursuant to TCA §41-24-104.

Previous Action: 03/08/2018 SBC Referred to the Executive Subcommittee with authority to act in order to allow additional time to ensure the statutory requirements are met ahead of this time sensitive item.

Minutes: 03/19/2018 ESC Referred to a future meeting as called by chair.

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on February 26, 2018.

Report of Items Approved by Office of the State Architect

Initial Approvals of Capital Projects

- The Subcommittee acknowledged reporting of the following capital projects with total project cost of \$100,000 - \$500,000 in accordance with Item 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Tennessee Board of Regents / Tennessee State University
Location: Nashville, Tennessee
Project Title: Residence Centers Elevator Upgrades
Project Description: Repair and replace elevator systems and components in residences, including Rudolph and Hale Residence.
SBC Project No. 166/001-01-2018
Total Project Budget: \$490,000
Source of Funding: Plant Funds (Aux-housing)
Approval: Approval of a project and proceeding with the process to select a designer.
 - 2) **State Procurement Agency:** Tennessee Board of Regents / Tennessee State University
Location: Nashville, Tennessee
Project Title: Residence Centers System Upgrades
Project Description: Repair and replacement of mechanical systems in Wilson and Hale Residence Centers.
SBC Project No. 166/001-02-2018
Total Project Budget: \$480,000
Source of Funding: Plant Funds (Aux-housing)
Approval: Approval of a project and proceeding with the process to select a designer.
 - 3) **State Procurement Agency:** East Tennessee State University
Location: Johnson City, Tennessee
Project Title: Baseball Hitting Facility
Project Description: Construct a hitting facility adjacent to the baseball stadium. The hitting facility is to be post-beam construction with a metal and brick façade including two hitting tunnels, player lounge, locker room and coaches' offices.
SBC Project No. 369/005-03-2018
Total Project Budget: \$350,000
Source of Funding: Gifts (O)
Approval: Approval of a project and utilizing a previously selected designer.

Approvals of Revisions to Existing Capital Projects

- The Subcommittee acknowledged reporting of the following approval of an alternate construction delivery method in accordance with Item 2.04(B)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Location: Meeman Shelby State Park
Project Title: TWRA Boat Ramp
Project Description: Renovation of the boat ramp in the Meeman Shelby Forest State Park and all required related work.
SBC Project No. 126/089-02-2017
Total Project Budget: \$250,000
Source of Funding: 2017-2018 TDEC Op Funds (A)
Approval: Approval to utilize Agency Consultant for full design.
 - 2) **State Procurement Agency:** STREAM / Department of General Services
Location: War Memorial Plaza
Project Title: Gulf War Monuments
Project Description: Construct Gulf (Middle East) War Monuments on War Memorial Plaza.
SBC Project No. 529/000-03-2016
Total Project Budget: \$190,000
Source of Funding: \$156,000 2016-2017 CurrFunds-CapImprov (A)
\$ 34,000 Gifts (O)
Approval: Approval of a project utilizing Best Value alternate delivery method.
 - 3) **State Procurement Agency:** STREAM / Department of General Services
Location: Statewide, Tennessee
Project Title: TN Tower, Rachel Jackson and Andrew Jackson Generator Replacement
Project Description: Replace generators with natural gas-fired generators at Andrew Jackson (AJ), Rachel Jackson (RJ) and Tennessee Tower (TT), including connections and all required related work.
SBC Project No. 529/000-05-2017
Total Project Budget: \$2,890,000
Source of Funding: 2017-2018 FRF CurrFunds-CapMaint (MP) (A)
Approval: Approval to utilize Best Value alternative delivery method.

Approvals of Contract Amendments

- The Subcommittee acknowledged reporting of the following approval of a consultant contract amendment in accordance with Item 2.04(C)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of General Services
Location: Statewide, Tennessee
Project Title: VAR Contracts
Project Description: VAR contracts to be assigned to related capital and maintenance projects. Scope of related projects will include installation of LED lighting, LED and HVAC control interface and metering with wireless control platform and will include incidental design.
SBC Project No. 529/000-06-2015
Approval: Approval to extend two master contracts for an additional twelve months.

Approvals of Acquisitions and Disposals of State Property

- The Subcommittee acknowledged reporting of the following acquisitions of land in accordance with Item 2.04(E)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Tennessee Board of Regents
Transaction Description: Transaction No. 18-02-004
Location: Pellissippi State Community College
Knox County – 5.501 +/- acres – 0 Hardin Valley Road, Knoxville, TN
Owner(s): Leamon & Anita Bridges
Estimated Purchase Price: Fair Market Value
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: 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.
- The Subcommittee acknowledged reporting of the following disposal of TDOT property in accordance with Item 2.04(E)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Transportation
Transaction Description: Transaction No. 18-02-009-DM
Location: Knox County – 0.111 +/- acres – 7354 Charlotte Pike, Nashville, TN
Estimated Sale Price: Fair Market Value
Estimated Realtor Cost: N/A
Grantee: Tri Star Energy, LLC
Approval: Approval of disposal in fee with waiver of advertisement.

Designer Selections

- 1) 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) **University of Tennessee – Knoxville**
(Neyland Thompson North End Plaza)
Total Project Budget: \$1,000,000
SBC Project No. 540/009-01-2018
Designer: **HEDSTROM DESIGN LLC**
 - 2) **TCAT – Statewide**
(Improvements)
Total Project Budget: \$13,500,000
SBC Project No. 166/000-04-2013
Designer: **REEDY & SYKES ARCHITECTURE / SHAW & SHANKS ARCHITECTS**
 - 3) **Tennessee State University**
(New Student Housing)
Total Project Budget: \$75,300,000
SBC Project No. 166/001-05-2017
Designer: **MOODY NOLAN**
 - 4) **Pellissippi State Community College**
(Student Recreation Center Fabric Replacement)
Total Project Budget: \$450,000
SBC Project No. 166/032-03-2018
Designer: **HURST-ROSCHE INC**

5) **East Tennessee State University**
(Campus Consultant – Architect)
Total Project Budget: Not Applicable
SBC Project No. 369/000-01-2018
Designer: **MICHAEL BRADY INC**

6) **East Tennessee State University**
(Campus Consultant – MEP Engineer)
Total Project Budget: Not Applicable
SBC Project No. 369/000-01-2018
Designer: **FACILITY SYSTEMS CONSULTANTS LLC**

Other Business

There being no further business, the meeting adjourned at 11:06 a.m.

* * * * *

UNIVERSITY OF TENNESSEEDisposal – Fee

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

Transaction Description: Trans. No. 16-09-001

- **Location:** University of Tennessee-Health Science Center (UTHSC)
Madison County – 294 Summar Drive, Jackson, TN
- **Estimated Sale Price:** Fair Market Value
- **Grantee:** West Tennessee Healthcare, Inc.

Comment: The property includes a 29,900 square foot three-story medical and professional office building that serves as the academic home and clinical practice site for the UTHSC Department of Family Medicine (Jackson). UTHSC has pursued a strategy of closely aligning its physician practice groups with partner hospitals and this location is one of the last stand-alone practices inside the University. As a result, UTHSC desires to sell the building and enter into an affiliation agreement with West Tennessee Healthcare (WTH). WTH (Jackson-Madison County General Hospital) is a subsidiary entity of the hospital district created by the legislature for and in behalf of the City of Jackson, Tennessee and Madison County, Tennessee. WTH would acquire the building and own and manage the practice utilizing University physicians and interns. As a result of the foregoing, waiver of advertisement is requested. Proceeds from the sale will be used to pay off the remaining TSSBA debt with remainder being deposited into an operational account for the facility to support the academic mission of the Department of Family Medicine.

Date of Last Transfer:	8/27/1976
Previous Owner:	City of Jackson and Madison County
Original Cost to State:	\$1,000
Square Footage Improvements:	29,000 sf +/-

Minutes: 03/19/2018 ESC Approved disposal in fee with waiver of advertisement and one appraisal.

UNIVERSITY OF TENNESSEE

Acquisition – Lease Amendment

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

Transaction Description: 2013-09-001

- **Proposed Lease**

- **Term:** September 1, 2013 – August 31, 2019

- **Current Lease**

- **Location:** University of Tennessee – Knoxville (UTK)
Knox County – 618 N. Broadway, Knoxville, TN

- **Landlord:** Twofold Purchase, G.P.

- **Term:** September 1, 2013 – August 31, 2018

- **Area / Costs:** 6,240 Square Feet

Annual Contract Rent	\$7.45/sf	\$46,488
Estimated Utilities Cost	incl	NA
Estimated Janitorial Cost	\$1.10/sf	\$6,864
Annual Effective Cost	\$7.80/sf	\$53,352

- **Source of Funding:** Student Tuition/Fees and Current State Appropriations

- **Procurement Method:** Negotiated

- **FRF Rate:** \$18.00/sf (for reference)

Comment: In 2013, this space was leased to accommodate the hiring of additional faculty at the UTK College of Art. The University plans to relocate this function to an on campus location but the space will not be ready until the Summer of 2019. As a result, a one-year extension is requested. The lease did not initially require ESC approval but the one-year extension will result in a term of six years, including the base lease term and this amendment. Waiver of advertisement is allowed as the amendment is for the sole purpose of extending the lease for one year to allow the University time to transfer the occupants to an on campus location. For cause, the University can terminate for lack of funding by the appropriate Legislative Body. The University may also terminate for convenience with 120 days-notice.

Minutes: 03/19/2018 ESC Approved a lease amendment with waiver of appraisals.

TENNESSEE BOARD OF REGENTS

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. 18-02-005

- **Location:** Pellissippi State Community College
Knox County – 1.0+/-acres – 10929 Hardin Valley Road, Knoxville, TN
- **Owner(s):** Charles and Judy Cowden
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Plant Funds Non-Auxiliary (A)

Comment: The property will be used for future campus expansion and the house located on the property will be used as office space. This property in PSCC's 2013 Master Plan.

Date of Last Transfer: July 11, 2006
Purchase Price: \$158,282
Property Assessor's Value: \$259,400
Square Footage Improvements: 1,800

Minutes: 03/19/2018 ESC 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 MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

Disposal – Reversion Interest

Requested Action: Approval of disposal of reversion interest with waiver of advertisement and appraisals

Transaction Description: Transaction No. 18-02-012-DM

- **Location:** Hamilton County – 40’ x 150’ – 1042 East Third Street, Chattanooga, TN
- **Estimated Sale Price:** No Cost
- **Grantee:** Third Street Partners
- **Source of Funding:** Third Street Partners (REM fee) (O)

Comment: This request is to release a reversion interest that was inadvertently left on a certain piece of property. In 1999, the Department of Mental Health conveyed property to The Fortwood Center (Fortwood). A reversion was placed in the deed that stated title would revert back to the State if the property ever stopped being used for mental health purposes or if the property was sold and the proceeds from the sale were not applied to the purchase of new property to be used for mental health purposes. Upon sale of the property by Fortwood to Third Street Partners, Fortwood invested the sale proceeds in a new mental health facility. Third Street Partners has requested a quitclaim to clear question of the reversion in deed.

Date of Last Transfer: August 20, 1999
 Previous Owner: The State of Tennessee
 Original Cost to State: \$0
 Square Footage Improvements: 15,008 sf

Minutes: 03/19/2018 ESC Approved disposal of reversion interest with waiver of advertisement and appraisals.

DEPARTMENT OF GENERAL SERVICESDisposal – Fee

Requested Action: Approval of disposal in fee

Transaction Description: Transaction No. 14-01-004-MB

- **Location:** Davidson County – 1.41 +/- acres – 4110 Charlotte Avenue, Nashville, TN
- **Estimated Sale Price:** Fair Market Value

Comment: This property is excess to the State's needs. This property was previously used for manufacturing/retail.

Proceeds will be deposited into the Facility Revolving Funds as authorized by Tennessee Code Annotated, Title 9, Chapter 4, Part 9.

Notice of Reversion: September 17, 2017
 Instrument Number: 2017-82-0078631
 Square Footage Improvements: 54,676 sf

Minutes: 03/19/2018 ESC Approved a disposal in fee.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease Amendment (Space)

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

Transaction Description: Transaction No. 04-03-906-SN

- **Proposed Lease**

- **Term:** 13 years (June 1, 2008 – May 31, 2021)
- **Area / Costs:** 8,700 Square Feet

Annual Contract Rent	\$ 71,400.00	\$8.21/sf
Estimated Annual Janitorial Cost	9,570.00	1.10/sf
Estimated Annual Utility Cost	15,225.00	1.75/sf
Total Annual Effective Cost	\$96,195.00	\$11.06/sf

- **Current Lease**

- **Location:** Gibson County – 2205 Highway 45 Bypass South, Trenton TN
- **Landlord:** Danny and Dinah Corley
- **Term:** 10 years (June 1, 2008 – May 31, 2018)
- **Area / Costs:** 8,700 Square Feet

Annual Contract Rent	\$ 71,400.00	\$8.21/sf
Estimated Annual Janitorial Cost	9,570.00	1.10/sf
Estimated Annual Utility Cost	12,180.00	1.40/sf
Total Annual Effective Cost	\$ 93,150.00	\$10.71/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** Negotiated
- **FRF Rate:** \$14.00

Comment: This lease will provide office space for DHS. Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state's best interest at this time.

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

Previous Action: 04/23/2007 ESC Subcommittee approved the transaction as presented.

Minutes: 03/19/2018 ESC Approved a lease amendment with waiver of advertisement.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-04-902 - KC

● **Proposed Lease**

- **Location:** Washington County – 204 High Point Drive, Johnson City, TN
- **Landlord:** High Point Centre
- **Term:** 5 years, plus two - one year renewal options
- **Area / Costs:** 7,717 Square Feet

Annual Contract Rent:	\$99,935.15	\$12.95/ sf
Estimated Annual Utility Cost	7,718.75	1.75 / sf
Estimated Annual Janitorial Cost	8,488.70	1.10 / sf
Total Annual Effective Cost	\$116,142.60	\$15.80 / sf

● **Current Lease**

- **Location:** Washington County – 204 High Point Drive, Johnson City, TN
- **Landlord:** High Point Centre
- **Term:** 10 years (October 1, 2007 – September 30, 2017) Holdover
- **Area / Costs:** 9,755 Square Feet

Annual Contract Rent	\$116,400.00	\$11.94 / sf
Estimated Annual Utilities Cost	13,657.00	1.40 / sf
Estimated Annual Janitorial Cost	10,730.00	1.10 / sf
Total Annual Effective Cost	\$140,787.00	\$14.44 / sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Revenue (DOR). Based on a review of the financial aspects, occupancy requirements, and market indicators, this lease is deemed to be in the state’s best interest at this time. DOR and STREAM have evaluated current space needs for this office and determined that a smaller footprint is in the best interest of the State.

The tenant may terminate this lease at any time by giving 90 days written notice to the landlord, with payment of the termination fee.

Minutes: 03/19/2018 ESC Approved a lease.

Approved:



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