

Meeting Copy

AGENDA

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUBCOMMITTEE

HOUSE HEARING ROOM 30

LEGISLATIVE PLAZA

APRIL 10, 2008

11:45 A.M.

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, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Washington County – ETSU, Corporate, Executive and Professional training Institute in the Regency Tower at the Millenium, Johnson City, TN – Trans. No. 07-10-002 (AM)

Purpose: Acquisition in fee to acquire a Condominium in the Regency Tower of 19, 704 square feet located at the edge of the campus.

Source of Funding: Proposed funding is \$4 million from Tennessee State School Bond Authority and \$500,000 from ETSU reserves. (25 yr debt)

Estimated Cost: \$4.5 million

Owner(s): Carnegie Development Group, LLC

Comment: The TBR at it December 7, 2007 Board meeting approved an Accelerated MBA program fee for ETSU; the fees revenues will be used to finance the condominium acquisition through the School Board Authority.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN APPRAISAL, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Washington County – ETSU, Corporate, Executive & Professional Training Institute in the Regency Tower at the Millennium, Johnson City, TN – Trans. No. 07-10-002 (BW)

Purpose: Acquisition in Fee to acquire a Condominium in the Regency Tower of 19,704 square feet located at the edge of the campus.

Source of Funding: Proposed financing is \$4 million from TSSBA (20 yr debt)
\$500,000.00 from reserves

Estimated Cost: Fair Market Value

Owner(s): Carnegie Development Group, LLC

Comment: TBOR request approval to enter into formal negotiations with the developer. This acquisition of this property would offer programs targeted toward professional working adults in an executive setting with convenient access.

SSC Report: 10-15-07. Jurgen Bailey summarized the transaction. Jerry Preston stated that they would like to have approval to negotiate with the developer to determine if this acquisition of the Regency Tower is a feasible project. Bond Finance has requested to defer until all the funding concerns have been worked out. Jerry stated that the entire project will be brought back for final approval at some future date. Staff referred to Sub-Committee for discussion.

SC Action: 10-22-07. Charles Garrett stated that they were requesting conceptual approval until a purchase price could be agreed upon. Comptroller Morgan stated that he had two concerns: (1) the use of tuition as a source of funding for debt, which has never happened as explicitly before, and (2) what happens if we don't sell enough spots to get adequate funding. Jerry Preston responded to the first concern by emphasizing that they see it as entrepreneurial opportunity to provide specialized education to working adult professionals in an executive setting rather than mainstream academics. Dr. Paul Stanton mentioned that they are the only accredited College of Business in the region and this would add quality when someone was looking for a top-notch program. He said the 25 AMBA slots were not the only program they were looking at and that they have about 10-12 additional opportunities beyond the AMBA program. Comptroller Morgan asked if the accelerated MBA hours feed into the funding formula and was told "yes". He asked, in terms of the issue of tuition, were there other projects where they were

using credit hours fees to service debt, and Mr. Preston responded, "the Advanced Visualization Lab project at ETSU which is a debt service lease". Mr. Preston stated their proforma was based on 7% at 25 years. He said they feel like these revenues could cover the cost to service the debt. He said they asked ETSU to be very conservative with their proforma to make it realistic. They hope to be able to throttle the term down to 20 years. Secretary of State Darnell asked what they would use to pay the difference if they were short. He said he would feel better if they used operating funds as it is a dangerous thing for us to get into. Treasurer Sims asked if this had been disclosed, and Mr. Preston replied "no", that acquisitions and leases don't need to be. Treasurer Sims said he understands there is financial risk involved in almost everything and that he was concerned what the response will be when, as an example, nursing students were asked to do the same thing. He added that he hoped they won't get where the students bear the full cost. Dr. Stanton said they should look at these kinds of situations on a case by case basis and see if it has value added, is going to work, and do the students want it.

Mr. Garrett said the request was for approval to negotiate and bring back for final approval. Mr. Preston commented that they were not uncomfortable bringing this, but would be very uncomfortable bringing chemistry, math or other such mainstream programs. Treasurer Sims commented that there is a policy risk here. Secretary of State Darnell commented that he would be more comfortable if the supporting funding did not show up as student tuition. After discussion, Subcommittee approved negotiating and bringing their requested action back for approval.

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

APRIL 21, 2008

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Dave Goetz, Commissioner, Department of Finance and Administration
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

John Morgan, Comptroller of the Treasury

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, State Architect's Office
Alan Robertson, Assistant State Architect
Charles Harrison, Comptroller's Office
Charles Garrett, Real Property Administration
Jurgen Bailey, Real Property Administration
Janie Porter, Attorney General's Office
Genie Whitesell, Attorney General's Office
Jerry Preston, Tennessee Board of Regents
John Carr, Finance & Administration
Eugene Neubert, Department of Health
Judy Gayle, Department of Safety
Cindy Liddell, Bond Finance
Sandi Thompson, Bond Finance
Mark Wood, Secretary of State's Office
Mike Morrow, Finance and Administration
O.W.Higley, THEC
Annette Crutchfield, Legislative Budget
Bob King, Real Property Administration

Commissioner Goetz called the meeting to order at 10:48 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

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CONSENT AGENDA

Approved the following real property transactions, which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: University of Tennessee – Knox County
Transaction: Acquisition in Fee
- B. Agency: Tennessee Board of Regents - Sullivan County
Transaction: Lease Agreement
Provision: Waiver of Advertisement
- C. Agency: Department of Agriculture – Chester County
Transaction: Acquisition in Fee
- D. Agency: Department of Labor & Workforce Development – Maury County
Transaction: Disposal in Fee
- E. Agency: Department of Environment & Conservation – Cumberland County
Transaction: Acquisition by Easement
- F. Agency: Department of Environment & Conservation – Cumberland County
Transaction: Acquisition by Easement
- G. Agency: Department of Environment & Conservation – Cumberland County
Transaction: Acquisition in Fee
- H. Agency: Tennessee Wildlife Resources Agency – Cumberland County
Transaction: Disposal by Easement
- I. Agency: Tennessee Wildlife Resources Agency – Scott County
Transaction: Acquisition & Disposal in Fee
- J. Agency: Department of Revenue – Davidson County
Transaction: Lease Agreement
Provision: Waiver of Advertisement
- K. Agency: Department of Health - Hamilton County
Transaction: Lease Agreement
Provision: Waiver of Advertisement

- L. Agency: Registry of Election – Davidson County
Transaction: Lease Agreement

- M. Agency: Department of Human Services – Montgomery County
Transaction: Lease Agreement
Provision: Waiver of Advertisement

- N Agency: Comptroller of Treasury – Davidson County
Transaction: Lease Amendment

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, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Washington County – 100 North Tennessee Street, Johnson City, TN – Trans. No. 08-03-011 (AM)

Purpose: Acquisition in fee to purchase the property for development of a baseball complex as detailed in the 2004 Athletic Master Plan.

Source of Funding: Plant Funds

Estimated Cost: \$224,794.00

Estimated Title, Appraisal, & Survey Fees: Fair Market Value

Owner(s): David Luther / Luther Partnership

Comment: Property is adjacent to ETSU, known as the "Airgas" property. Property will continue to be leased to Airgas for approx. one (1) year which will allow the designer time to design the baseball complex and allow Airgas time to relocate their business.

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 04-21-08. Charles Garrett presented the transaction. After discussion, Subcommittee approved the request to pay \$25,000 over fair market value to compensate the owner for lost lease income.

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 APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description: Washington County – 30 +/- acres with improvements – Innovation Park at ETSU, Johnson City, TN – Trans. No.05-05-013 (BW)

Purpose: Disposal in Fee for execution of Master Plan Agreement to develop Med Tech corridor with a focus on University related medical uses.

Original Cost to State: Gift

Date of Original Conveyance: July 1953

Grantor Unto State: United States Veterans Administration

Estimated Sale Price: Gift

Grantee: City of Johnson City

Comment: Reversionary interest was released by Grantor on April 19, 2001.

SSC Report: 06-13-05. Jurgen Bailey summarized the transaction. Jerry Preston from TBR summarizes the history of the University Innovation Park and that this transaction is the Middle Anchor Master Plan. Staff referred to Sub-committee with recommendation.

SC Action: 06-20-05. Charles Garrett summarized the transaction. Jerry Preston presented the history of the transaction. Mr. Preston stated that the University would be in partnership with the City and the deed restrictions would be the same as in the Master Plan. Sub-committee approved the transaction as presented. Final action.

Requesting approval to amend Deed Restrictions. Language requested is "Any use of the property must have the primary focus of being University or medically related. Appropriate commercial activity may be approved if in support of the primary focus of the property. Any development upon said property will require a consensus of the City Commission and President of ETSU that the proposed development meets the restriction."

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

Tennessee Board of Regents – continued:

SC Action: 04-21-08. Charles Garrett presented a request for amending the transaction.
After discussion, Subcommittee approved the request for amendment.

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, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Rutherford County – 1602 Elrod Street (house/shed) & 1601 East Main Street (church/17 parking spaces) – Murfreesboro, TN – Trans. No. 06-11-005 (BW)

Purpose: Acquisition in Fee for the use of academic grant offices with first priority for sponsored grants. Property is in the Master Plan.

Source of Funding: Parking Reserves and Local Plant Fund Reserves

Estimated Cost: \$1,000,000.00

Estimated Title,
Appraisal and
Survey Fees: Fair Market Value

Owner(s): College Heights Chapel, Inc.

Comment: Buildings are in good condition and the cost for conversion will be minor.

SSC Report: 12-11-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 12-18-06. Charles Garrett presented the transaction. Subcommittee approved the request as presented.

Requesting additional approval giving them permission to rent to the church from the state for 15 months beginning on date of closing. The closing is scheduled in late June 2008. The annual rental income will be \$27,600.00.

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for discussion.

SC Action: 04-21-08. Charles Garrett presented a request for amending the transaction. After discussion, Subcommittee approved the request as presented.

DEPARTMENT OF SAFETY

LEASE AGREEMENT

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: **Hamilton County – 4825 Dayton Road, Red Bank, TN – Trans. No. 06-07-911 (RS)**

Purpose: To provide office space for DLI & THP operations

Term: January 1, 2009 thru December 31, 2018 (10 yrs)

Proposed Amount:	<u>7,800 Square Feet</u>		
	Annual Contract Rent:	\$146,940.00	@\$18.84/sf
	Est. Annual Utility Cost:	\$ 10,920.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 8,580.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$166,400.00	@\$21.34/sf

Current Amount:	<u>3,425 Square Feet</u>		
	Annual Contract Rent:	\$45,450.00	@\$13.27/sf
	Est. Annual Utility Cost:	\$ 4,795.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 3,767.50</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$54,012.50	@\$15.77/sf

Type: New Lease – Received two (2) proposals from Jerrold Pedigo.

FRF Rate: \$18.00

Purchase Option: Yes - 1 thru 10 yrs

Lessor: Pedigo Red Bank Properties, LP

Comment: Ten (10) year lease with a purchase option for a stand alone build-to-suit facility. No cancellation for the first five (5) years except for cause and/ or lack of funding and 180 days thereafter.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 04-21-08. Charles Garrett presented the transaction. Concerns were raised regarding the high lease cost. Mr. Garrett explained that the location affected cost and that the lease contained a purchase option by the State. After further discussion, Subcommittee approved the request as presented.

DEPARTMENT OF SAFETY

LEASE AGREEMENT

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: Warren County – Verville Road, McMinnville, TN – Trans. No. 07-05-908 (RS)

Purpose: To provide office space for DLI & THP operations

Term: January 1, 2009 thru December 31, 2018 (10 yrs)

Proposed Amount:	<u>5,500 Square Feet</u>		
	Annual Contract Rent:	\$65,000.00	@\$11.82/sf
	Est. Annual Utility Cost:	\$ 7,700.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,050.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$78,750.00	@\$14.32/sf

Current Amount:	<u>Modular unit</u>		
	Annual Contract Rent:	<u>\$1.00</u>	
	Total Annual Effective Cost:	<u>\$1.00</u>	

Type: New Lease – Received eight (8) proposals from four (4) proposers

FRF Rate: \$14.00

Purchase Option: Yes – 1 thru 10

Lessor: Cambridge Development, GP

Comment: Ten (10) year lease with a purchase option for a stand alone build-to-suit facility. No cancellation for the first five (5) years except for cause and/ or lack of funding and 180 days thereafter.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 04-21-08. Charles Garrett presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAND ITEM

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

Description: Rutherford County – 6.99 +/- acres, Johnson Lowe Road, Christiana, TN – Trans. No. 07-01-003 (BW)

Purpose: Disposal in Fee of excess land

Original Cost
To State: None, State acquired it through tax liens

Date of Original
Conveyance: March 24, 1944

Grantor Unto State: Unknown, this was part of hundreds of acres

Estimated Sale
Price: Pending Bids

Grantee: Based on Bids

Comment: Letters were sent to all State Agencies and there was no response.

SSC Report: 04-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 04-23-07. Subcommittee approved the transaction as presented.

Requesting approval for this property was conveyed to the State by delinquent taxes in 1944. We received one bid on deadline 3-31-2008 at 2:00pm. The only bid was \$10,000; we called and negotiated a sales price of \$25,000 subject to SBC approval. The appraisal was \$35,000 based on comps in the area; however the conditions & location of subject property makes sale price of \$25,000 more reasonable value. The property has no value to the State and would be useful to an adjoining property owner. This would put property back on the tax roll.

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 04-21-08. Charles Garrett presented the transaction. After discussion, Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE & ADMINISTRATION

Knoxville Supreme Court Building Disposition

719 Locust Ave

Knoxville, TN

Map: 094

Parcels: 011, 012, 013, 014, & 015

Total of square footage 83,766

- On Aug. 20, 2007 we received approval for an RFP to ascertain the interest level in purchasing and developing the former Supreme Court Building in Knoxville, TN.
- On Dec. 12, 2007 we received three (3) RFPs for purchase and development of the former Supreme Court Building in Knoxville, TN.
- On Feb. 25, 2008 we received an appraisal of the property in the amount \$2,825,000 by Scott Collins Company in Knoxville, TN.
- RPA wishes to sell this property as is to the City of Knoxville for the appraised value of \$2,825,000.

SSC Report: 04-14-08. Charles Garrett summarized the transaction. Staff referred to Sub-Committee for discussion.

SC Action: 04-21-08. Charles Garrett reported that legal issues regarding the matter still needed to be resolved. He stated that he would report back once the lawsuit had been settled with the City of Knoxville.

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meeting held on March 24, 2008.

SPECIAL ITEMS

- 1) Treasurer Sims brought up from the floor a request for the status of the old high school at the Alvin C. York Institute. Charles Garrett responded that, in the last discussion, they had left with the understanding that if the parties involved did not come back with monies to stabilize the building, the request to demolish the structure would be on the May Subcommittee agenda. He said, according to the Department of Education, they won't be able to hold classes in the fall unless they are held in portables. Mr. Garrett said if the parties could come up with the \$750,000 to stabilize the building, they would be able to keep classes open. He said they were waiting to hear back from the York family, et al.

SBC Project No. 168/001-01-2008

- 2) Treasurer Sims requested information before the July Subcommittee meeting with regard to change orders over 10%. He said he wanted to know the controls involved and could one project manager approve change orders. He said his level of concern would be different if he understood it. Mr. Fitts said that he would get the information to him and the other Subcommittee members.

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There being no further action, the meeting adjourned at 11:10 a.m.

Consent Agenda Items

A.

UNIVERSITY OF TENNESSEE

LAND ITEM

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

Description: **Knox County – 0.17 +/- acres – 909 Twenty Second Street, Knoxville, TN – trans. No. 08-03-003 (FB)**

Purpose: Acquisition in fee to acquire improved property. In the University Master's Plan.

Source of Funding: University of Tennessee

Estimated Cost: Fair Market Value

Owner(s): Chelth LLC / Jimmy & Tammy Fry

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

TENNESSEE BOARD OF REGENTS

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: Sullivan County – 222 West Main Street, Kingsport, TN – Trans. No. 08-04-902

Purpose: To provide educational classroom and community college services programs provided by Northeast State Technical Community College (NSTCC)

Term: July 1, 2008 thru June 30, 2013 (5 yrs)

Proposed Amount: 12,000 Square Feet
Annual Contract Rent: \$49,000.00 @\$4.09/sf
Est. Annual Utility Cost: \$16,800.00 @\$1.40/sf
Est. Annual Janitorial Cost: \$13,200.00 @\$1.10/sf
Total Annual Effective Cost: \$79,000.00 @\$6.59/sf

Current Amount: 12,000 Square Feet
Annual Contract Rent: \$49,000.00 @\$4.09/sf
Est. Annual Utility Cost: \$16,800.00 @\$1.40/sf
Est. Annual Janitorial Cost: \$13,200.00 @\$1.10/sf
Total Annual Effective Cost: \$79,000.00 @\$6.59/sf

Type: New Lease – Negotiated

FRF Rate: \$18.00

Purchase Option: No

Lessor: City of Kingsport

Comment: The proposed lease provides of 4 classrooms, 3 computer labs, Learning Resource Center area, general administrative area, mechanical space, storage area, break room. Proposed lease has a 90-day State cancellation.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF AGRICULTURE

LAND ITEM

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

Description: Chester County – 386.3 +/- acres – Barclay Tract, Henderson, TN – Trans. No. 08-03-002 (FB)

Purpose: Acquisition in fee to purchase property that will be key in the transitioning West Tennessee reforestation to a new site and solidify strategy to protect Pinson's archeological resources.

Source of Funding: State Land Acquisition Fund

Estimated Cost: \$787,050.00

Estimated Title, Appraisal & Survey Fees: Fair Market Value

Owner(s): William J. Barclay

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

LAND ITEM

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

Description: Maury County – 204 West 4th Street, Columbia, TN – Trans. No. 08-03-009 (AM)

Purpose: Disposal in fee to sell surplus Labor & Workforce site and improvement.

Original Cost to State: \$15,000.00

Date of Original Conveyance: July 14, 1959

Grantor Unto State: L D Hill & F A Greer

Estimated Sale Price: Fair Market Value

SSC Report: 04-14-08. Jurgan Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

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

Description: Cumberland County – 3,350 +/- square ft. (0.08 acre) – Cumberland Trail – Crab Orchard, TN – Trans. No. 08-03-006 (GM)

Purpose: Acquisition by easement for the continuance of the Cumberland Trail

Source of Funding: State Land Acquisition Fund - \$500.00
Cumberland Trail Conference - \$500.00

Estimated Cost: Fair Market Value

Owner(s): George E. Kemmer

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

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

Description: Cumberland County – 19.2 +/- acres – Cumberland Trail – Crab Orchard, TN – Trans. No. 08-03-007 (GM)

Purpose: Acquisition by easement for the continuance of the Cumberland Trail

Source of Funding: State Land Acquisition Fund - \$5,000.00
Cumberland Trail Conference - \$5,000.00

Estimated Cost: Fair Market Value

Owner(s): Virginia K. Rowell

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

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

Description: Cumberland County – 79.0 +/- acres – Cumberland Trail – Crab Orchard, TN – Trans. No. 08-03-008 (GM)

Purpose: Acquisition in fee for the continuance of the Cumberland Trail and the owner to retain access easement across property.

Source of Funding: State Land Acquisition Fund - \$79,000.00

Estimated Cost: Fair Market Value

Owner(s): Floyd Wilson, Jr.

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction 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:	<u>Cumberland County – 3.5 +/- acres – Crossville, TN – Trans. No. 08-03-004 (RJ)</u>
Purpose:	Disposal by easement for the local water district to add additional waterline to increase service capacity in the Crab Orchard area.
Grantee:	Crab Orchard Utility District
Comment:	Requesting 2 easements for installation of waterlines for a project funded by the United States Department of Agriculture.
SSC Report:	04-14-08. Jurgen Bailey summarized the transaction. Staff referred to I-Committee for consent agenda.
SC Action:	04-21-08. Subcommittee approved the transaction as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

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

Description: Scott County – 4 +/- acres – Huntsville, TN – Trans. No. 08-03-005 (RJ)

Purpose: Acquisition and disposal in fee recent survey. Requesting approval to do an equal value and exchange to settle an encroachment at Sunquist WMA.

Source of Funding: Mr. Wiley Lowe

Estimated Cost: Fair Market Exchange

Owner(s): Wiley Lowe & TWRA

SSC Report: 04-14-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF REVENUE

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: Davidson County – 301 Plus Park Boulevard, Nashville, TN – Trans. No. 08-03-906 (AL)

Purpose: To provide office space

Term: June 1, 2008 thru May 31, 2009 (1 yr)

Proposed Amount: 8,140 Square Feet
Annual Contract Rent Inc. Utility &
Janitorial Cost: \$130,240.00 @\$16.00/sf
Total Annual Effective Cost: \$130,240.00 @\$16.00/sf

Current Amount: None

Type: New One (1) Year Lease – Negotiated

FRF Rate: \$18.00

Purchase Option: No

Lessor: Tennessee Real Estate Investment, GP

Comment: Proposed lease is for one year emergency lease and no cancellation for during the year.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF HEALTH

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: Hamilton County – 1501 Riverside Drive, Suite 240, Chattanooga, TN – Trans. No. 07-09-908 (AL)

Purpose: To provide TB Lab and office space in Chattanooga

Term: July 1, 2008 thru June 30, 2009 (1 yr)

Proposed Amount: 5,998 Square Feet

Annual Contract Rent Incl. Utility Cost:

\$83,972.00 @\$14.00/sf

Est. Annual Janitorial Cost:

\$ 6,597.80 @ \$ 1.10/sf

Total Annual Effective Cost:

\$90,569.80 @\$15.10/sf

Current Amount: None

Type: New One (1) Year Lease - Negotiated

FRF Rate: \$18.00

Purchase Option: No – multi tenant

Lessor: Tallan Holdings

Comment: The proposed lease provides a no cancellation and lessor to pay utilities cost at no additional cost to the State.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

REGISTRY OF ELECTION FINANCE

LEASE AGREEMENT

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: Davidson County – 404 James Robertson Parkway, Suite 104, Nashville, TN – Trans. No. 07-09-901 (JS)

Purpose: To provide office space for area operations

Term: July 1, 2008 thru June 30, 2013 (5 yrs)

Proposed Amount: 2,912 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$46,388.20 @\$15.93/sf
Total Annual Effective Cost: \$46,388.20 @\$15.93/sf

Current Amount: 1,688 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$27,852.00 @\$16.50/sf
Total Annual Effective Cost: \$27,852.00 @\$16.50/sf

Type: New Lease – Received two (2) proposals from the current lessor.

FRF Rate: \$18.00

Purchase Option: No – multi tenant

Lessor: Parkway Towers, LLC

Comment: The proposed lease provides lessor will renovate interior space of 2,912 square foot of office space including tenant alterations at no additional cost to the State and (2) no cancellation except for clause and/or lack of funding.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Subcommittee-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF HUMAN SERVICES / TVTC

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 – 1575 Corporate Parkway, Clarksville, TN – Trans. No. 08-04-901 (BB)

Purpose: To provide office/shop/warehouse space for Tennessee Vocational Training Center.

Term: January 1, 2009 thru December 31, 2020 (12 yrs.)

Proposed Amount:	<u>19,938 Square Feet</u>		
	Annual Contract Rent:	\$258,513.48	@\$12.97/sf
	Est. Annual Utility Cost:	\$ 27,213.20	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 21,931.80</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$308,358.48	@\$15.47/sf

Type: New Lease - Negotiated

FRF Rate: \$18.00

Lessor: Industrial Development Board of the County of Montgomery

Comments: New twelve (12) year lease with renewal option for one (1) term of ten (10) years with the following conditions:
Paragraph 5: No termination for convenience
Paragraph 9: Lessor must give written consent for the State to make alterations to the premises.
Paragraph 12.A.: The State will be responsible for replacement of light bulbs and air filters.
Paragraph 12.B. The State will be responsible for regular grounds maintenance. The Lessor will be responsible for periodically bush hogging the areas beyond the lawn and parking lot.
Paragraph 22: The State will be responsible for pest control.
Paragraph 26: Option to Renew for ten (10) years with an annual rent of \$190,394.39 @ \$9.55/sf.
Funding will be 30% local and 70% federal.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

COMPTROLLER OF THE TREASURY

LEASE AMENDMENT

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

Location: Davidson County – 414 Union Street, Suite 1100B – Nashville, TN – Trans. No. 07-11-902 (JS)

Purpose: To provide office space for county and state operations

Term: January 1, 2008 thru December 31, 2017 (10 yrs)

Proposed Amount: 43,528 Square Feet
Annual Average Contract Rent Incl.
Annual Utility & Janitorial Cost: \$734,540.00 @\$16.87/sf
Total Annual Average Effective Cost: \$734,540.00 @\$16.87/sf

Current Amount: 35,897 Square Feet
Annual Average Contract Rent Incl.
Utility & Janitorial Cost: \$605,766.00 @\$16.87/sf
Total Annual Average Effective Cost: \$605,766.00 @\$16.87/sf

Type: Amendment #4

FRF Rate: \$18.00 per square foot

Purchase Option: No – Multi-tenant property

Lessor: Parkway Properties, LP

Comment: Current lease provides space for Financial Institutions and Comptroller of the Treasury. This amendment adds 7,631 square feet of space in Suite 1100-B for the Comptroller of the Treasury. All other terms and conditions remain the same and in full force.

SSC Report: 04-14-08. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 04-21-08. Subcommittee approved the transaction as presented.

Approved by: _____

M.D. Goetz, Jr., Commissioner
Department of Finance and Administration