

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
May 20, 2019

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 McWhorter called the meeting to order at 11:01 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Stuart McWhorter, 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 General Services
- State Building Commission

PRESENTER

John Hull
Ann McGauran

CONSENT AGENDA

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

- A. Agency: **University of Tennessee Health Science Center**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- B. Agency: **Tennessee Board of Regents / Pellissippi State Community College**
Project Title: ADA Corrections
SBC Project No: 166/032-05-2018
Requested Action: Approval of a revision in project budget and funding in order to award a contract

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

- D. Agency: **Department of General Services**
Transaction: Acquisition – Lease (Space)
Provision(s): Waiver of advertisement

- E. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

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

- G. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment
Provision(s): Waiver of advertisement

- H. Agency: **Department of General Services**
Transaction: Acquisition – Lease Amendment (Parking)
Provision(s): Waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 17-10-905 and 17-10-906

● **Proposed Lease**

- **Location:** Cheatham County – 286 Frey Street, Suites 101 & 102, Ashland City, TN
- **Landlord:** Pedigo – Ashland Properties, LP
- **Term:** 7 years with one 3-year renewal option
- **Area / Costs:** 9,197 Square Feet

First Year Contract Rent:	\$115,514.32	\$12.56/sf
Average Annual Contract Rent:	\$116,775.62	\$12.70/sf
Estimated Annual Utility Cost:	16,094.75	1.75/sf
Estimated Annual Janitorial Cost:	10,116.70	1.10/sf
Total Annual Effective Cost:	<u>\$142,987.07</u>	<u>\$15.55/sf</u>

● **Current Lease**

- **Location:** Cheatham County – 286 Frey Street, Suites 101 & 102, Ashland City, TN
- **Landlord:** Pedigo – Ashland Properties, LP
- **Term:** 10 years (September 1, 2007 to August 31, 2017) (Holdover)
- **Area / Costs:** 11,000 Square Feet

Annual Contract Rent:	\$120,600.00	\$10.96/sf
Estimated Utilities Cost:	15,400.00	1.40/sf
Estimated Janitorial Cost:	12,100.00	1.10/sf
Total Annual Effective Cost:	<u>\$148,100.00</u>	<u>\$13.46/sf</u>

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$14.00

Comment: This lease will provide office space for Department of Human Services and the Department of Children's Services. Two proposals from two proposers were evaluated; however one proposer withdrew their proposal. The reduction in space needs is a result of implementation of Alternative Work Solutions at this location. The proposed location will be renovated to meet the State's needs.

Rent will adjust in the renewal period, if exercised, to \$13.50/sf in years 8-10.

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.

Minutes: 05/20/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-06-944 and 17-06-945

• Proposed Lease

- Location: Hawkins County – 4017 Highway 66 South, Rogersville, TN
- Landlord: Hawkins County Development Co., Inc.
- Term: 8 years with two 1-year renewal options
- Area / Costs: 10,423 Square Feet

Annual Contract Rent:	\$140,710.50	\$13.50/sf
Estimated Utilities Cost:	18,240.25	1.75/sf
Estimated Annual Janitorial Cost:	11,465.30	1.10/sf
Total Annual Effective Cost:	\$170,416.05	\$16.35/sf

• Current Lease

- Location: Hawkins County – 4017 Highway 66 South, Rogersville, TN
- Landlord: Hawkins County Development Co., Inc.
- Term: 10 years (December 1, 2003 to November 30, 2013) (Holdover)
- Area / Costs: 17,600 Square Feet

Annual Contract Rent:	\$118,605.00	\$6.73/sf
Estimated Utilities Cost:	24,640.00	1.40/sf
Estimated Janitorial Cost:	19,360.00	1.10/sf
Total Annual Effective Cost:	\$162,605.00	\$9.23/sf

- Source of Funding: FRF Operating Funds
- Procurement Method: LPR on template
- FRF Rate: \$14.00

Comment: This lease will provide office space for Department of Human Services and the Department of Children’s Services. Four proposals from three proposers were evaluated. The reduction in space needs is a result of implementation of Alternative Work Solutions at this location. The proposed location will be renovated to meet the State’s needs.

The tenant may terminate this lease for convenience at any time by giving 120 days written notice to the landlord with the payment of a termination fee.

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.

Minutes: 05/20/2019 Comptroller Wilson stated that all four of these leases are above the FRF rate and asked if the FRF rate was under review since it seems low. Deputy Commissioner John Hull stated that the FRF rate is under review every year by the Department of General Services and the Department of Finance & Administration. While it may seem low at \$14/sf in rural counties, Deputy Commissioner Hull stated that the FRF rate is a blended rate with approximately 60% of the leases below the FRF rate and approximately 40% above the FRF rate.

The Subcommittee approved a lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 04-11-901

● **Proposed Amendment**

- **Term:** 13 years (July 1, 2009 – June 30, 2022)
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent (Years 11-13):	\$69,900.00	\$11.65/sf
Estimated Annual Utility Cost:	10,500.00	1.75/sf
Estimated Annual Janitorial Cost:	6,600.00	1.10/sf
Total Annual Effective Cost:	\$87,000.00	\$14.50/sf

● **Current Lease**

- **Location:** Bedford County – 1106 Madison Street, Shelbyville, TN
- **Landlord:** Pedigo-Shelbyville Properties, LP
- **Term:** 10 years (July 1, 2009 – June 30, 2019)
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent (Years 1-10):	\$69,900.00	\$11.65/sf
Estimated Annual Utility Cost:	8,400.00	1.40/sf
Estimated Annual Janitorial Cost:	6,600.00	1.10/sf
Total Annual Effective Cost:	\$84,900.00	\$14.15/sf

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

Comment: This lease provides office space for Department of Children's Services.

This amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how best meet programmatic needs in support of the Agency's real estate strategy.

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

Previous Action: 08/05/2005 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 05-10-903

• **Proposed Amendment**

- **Term:** 13 years (August 1, 2009 – July 31, 2022)
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent (Years 11-13):	\$69,000.00	\$11.50/sf
Estimated Annual Utility Cost:	10,500.00	1.75/sf
Estimated Annual Janitorial Cost:	6,600.00	1.10/sf
Total Average Annual Effective Cost:	\$86,100.00	\$14.35/sf

• **Current Lease**

- **Location:** Cumberland County – 136 Dooley Street, Suite 201, Crossville, TN
- **Landlord:** Paul Gaw General Partnership
- **Term:** 10 years (August 1, 2009 – July 31, 2019)
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent (Years 1-10):	\$69,000.00	\$11.50/sf
Estimated Annual Utility Cost:	8,400.00	1.40/sf
Estimated Annual Janitorial Cost:	6,600.00	1.10/sf
Total Average Annual Effective Cost:	\$84,000.00	14.00/sf

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

Comment: This lease provides office space for Department of Children's Services.

This Amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how to best meet programmatic needs in support of the Agency's real estate strategy.

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.

Previous Action: 05/21/2007 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on April 22, 2019.

Report of Items Submitted to the ESC

- 1) TWRA Crop Lease Report 2018 in accordance with SBC By-Laws, Policy & Procedures Item 7.05B.
- 2) Status Update Reports from the State Procurement Agencies in accordance with SBC Policy & Procedures Item 2.03.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following five 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 / Roane State Community College
Location: Harriman, Tennessee
Project Title: Fentress County Classroom Buildout
Project Description: Build out leased space to accommodate classrooms, offices, and support space.
SBC Project No. 166/027-01-2019
Total Project Budget: \$210,000
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project utilizing Campus Consultant for design and Campus Resources for construction
Approval Date: 04/25/2019
 - 2) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Browning/Evins Residence Hall Roof Replacement
Project Description: Replace the roof on Browning/Evins residence hall. Repair/replace flashing, replace decking, coping and other roof components as needed. Repair masonry above the roof and dormers as required.
SBC Project No. 364/011-02-2019
Total Project Budget: \$250,000
Source of Funding: Plant Funds (Aux-Housing) (A)
Approval: Approved project and to select a designer
Approval Date: 04/25/2019

- 3) **State Procurement Agency:** Middle Tennessee State University
Location: Murfreesboro, Tennessee
Project Title: Student Union Food Service Renovations
Project Description: Renovations to the Student Union food court including replacement of sales area finishes, counters, cooking and preparation equipment, and branding for food vendor changes.
SBC Project No. 366/009-05-2019
Total Project Budget: \$288,750
Source of Funding: Gift-in-place (Contract) (O)
Approval: Approved accepting gift-in-place construction, with plans and specifications to be approved by the State Architect
Approval Date: 04/25/2019
- 4) **State Procurement Agency:** Middle Tennessee State University
Location: Murfreesboro, Tennessee
Project Title: Greek Row House #5 Renovation
Project Description: Repair and replacement of damaged interior finishes, windows, doors, fixtures, and all related work.
SBC Project No. 366/009-06-2019
Total Project Budget: \$496,000
Source of Funding: Plant Funds (Aux-Housing) (A)
Approval: Approved project and to select a designer
Approval Date: 04/24/2019
- 5) **State Procurement Agency:** University of Memphis
Location: Memphis, Tennessee
Project Title: Administration Building Transformer Replacement
Project Description: Replace existing leaking interior transformer with new exterior pad mounted unit.
SBC Project No. 367/007-08-2019
Total Project Budget: \$200,000
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and to select a designer
Approval Date: 04/30/2019

Approvals of Revisions to Existing Capital Projects

- Reported the following approval of a bid that exceeds approved MACC in accordance with Item 2.04(B)(5) of the *SBC By-Laws, Policy & Procedures*:

- 1) **State Procurement Agency:** STREAM / Department of General Services
Location: Nashville, Tennessee
Project Title: R.S. Gass State Laboratory Renovations
Project Description: Interior upgrades including ADA, LED lighting, interior finishes, and all related work.
SBC Project No. 406/003-01-2016
Total Project Budget: \$4,268,000
Source of Funding: \$3,550,000 15/16 FRF CurrFunds-CapMaint (A/R)
\$ 410,800 15/16 FRF CurrFunds-CapMaint (Empower) (A/R)
\$ 307,200 2015 G.O. Bonds (Empower) (A)
Approval: Approved a revision in funding in order to award a contract
Approval Date: 04/29/2019

Approvals of Acquisitions and Disposals of State Property

- Reported the following three acquisitions of land in accordance with Item 2.04(E)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Tennessee Wildlife Resources Agency
Transaction Description: Transaction No. 19-03-007
Location: Tigrett Wildlife Management Area (TWMA)
Dyer County – 9.0 +/- acres – 912 Sorrell Chapel Loop, Dyersburg, TN
Owner(s): Gerald L. Capps and Hew W. Capps
Estimated Purchase Price: Fair Market Value
Source of Funding: 18/19 Wetlands Acquisition Fund (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 04/30/2019
 - 2) **State Procurement Agency:** STREAM / Tennessee Wildlife Resources Agency
Transaction Description: Transaction No. 19-03-008
Location: Moss Island Wildlife Management Area (MIWMA)
Dyer County – 41 +/- acres – 0 Bradley Road, Dyersburg, TN
Owner(s): Edwin B. Peel and Hilton Buckner Forcum, Trustees of the Testamentary Trust Under the Will of Donna Forcum Williams
Estimated Purchase Price: Fair Market Value
Source of Funding: 18/19 Wetlands Acquisition Fund (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 04/30/2019
 - 3) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Transaction Description: Transaction No. 19-04-006
Location: Justin P. Wilson Cumberland Trail State Park (JPWCTSP)
Rhea County – 10.3 +/- acres – 0 Wildcat Trl, Dayton, TN
Owner(s): Access Fund
Estimated Purchase Price: Fair Market Value
Source of Funding: 18/19 State Lands Acquisition Fund (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 04/30/2019
- Reported the following two disposal easements in accordance with Item 2.04(E)(3) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee Institute of Agriculture
Transaction Description: Transaction No. 19-04-009
Location: University of Tennessee – Knoxville/UT Institute of Agriculture
Knox County – 5.78 +/- acres of utility easements – Alcoa Hwy, Knoxville, TN
Grantee: Knoxville Utilities Board (KUB)
Estimated Sale Price: Mutual Benefit
Source of Funding: Plant Funds (Non-Aux) (REM Fees) (A)
Approval: Approved disposal by easement with waiver of advertisement and appraisals
Approval Date: 04/25/2019

- 2) **State Procurement Agency:** University of Tennessee – Knoxville
Transaction Description: Transaction No. 19-04-010
Location: University of Tennessee – Knoxville
 Knox County – 0.33 +/- acres of permanent utility easements – on Chamique
 Holdsclaw Drive, Knoxville, TN
Grantee: Knoxville Utilities Board (KUB)
Estimated Sale Price: Mutual Benefit
Source of Funding: Plant Funds (Non-Aux) (REM Fees) (A)
Approval: Approved disposal by easement with waiver of advertisement and appraisals
Approval Date: 04/25/2019

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) Covington Readiness Center
 (Parking Improvements)
 Total Project Budget: \$670,000
 SBC Project No. 361/016-01-2019
 Designer: TLM & ASSOCIATES INC</p> | <p>3) Tennessee State University
 (Perimeter Road Design & Construction)
 Total Project Budget: \$500,000
 SBC Project No. 166/001-10-2018
 Designer: HETHCOAT & DAVIS INC</p> |
| <p>2) Various Facilities Statewide
 (Building Security Upgrades)
 Total Project Budget: \$9,369,700
 SBC Project No. 529/000-04-2016
 Designer: IC THOMASSON ASSOCIATES INC</p> | |

Other Business

There being no further business, the meeting adjourned at 11:07 a.m.

UNIVERSITY OF TENNESSEEAcquisition - Lease Amendment

Requested Action:	Approval of a lease amendment with waiver of advertisement		
Transaction Description:	Transaction No. 2019-05-01		
• Proposed Amendment			
○ Term:	June 19, 2017 – June 18, 2022		
○ Area / Costs:	<u>6,972 square feet</u>		
	Annual Contract Rent	\$64,491.00	\$9.25/sf
	(includes maintenance, utilities, and janitorial)		
• Current Lease			
○ Location:	University of Tennessee – Health Science Center Methodist University Hospital (MUH), 1325 Eastmoreland Avenue, Memphis, TN		
○ Landlord:	Methodist Healthcare-Memphis Hospitals		
○ Term:	June 19, 2017 – June 18, 2020		
○ Area / Costs:	<u>5,310 square feet</u>		
	Annual Contract Rent	\$49,034.25	\$9.25/sf
	(includes maintenance, utilities, and janitorial)		
• Source of Funding:	Plant Funds (Non-Aux) (A)		
• FRF Rate:	\$18.00/sf (for reference only)		
Comment:	The University currently leases space for the UTHSC Office of Clinical Research. Due to the increased volume of clinical research, additional office and clinic space is needed. Since the researchers are located at MUH and additional space adjacent to existing clinical space is needed, waiver of advertisement is requested.		
Minutes:	05/20/2019 Approved a lease amendment with waiver of advertisement		

TENNESSEE BOARD OF REGENTS

Pellissippi State Community College, Knoxville, Knox County, Tennessee

Requested Action: Approval of a revision in project budget and funding in order to award a contract

Project Title: ADA Corrections

Project Description: Address ADA issues, including elevators at both the Division Street and Magnolia campuses. Work to include handicapped parking, sidewalks, curbs, steps, handrails, restrooms, doors, etc.

SBC Number: 166/032-05-2018

Total Project Budget: \$808,000.00

Source of Funding:	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$500,000.00	\$ 0.00	\$500,000.00	18/19	CurrFunds-CapMaint	(A)
	0.00	308,000.00	308,000.00		Plant Funds (Non-Aux)	(A)
Original Project Budget:	\$500,000.00					
Change in Funding:		\$308,000.00				
Revised Project Budget:			\$808,000.00			

Comment: Five bids were received on 5/1/2019. An increase in funding is needed to award a contract to Holston Construction Services, LLC. for the base bid only. Increased costs were due to limited subcontractor bid response and increased unit pricing. The masonry and electrical portions of work bid significantly over the estimate. There will be no additional designer fees.

Previous Action:

07/12/2018	SBC	Approved project
07/23/2018	SBC	Approved designer selection (Community Tectonics Architects)
05/09/2019	SBC	Referred to ESC with authority to act

Minutes: 05/20/2019 ESC Approved a revision in project budget and funding in order to award a contract

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 17-06-951

● **Proposed Lease**

- **Location:** Rutherford County – 1711 Old Fort Parkway, Suite B, Murfreesboro, TN
- **Landlord:** Pedigo-Murfreesboro Properties, LP
- **Term:** 7 years with one 3-year renewal option
- **Area / Costs:** 12,008 Square Feet

First Year Contract Rent:	\$153,702.40	\$12.80/sf
Average Annual Contract Rent:	\$156,447.14	13.03/sf
Estimated Annual Utility Cost:	21,014.00	1.75/sf
Estimated Annual Janitorial Cost:	13,208.80	1.10/sf
Total Annual Effective Cost:	\$190,669.94	\$15.88/sf

● **Current Lease**

- **Location:** Rutherford County – 1711 Old Fort Parkway, Suite B, Murfreesboro, TN
- **Landlord:** Pedigo-Murfreesboro Properties, LP
- **Term:** 10 years (January 1, 2004 to December 31, 2013) (Holdover)
- **Area / Costs:** 14,000 Square Feet

Annual Contract Rent:	\$109,900.00	\$7.85/sf
Estimated Utilities Cost:	19,600.00	1.40/sf
Estimated Janitorial Cost:	15,400.00	1.10/sf
Total Annual Effective Cost:	\$144,900.00	\$10.35/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 Human Services. Four proposals from three proposers were evaluated. The reduction in space needs is a result of implementation of Alternative Work Solutions at this location. The proposed location will be renovated to meet the State's needs.

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.

The lease also includes a right of first offer for other vacant space in the building if the State desires to amend the lease to add additional square footage in the future.

Rent will adjust in the renewal period, if exercised, to \$13.80/sf for years 8-10.

The CBRE Inc. commission amount is \$15,058.04 for the 7-year base term; if the renewal option is exercised the commission will be \$21,893.57.

Minutes: 05/20/2019 Approved a lease

DEPARTMENT OF GENERAL SERVICESAcquisition – Lease (Space)

Requested Action: Approval to negotiate a lease with waiver of advertisement

Transaction Description: Transaction No. 17-10-900

- **Proposed Lease**

- **Location:** Washington County – 4717 Lake Park Drive, Johnson City, TN
- **Landlord:** CDP5, a Tennessee General Partnership
- **Term:** 7 years

- **Current Lease**

- **Location:** Washington County – 4717 Lake Park Drive, Johnson City, TN
- **Landlord:** CDP5, a Tennessee General Partnership
- **Term:** 10 years (January 1, 2006 to December 31, 2015) (Holdover)
- **Area / Costs:** 5,035 Square Feet

Annual Contract Rent:	\$190,455.00	\$37.83/sf
Estimated Utilities Cost:	7,049.00	1.40/sf
Estimated Janitorial Cost:	5,538.50	1.10/sf
Total Annual Effective Cost:	<u>\$203,042.50</u>	<u>\$40.33/sf</u>

- **Source of Funding:** FRF Operating Funds
- **FRF Rate:** \$38.26 (Special rate)

Comment: This lease provides office space for the commercial drivers' license testing facility of the Department of Safety and Homeland Security. The current location was constructed for the State. This space is special and unique because of the CDL pad currently in place at this location. The State believes that it can obtain the best lease rate for this need from the current landlord because the costly CDL pad is already in place. During the negotiations, the State intends to seek a purchase option and the construction of an addition to the current facility to increase the leased square footage.

Previous Action: 04/25/2005 ESC Approved lease agreement.

Minutes: 05/20/2019 Approved negotiating a lease with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 13-01-911

- **Proposed Amendment**

- **Term:** 8 years (July 1, 2014 - June 30, 2022)

- **Area / Costs:** 6,300 Square Feet

Annual Contract Rent (Includes Utilities) (Years 6-8):	\$59,000.00	\$ 9.37/sf
Estimated Annual Janitorial Cost:	6,930.00	1.10/sf
Total Annual Effective Cost:	\$65,930.00	\$10.47/sf

- **Current Lease**

- **Location:** Obion County – 1604 West Reelfoot Avenue, Suite B, Union City, TN

- **Landlord:** Joe Robert Hunt

- **Term:** 5 years (July 1, 2014 – June 30, 2019)

- **Area / Costs:** 6,300 Square Feet

Annual Contract Rent (Includes Utilities) (Years 1-5):	\$59,000.00	\$ 9.37/sf
Estimated Annual Janitorial Cost:	6,930.00	1.10/sf
Total Annual Effective Cost:	\$65,930.00	\$10.47/sf

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$14.00

Comment: This lease provides office space for Department of Safety Driver License Issuance and Tennessee Highway Patrol.

This Amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how to best meet programmatic needs in support of the Agency's real estate strategy.

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.

Previous Action: 08/20/2007 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 08-02-903

- **Proposed Amendment**

- **Term:** 13 years (July 1, 2009 – June 30, 2022)

- **Area / Costs:** 10,500 Square Feet

Annual Contract Rent (Years 11 – 13):	\$115,500.00	\$11.00/sf
Estimated Annual Utility Cost:	18,375.00	1.75/sf
Estimated Annual Janitorial Cost:	11,550.00	1.10/sf
Total Average Annual Effective Cost:	\$145,425.00	\$13.85/sf

- **Current Lease**

- **Location:** Jefferson County – 1050, 1052, 1054 & 1056 South Highway 92, Dandridge, TN

- **Landlord:** Barbara Davis

- **Term:** 10 years (July 1, 2009 – June 30, 2019)

- **Area / Costs:** 10,500 Square Feet

Annual Contract Rent (Years 1 -10):	\$115,500.00	\$11.00/sf
Estimated Annual Utility Cost:	14,700.00	1.40/sf
Estimated Annual Janitorial Cost:	11,550.00	1.10/sf
Total Average Annual Effective Cost:	\$141,750.00	\$13.50/sf

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$14.00

Comment: This lease provides office space for Department of Human Services.

This Amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how to best meet programmatic needs in support of the Agency's real estate strategy.

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.

Previous Action: 08/25/2008 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 06-01-909

- **Proposed Amendment**

- **Term:** 12 years (August 1, 2009 – July 31, 2021)

- **Area / Costs:** 7,200 Square Feet

Annual Contract Rent:	\$73,896.00	\$10.26/sf
Estimated Annual Utility Cost:	12,600.00	1.75/sf
Estimated Annual Janitorial Cost:	7,920.00	1.10/sf
Total Average Annual Effective Cost:	<u>\$94,416.00</u>	<u>\$13.11/sf</u>

- **Current Lease**

- **Location:** Macon County – 315 Highway 52 ByPass East, Lafayette, TN

- **Landlord:** Pedigo – Lafayette Properties, LP

- **Term:** 10 Years (August 1, 2009 – July 31, 2019)

- **Area / Costs:** 7,200 Square Feet

Annual Contract Rent:	\$73,896.00	\$10.26/sf
Estimated Annual Utility Cost:	10,080.00	1.40/sf
Estimated Annual Janitorial Cost:	7,920.00	1.10/sf
Total Average Annual Effective Cost:	<u>\$91,896.00</u>	<u>\$12.76/sf</u>

- **Source of Funding:** FRF Operating Funds

- **FRF Rate:** \$14.00

Comment: This lease provides office space for Department of Human Services and Department of Children's Services.

This amendment is in the best interest of the State to prevent a lease holdover while allowing additional time to evaluate how best meet programmatic needs in support of the Agency's real estate strategy.

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.

Previous Action: 09/25/2006 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICESAcquisition - Lease Amendment (Parking)

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

Transaction Description: Transaction No. 15-07-901

- **Proposed Amendment**

- **Area / Costs:** 212 Parking Spaces @ \$25.00/space/monthly Annual Rent: \$63,600

- **Current Lease**

- **Location:** Shelby County – 246 S. Front Street, Memphis, TN
- **Landlord:** Memphis Light, Gas and Water, a division of the City of Memphis, TN
- **Term:** July 1, 2015 to September 30, 2029
- **Area / Costs:** 412 Parking Spaces @ \$25.00 per space/monthly Annual Rent: \$123,600

- **Source of Funding:** FRF Operating Funds

Comment: This amendment will reduce the number of leased spaces to align with the spaces being used by State employees. The State has the ability to utilize additional parking spaces at an agreed upon daily rate if necessary.

Previous Action: 10/20/2014 ESC Approved lease agreement

Minutes: 05/20/2019 Approved a lease amendment with waiver of advertisement

Approved:



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