

**MINUTES**  
STATE BUILDING COMMISSION  
Executive Subcommittee  
January 23, 2017

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The State Building Commission met this day at 11:00 a.m. in House Hearing Room 30 of the Legislative Plaza, Nashville, Tennessee, with the following members and Departments present. Secretary Hargett called the meeting to order at 11:00 a.m. and requested action on the following matters as presented by State Architect Peter Heimbach.

MEMBERS PRESENT

Tre Hargett, Secretary of State  
David Lillard, State Treasurer  
Justin Wilson, Comptroller of the Treasury

MEMBERS ABSENT

Larry Martin, Commissioner, Department of Finance and Administration

ORGANIZATION

- Tennessee Board of Regents
- Department of General Services
- State Building Commission

PRESENTER

Dick Tracy  
John Hull  
Peter Heimbach

## CONSENT AGENDA

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

- A. Agency: Tennessee Board of Regents – Hamblen County  
Transaction: Acquisition – Fee (Purchase)  
Provision(s): Waiver of advertisement and one appraisal
  
- B. Agency: Department of Transportation – Hamilton County  
Transaction: Disposal – Fee  
Provision(s): Waiver of advertisement and one appraisal
  
- C. Agency: Department of Transportation – Davidson County  
Transaction: Acquisition – Lease (Land)  
Provision(s): Waiver of appraisals and approval of termination of the existing leases
  
- D. Agency: Department of Environment & Conservation – Cumberland County  
Transaction: Acquisition – Easement (Right-of-Way)  
Provision(s): Waiver of advertisement and one appraisal
  
- E. Agency: Department of General Services – Davidson County  
Transaction: Disposal – Easement –(Sidewalk)  
Provision(s): Waiver of advertisement and appraisals

TENNESSEE BOARD OF REGENTS

Northeast State Community College, Blountville, Sullivan County, Tennessee

**Requested Action:** Approval of a revision in project budget, funding, and source(s) of funding in order to award a contract

**Project Title:** Foundation Stabilization

**Project Description:** Stabilize foundation for several buildings, including General Studies, Powers, and the Building Connector/Vending area.

**SBC Number:** 166/038-02-2009

**Total Project Budget:** \$313,500.00

<b>Source of Funding:</b>	<u>Original</u>	<u>Change</u>	<u>Revised</u>			
	\$300,000.00	\$ 0.00	\$300,000.00	09/10	CurrFunds-CapMaint	(A)
	0.00	13,500.00	13,500.00		Plant (non -aux.)	(A)
<b>Original Project Budget:</b>	<b>\$300,000.00</b>					
<b>Change in Funding:</b>		<b>\$13,500.00</b>				
<b>Revised Project Budget:</b>			<b>\$313,500.00</b>			

**Comment:** Three bids were received on December 14th with Rembco Geotechnical Contractors, Inc. submitting the low bid. Additional funds are for base bid only. There will be no additional designer fees.

**Previous Action:** 07/09/2009 SBC Approved project and select designer (Spoden & Wilson Consulting Engineers)  
01/12/2017 SBC Referred bid to Executive Subcommittee with authority to act.

**Minutes:** 01/23/2017 ESC Approved a revision in project budget, funding, and sources of funding in order to award a contract.

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. 17-01-001  
• **Location:** Tennessee State University  
Davidson County – 0.19+/- acres – 1116 38<sup>th</sup> Avenue, Nashville, TN  
• **Owner(s):** Tennessee State University Foundation  
• **Estimated Purchase Price:** Fair Market Value  
• **Source of Funding:** Plant Funds (Non-Auxiliary)

**Comment:** The property will be held as potential surge space for the Health Sciences Building and Migration Plan projects until a long-term strategy is determined. This property is in TSU's 2016 Master Plan.

Date of Last Transfer: October 27, 2016  
Purchase Price: \$90,500  
Property Assessor's Value: \$59,700  
Square Footage Improvements: 1,008

**Minutes:** 01/23/2017 Dick Tracy presented the transaction. Comptroller Wilson asked if this acquisition followed normal procedures. Dick Tracy responded that TSU did not follow the normal procedures. Comptroller Wilson asked who will supervise TSU and the other independent institutions once they separate from TBR and how to ensure SBC policies are followed. He emphasized there are rules for a reason and they need to be followed. Dick Tracy responded that he was unsure. Secretary Hargett stated that he understood that separation decisions had not been made yet.

The Subcommittee 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.

TENNESSEE BOARD OF REGENTS

Acquisition – Fee (Purchase)

Requested Action: Approval to obtain title work, survey, and environmental assessment, and to acquire the required interest, with waiver of advertisement and appraisals

Transaction Description: Transaction No. 17-01-010

- Location: Nashville State Community College  
Davidson County – 5.26+/-acres – 2845 Elm Hill Pike, Nashville, TN
- Owner(s): ITT Educational Services, Inc.
- Estimated Purchase Price: Fair Market Value
- Source of Funding: Campus Plant Funds (Non-Auxiliary) (A)  
Metro Grant (O)

Comment: Nashville State Community College advertised RFI's for East and North Davidson County, and there were no acceptable properties identified. NaSCC was then given approval to engage a realty firm utilizing campus procurement procedures. CBRE was awarded a contract to do the work. CBRE agrees that this property is the best option for acquisition at this time. NaSCC's 2002 Master Plan was amended to include this area.

NaSCC has sufficient plant funds and a Capital contribution to purchase the property and will renovate the facility to accommodate a campus teaching facility. The Metropolitan Government of Nashville and Davidson County will also provide \$1 million towards the acquisition and renovation of the property.

Date of Last Transfer: June 06, 2003  
Purchase Price: \$4,140,965  
Property Assessor's Value: \$3,684,200  
Square Footage Improvements: 32,305

Minutes: 01/23/2017 Dick Tracy presented the item and provided background information. Secretary of State Hargett made a motion to approve the acquisition. Treasurer Lillard made a further motion to include a delegation to the Secretary of State for additional issues that may arise. Comptroller Wilson discussed the ground rules to be set regarding the acquisition and confirmed that the fair market value would be established by the competitive bid process rather than appraisals. Secretary of State restated his motion to incorporate the points made in the discussion, and the motion was seconded by Comptroller Wilson.

The Subcommittee approved the following:

- Obtaining title work, survey, and environmental assessment, and to acquire the required interest, with waiver of advertisement and appraisals, so long as the total cost of converting the property for TBR use, including the purchase price at auction, does not exceed the cost to develop an equivalent property;
- Use of the due diligence materials provided by bankruptcy court rather than the due diligence normally provided by STREAM;

- Compliance with bidding requirements of the bankruptcy court, including the use of a purchase and sale agreement and earnest money deposit;
- Authorization of employee(s) from TBR and/or the Attorney General's office to act on behalf of the State as authorized representatives in pursuing the property and at the auction; and
- Delegation of authority to the Secretary of State to establish the bid limit and to address other issues that may arise during the acquisition process.

DEPARTMENT OF GENERAL SERVICES

**Requested Action:** Approval to award a contract to the best evaluated proposer for Auctioneer Services

**Transaction Description:** Transaction No. 15-06-006-BN

- **Location:** Davidson County – 2.11+/-acres – 450 & 460 James Robertson Pkwy, Nashville, TN

**Comment:** Two proposals were received on December 13, 2016. The Notice of Intent to award was issued on December 22, 2016 naming Compass Auctions and Real Estate as the best evaluated proposer. No protests were received in the protest period.

**Previous Action:** 10/24/2016 ESC Approved disposal in fee with wavier of one appraisal and to release and RFP for auctioneer services

**Minutes:** 01/23/2017 ESC Approved award to Compass Auctions and Real Estate for Auctioneer Services.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 15-06-907 / 16-11-912 – SN

• **Proposed Lease**

Location: Unicoi County – 724 Ohio Avenue, Erwin, TN

Landlord: Luann Hendren

Term: 5 year with 1-5 year option to renew

Area / Costs: **3,600 Square Feet**

Annual Contract Rent incl. Option: \$41,940.00 @\$11.65/sf

Estimated Annual Utilities Cost: \$ 6,300.00 @\$ 1.75/sf

Estimated Annual Janitorial Cost: \$ 3,960.00 @\$ 1.10/sf

Total Annual Effective Cost: \$52,200.00 @\$14.50/sf

• **Previous Lease**

Location: Unicoi County – 724 Ohio Avenue, Erwin, TN (Human Services)

Landlord: Luann Hendren

Term: 5 years – September 1, 2001 through August 31, 2006 – Vacated January 31, 2016

Area / Costs: **3,428 Square Feet**

Annual Contract Rent: \$29,400.00 @\$ 8.58/sf

Estimated Annual Utilities Cost: \$ 6,000.00 @\$ 1.75/sf

Estimated Annual Janitorial Cost: \$ 3,770.00 @\$ 1.10/sf

Total Annual Effective Cost: \$39,170.00 @\$ 11.43/sf

• **Current Lease**

Location: Unicoi County – 211 North Main Avenue, Erwin, TN (Safety & Homeland Security)

Landlord: Town of Erwin

Term: 1996 - Current

Area / Costs: **1,300 Square Feet / No cost**

• **Source of Funding:** FRF Operating Fund

• **Procurement Method:** Negotiated

• **FRF Rate:** \$14.00

**Comment:** The lease will provide office space for Human Services and Safety & Homeland Security (THP). Department of Human Services staff had moved to the Johnson City office upon the previous lease being vacated, thus creating hardship for Johnson City office employees and Unicoi Co. clients. Safety & Homeland Security (THP) was housed in County space until asked to move due to County needs.

Advertising was not required as base rent is under \$50,000.

The tenant may terminate this lease at any time by giving written notice to the landlord at least 90 days prior to the date the termination becomes effective.

**Minutes:** 01/23/2017 Approved lease



DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 14-04-905 – WW

• **Proposed Lease**

Location: Davidson County – 104 Cude Lane, Suite 162, Madison, TN

Landlord: Woodis Holding Group, LLC

Term: 5 year with 1-5 year option to renew

Area / Costs: **4,117 Square Feet**

Annual Contract Rent incl. Utilities:	\$68,959.75	@\$16.75/sf
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Estimated Annual Janitorial Cost:	\$ 4,528.70	@ \$1.10/sf
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Total Annual Effective Cost:	\$73,488.45	@\$17.85/sf
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• **Current Lease**

Location: Davidson County – 104 Cude Lane, Suite 162, Madison, TN

Landlord: Woodis Holding Group, LLC

Term: (5 years) January 1, 2006 through December 31, 2010 – Lease extension

Area / Costs: **4,117 Square Feet**

Annual Contract Rent:	\$66,901.20	@\$16.25/sf
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Estimated Annual Janitorial Cost:	\$ 4,528.70	@ \$1.10/sf
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Total Annual Effective Cost:	\$71,429.90	@\$17.35/sf
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• **Source of Funding:** FRF Operating Fund

• **Procurement Method:** RFP on ESC approved form

• **FRF Rate:** \$19.00

Comment: The lease will provide office space for Tennessee Housing Development Agency Rental Assistance Office and Data Recovery Center.

One proposal was received in response to the lease advertisement, which is the current lessor. Rent during the renewal period is an additional \$0.25/sf.

The tenant may terminate this lease at any time by giving written notice to the landlord at least 90 days prior to the date the termination becomes effective.

Minutes: 01/23/2017 Approved lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 15-03-915 – JLL

• Proposed Lease

Location: Knox County – 3711 Middlebrook Pike, Knoxville, TN

Landlord: Tennessee Office Holdings

Term: 10 years

Area / Costs: **36,449 Rentable Square Feet**

First Year Contract Rent:	\$455,612.50	@\$12.50/sf
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Average Annual Contract Rent:	\$498,950.36	@\$13.68/sf
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Estimated Utilities Cost:	63,785.75	@ \$1.75/sf
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Estimated Janitorial Cost:	40,093.90	@ \$1.10/sf
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Total Average Annual Cost:	\$602,830.01	@\$16.53/sf
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• Current Lease

Location: 3711 Middlebrook Pike, Knoxville, TN

Landlord: Tennessee Office Holdings

Term: 10 years – May 1, 2006 through April 30, 2016 – Lease Extension

Area / Costs: **44,000 Rentable Square Feet**

Annual Contract Rent:	\$473,000.00	@\$10.75/sf
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Estimated Utilities Cost:	61,600.00	@ \$1.40/sf
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Estimated Janitorial Cost:	48,400.00	@ \$1.10/sf
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Total Annual Effective Cost:	\$583,000.00	@\$13.25/sf
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• Source of Funding: FRF Operating Fund

• Procurement Method: RFP on ESC approved form

• FRF Rate: \$18.00

Comment: The lease will provide office and related space for Environmental Field Office of the Department of Environment and Conservation.

Six proposals from four proposers were received in response to the lease advertisement.

The tenant may terminate this lease at any time by giving written notice to the landlord at least 90 days prior to the date the termination becomes effective; provided, that such termination shall not be effective prior to the end of the 60<sup>th</sup> month of the term.

The Jones Lang LaSalle commission amount is \$198,822.01 and the rebate to the State is \$14,882.10.

Minutes: 01/23/2017 John Hull presented the transaction and stated that only one lease remained with ties to the JLL Brokerage contract. Comptroller Wilson noted that Jones Lang LaSalle is receiving a commission of \$198,822.01 and the rebate to the State is \$14,882.10. The Subcommittee approved the lease as presented.

## STATE BUILDING COMMISSION

### Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on December 19, 2016.

### SPA Policy & Procedures

- 1) Peter Heimbach presented the item. Comptroller Wilson asked STREAM Deputy Commissioner John Hull if STREAM understood the policies and was committed to following them. John Hull replied yes. Treasurer Lillard asked the State Architect if the documents are in order. Peter Heimbach replied yes.
  - STREAM Leasing – Form of Request for Proposals
  - STREAM Leasing – Communications and Negotiation Policy

### Designer Selections

- 1) Report of the following designer selection as delegated to the State Architect for projects below the major maintenance threshold:

<b>Location:</b>	Middle Tennessee State University
<b>Project Title:</b>	Ribbon Stadium Board
<b>Total Project Budget:</b>	\$400,000
<b>SBC Project No.</b>	166/009-09-2016
<b>Designer:</b>	Rodney L. Wilson

- 2) 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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| <ol style="list-style-type: none"><li>1) <b>University of Tennessee Knoxville</b><br/>(Engineering Services Facility – Planning)<br/>Total Project Budget: \$110,000,000<br/>SBC Project No. 540/009-05-2016<br/>Designer: MCCARTY HOLSAPLE MCCARTY INC</li><li>2) <b>Dyersburg State Community College</b><br/>(Softball Multi-Purpose Building)<br/>Total Project Budget: \$330,000<br/>SBC Project No. 166/017-01-2014<br/>Designer: MCGEHEE NICHOLSON BURKE ARCH</li></ol> | <ol style="list-style-type: none"><li>3) <b>Nashville State Community College</b><br/>(Madison Teaching Facility)<br/>Total Project Budget: \$8,200,000<br/>SBC Project No. 166/034-02-2016<br/>Designer: GILBERT MCLAUGHLIN CASELLA ARCH</li><li>4) <b>Middle Tennessee State University</b><br/>(Floyd Stadium and Field Lighting)<br/>Total Project Budget: \$1,500,000<br/>SBC Project No. 166/009-10-2016<br/>Designer: MAFFETT LOFTIS ENGINEERING</li><li>5) <b>Austin Peay State University</b><br/>(Drane Street Steam &amp; Condensate Line Replacement)<br/>Total Project Budget: \$225,000<br/>SBC Project No. 166/003-06-2016<br/>Designer: KURZYNSKE &amp; ASSOCIATES</li></ol> |
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### Other Business

There being no further business, the meeting adjourned at 11:14 a.m.

TENNESSEE BOARD OF REGENTSAcquisition – 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. 16-12-002

- **Location:** Walters State Community College  
Hamblen County – 0.37+/-acres – 535 Sycamore Street, Morristown, TN
- **Owner(s):** Brooks Bernice Living Trust
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** Plant Funds (Non-Auxiliary)

**Comment:** The property will be used as rental income, and will provide a buffer between the campus and the adjoining heavily populated neighborhood. This property is in WSCC's 2008 Master Plan update.

Date of Last Transfer: March 19, 2010  
Purchase Price: \$0.00  
Property Assessor's Value: \$135,400  
Square Footage Improvements: 1,856

**Minutes:** 01/23/2017 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 TRANSPORTATIONDisposal – Reversion Right

**Requested Action:** Approval of disposal of reversion right with waiver of advertisement and one appraisal

**Transaction Description:** Transaction No. 16-12-004-DM

- **Location:** Hamilton County – 1.666+/-acres (2 tracts) – 160-220 Riverfront Parkway, Chattanooga, TN
- **Estimated Sale Price:** Fair Market Value
- **Grantee:** City of Chattanooga (O)

**Comment:** The property was conveyed to Chattanooga at no cost for public use on May 19, 2004, with a reversion clause in the deed. The City wishes to purchase the property at fair market value in order to release the reversion interest from the deed. The City intends to use the property for expansion of the roadway.

Date of Last Transfer: 1960s – 1970s  
 Previous Owner: Various  
 Original Cost to State: Unknown  
 Square Footage Improvements: None

**Minutes:** 01/23/2017 Approved disposal of reversion right with waiver of advertisement and one appraisal.

DEPARTMENT OF TRANSPORTATIONAcquisition – Lease (Land)

**Requested Action:** Approval of a lease with waiver of appraisals and approval of termination of the existing leases

**Transaction Description:** Transaction No. 16-07-008-DM

- **Proposed Lease**

- **Location:** Davidson County – 4+/- acres – One Terminal Dr., Nashville, TN
- **Landlord:** Metropolitan Nashville Airport Authority (MNAА)
- **Term:** 40 years
- **Area / Costs:** Land: 4+/- acres  
Annual Contract Rent: \$43,560/year for Years 1-5, plus 18% increase every five (5) years  
Average Annual Contract Rent: \$83,455.50  
Facilities: 20,000 +/- sf hangar and 7,000 +/- sf administrative building  
Prepaid Rent: \$4,970,000.00  
Estimated Annual Utilities Cost: \$1.75 per sq. ft.  
Estimated Annual Janitorial Cost: \$1.10 per sq. ft.

- **Source of Funding:** TDOT Highway Fund  
Lease Termination Proceeds

- **Current Lease**

- **Location:** Davidson County – Berry Field Metropolitan Airport, Nashville, TN
- **Landlord:** Metropolitan Nashville Airport Authority
- **Term:** January 1, 2014 through January 1, 2063
- **Area / Costs:** \$100.00 monthly rent
- **Source of Funding:** Operating Funds (A)

- **Current Lease:**

- **Location:** Davidson County – Berry Field Metropolitan Airport, Nashville, TN
- **Landlord:** Metropolitan Nashville Airport Authority
- **Term:** November 1, 2012 through October 31, 2061
- **Area / Costs:** \$33.46 monthly rent
- **Source of Funding:** Operating Funds (A)

**Comment:**

Metropolitan Nashville Airport Authority (MNAА) will construct a new facility for TDOT's aviation division at John C. Tune Airport (Tune) in consideration for terminating TDOT's existing leases at Nashville International Airport (BNA) and relocating to Tune. MNAА will pay TDOT \$4.97 million as compensation for the TDOT facilities at BNA and the unexpired lease terms, which TDOT will remit to MNAА as prepaid rent for the facilities at the commencement of the lease term. The total cost of rent for the land and facilities, including escalations, averages to be \$7.69/sf per year. TDOT will be responsible for all maintenance at the facility during the lease term.

The State may terminate the lease at any time by giving written notice to MNAА at least 180 days prior to the date the termination becomes effective.

**Minutes:** 01/23/2017 Approved a lease with waiver of appraisals and approval of termination of the existing leases

DEPARTMENT OF ENVIRONMENT & CONSERVATIONAcquisition – Easement (Right-of-Way)

- 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. 16-12-005-DM
- **Location:** Justin P. Wilson Cumberland Trail State Park  
Cumberland County – 50' wide by 1,950+/-lf easement – 3798 Hebbertsburg Rd., Crab Orchard, TN
  - **Owner(s):** Jean D. Cheely
  - **Estimated Purchase Price:** Fair Market Value
  - **Source of Funding:** 16/17 State Lands Acquisition Fund (A)
- Comment:** The purchase of this easement will connect two parcels owned by the State and provide for the continuation of the Justin P. Wilson Cumberland Trail. No additional management costs are anticipated with this acquisition.
- Minutes:** 01/23/2017 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 GENERAL SERVICESDisposal – Easement (Sidewalk)

**Requested Action:** Approval of disposal by easement with waiver of advertisement and appraisals

**Transaction Description:** Transaction No. 16-12-009-DM

- **Location:** Davidson County - .029+/- acres (1279.80/-sq. ft.) – 1603 Murfreesboro Pike, Nashville, TN
- **Estimated Purchase Price:** No Cost - Mutual Benefit
- **Grantee:** Metropolitan Government of Nashville and Davidson County (Metro)
- **Source of Funding:** Metropolitan Government of Nashville and Davidson County (REM Fees) (O)

**Comment:** This easement will allow Metro to construct a sidewalk at Murfreesboro Pike at Donelson Pike. Metro will be responsible for all maintenance and construction.

**Minutes:** 01/23/2017 Approved disposal by easement with waiver of advertisement and appraisals.



Approved:



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