

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
January 23, 2023

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 Bryson 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

Jim Bryson, Commissioner, Department of Finance and Administration
Tre Hargett, Secretary of State
David Lillard, State Treasurer
Jason Mumpower, Comptroller of the Treasury

ORGANIZATION

- Department of General Services
- State Building Commission

PRESENTER

Deputy Commissioner John Hull
State Architect Ann McGauran

CONSENT AGENDA

Approved the following items which had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **University of Tennessee – Knoxville**
Transaction: Acquisition – Lease (Space)
Provision(s): n/a

- B. Agency: **Tennessee Wildlife Resources Agency**
Transaction: Acquisition – Fee
Provision(s): n/a

- C. Agency: **Department of Agriculture**
Transaction: Disposal – Lease (Land) & Easement (Access)
Provision(s): Waiver of advertisement

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

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

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

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

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

DEPARTMENT OF GENERAL SERVICES

Disposal – Fee

Requested Action: **Approval of disposal in fee and to issue a Request for Qualifications for a real estate brokerage firm to assist with the disposal**

Transaction Description: Transaction No. 15-06-004
 • **Location:** Citizens Plaza
 Davidson - 0.57 +/- acres – 400 Deadrick Street, Nashville, TN
 • **Estimated Sale Price:** Fair Market Value

Comment: This property has been determined to be surplus to the Department's needs. The sale of Citizens Plaza will also include a requirement that the Arts Commission be allowed to stay in the building until calendar year end 2025.

In the summer of 2021, Metro Nashville showed interest in this property, however, have been unable to finalize necessary approvals.

The proceeds from the sale of this property may be used to defease the outstanding debt on the bonds issued for Citizen Plaza. Any remaining proceeds will be deposited into the Facility Revolving Fund (FRF) as authorized by T.C.A § 9-4-9.

Date of Last Transfer: July 1, 1986
Previous Owner: Citizens Plaza, LTD
Original Cost to State: \$25,360,630
Square Footage Improvements: 277,000

Previous Action: 12/18/2017 Approved disposal in fee
 01/22/2018 Approved issuing a Request for Qualifications for a real estate brokerage firm to assist with the disposal
 12/20/2021 Approved disposal in fee with waiver of advertisement (Metro Nashville)

Minutes: 01/23/2023 Approved disposal in fee and issuing a Request for Qualifications for a real estate brokerage firm to assist with the disposal

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) Approved the Minutes of the Executive Subcommittee meeting held on December 15, 2022.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following two capital projects with total project cost of \$100,000 - \$1,000,000 in accordance with Item 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee Health Science Center
Location: Memphis, Tennessee
Project Title: Madison Plaza Building Improvements
Project Description: This project replaces the existing storefront windows and doors on the concourse level and will also renovate the existing kitchen to make room for up to four restaurant spaces in the Plaza. Project includes all related work.
SBC Project No. 540/013-05-2021
Original Project Budget: \$470,000.00
Project Expenditures: \$ 0.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved cancellation of the project
Approval Date: 12/22/2022
 - 2) **State Procurement Agency:** Austin Peay State University
Location: Clarksville, Tennessee
Project Title: Meacham Residence Hall Reroof
Project Description: Reroof Meacham Residence Hall with 30-year shingles, and all related work.
SBC Project No. 373/003-12-2022
Total Project Budget: \$290,000.00
Source of Funding: Plant Funds (Aux-R&R) (A)
Approval: Approved project utilizing an Agency Consultant (Lyle Cook Martin Architects, Inc.) for design
Approval Date: 12/22/2022

Approvals of Revisions to Existing Capital Projects

- Reported 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:** University of Tennessee Health Science Center
Location: Memphis, Tennessee
Project Title: Audiology and Speech Pathology
Project Description: This project will renovate a portion of the UT Conference Center in order to house the department of Audiology & Speech Pathology. The project will provide offices, clinic space, audiology research labs, pathology research labs, student work rooms, conference rooms and observation space. A state-of-the-art therapeutic playground for the children served at the clinics will also be provided.
SBC Project No. 540/013-06-2021
Total Project Budget: \$10,400,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved utilizing Best Value alternative delivery method
Approval Date: 12/19/2022
- Reported the following approval of a revision in funding for capital project (no change in total project budget) in accordance with Item 2.04(B)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** Tennessee Board of Regents / Walters State Community College
Location: Morristown, Tennessee
Project Title: Infrastructure Repairs Phase 1
Project Description: Repair and replace fiber optic infrastructure and storm sewer system, including removal of tennis courts and replacement of pavement and landscaping.
SBC Project No. 166/023-02-2018
Total Project Budget: \$1,450,000.00
Source of Funding: 18/19 CurrFunds-CapMaint (A)
Approval: Approved a revision in project funding (reallocating \$49,000 from Administration & Miscellaneous to increase contingency)
Approval Date: 01/10/2023

Approvals of Contract Amendments

- Reported 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 Military
Location: Statewide, Tennessee
Project Title: Roofing Consultant
Project Description: Consultant to support the agency for project development and associated facility needs including limited design services.
SBC Project No. 361/000-05-2019
Total Project Budget: \$325,744.31
Current Project Funding: \$250,744.31
Source of Funding: Federal Funds (NGB) (F)
Approval: Approved a revision in project budget and funding (increase of \$67,582.81)
Approval Date: 12/22/2022

Approvals of Acquisitions and Disposals of State Property

- Reported the following acquisition 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. 22-07-006
Location: Wolf River Wildlife Management Area
Fayette County – 135.91 ± acres – Raleigh-Lagrange Drive, Rossville, TN
Owner(s): Wolf River Conservancy, Inc.
Estimated Purchase Price: Gift
Source of Funding: 22/23 Wetlands Acquisition Funds (A)
Approval: Approved acquisition in fee and waiver of appraisal
Approval Date: 01/10/2023

- Reported the following disposal easement in accordance with Item 2.04(E)(3) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Transportation
Transaction Description: Transaction No. 22-11-001
Location: Davidson County – 1400 sf ± permanent utility easement – 6630 Centennial Boulevard, Nashville, TN
Grantee: The Metropolitan Government of Nashville and Davidson County, acting by and through the Electric Power Board of said Government
Estimated Sale Price: \$16,100.00
Approval: Approved disposal by easement with waiver of appraisal
Approval Date: 01/06/2023

- Reported a correction to a previously approved acquisition(s) of land
 - 1) **State Procurement Agency:** STREAM / Tennessee Wildlife Resources Agency
Transaction Description: Transaction No. 22-07-001
Location: Overton County – 91 ± acres – Skinner Mountain Wildlife Management Area (SMWMA), 0 Cooktown Rd, TN
Owner(s): Louis H. Menoscal
Estimated Purchase Price: Fair Market Value
Comment: During the survey process, it was discovered that a portion of the access road is privately owned so this acquisition will simply increase the SMWMA and not provide additional access.

Designer Selections

- Reported the following four designer selections for capital projects as delegated to the State Architect in accordance with Items 2.04(A)(1) and 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:

- 1) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: New Hall North Roof Replacement
SBC Project No. 364/011-07-2022
Total Project Budget: \$750,000.00
Source of Funding: Plant Funds (Aux-Housing) (A)
Designer: Richard C. Rinks & Associates, Inc.
Approval Date: 12/19/2022
- 2) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Indoor Tennis Facility Roof Replacement
SBC Project No. 364/011-08-2022
Total Project Budget: \$590,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Richard C. Rinks & Associates, Inc.
Approval Date: 12/19/2022
- 3) **State Procurement Agency:** STREAM / Department of Military
Location: Jackson, Tennessee
Project Title: Army Aviation Storage Facility Fuel Farm Storage Tanks
SBC Project No. 361/042-02-2022
Total Project Budget: \$530,000.00
Current Project Funding: \$ 40,700.00
Source of Funding: Federal Funds (NGB) (F)
Designer: Allen & Hoshall, Inc.
Approval Date: 01/10/2023
- 4) **State Procurement Agency:** STREAM / Department of Military
Location: Tunnel Hill, Georgia
Project Title: VTS Catoosa Cantonment Area Emergency Generators
SBC Project No. 368/001-01-2022
Total Project Budget: \$540,000.00
Current Project Funding: \$ 40,365.00
Source of Funding: Federal Funds (NGB) (F)
Designer: Hefferlin + Kronenberg Architects, PLLC
Approval Date: 01/10/2023

- 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.

- | | |
|--|--|
| <p>1) University of Tennessee – Knoxville
 (College of Business)
 Total Project Budget: \$227,350,000.00
 SBC Project No. 540/009-01-2023
 Designer: McCarty Holsaple McCarty Architects, Inc.</p> | <p>3) University of Tennessee Health Science Center
 (Cancer Research Building 4th Floor Renovation)
 Total Project Budget: \$19,370,000.00
 SBC Project No. 540/013-01-2023
 Designer: Brg3s, Inc.</p> |
| <p>2) University of Tennessee – Martin
 (Elam Center Renovation)
 Total Project Budget: \$2,360,000.00
 SBC Project No. 540/011-01-2023
 Designer: Renaissance Group, Inc.</p> | <p>4) University of Tennessee Health Science Center
 (Nash Vivarium Basement Renovation)
 Total Project Budget: \$22,690,000.00
 SBC Project No. 540/013-02-2023
 Designer: Crump Firm, Inc.</p> |
| | <p>5) University of Memphis
 (Safety and Security Enhancements)
 Total Project Budget: \$2,000,000.00
 SBC Project No. 367/007-01-2023
 Designer: Canup Engineering, Inc.</p> |

Other Business

There being no further business, the meeting adjourned at 11:04 a.m.

UNIVERSITY OF TENNESSEE**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 2022-08-004● **Proposed Lease**

- **Location:** University of Tennessee-Knoxville (UTK) – 2200 Sutherland Avenue, Knoxville, Knox County, Tennessee
- **Landlord:** Magnolia Cherokee Mills LP
- **Term:** 5 years with a 5-year option to extend; various start dates – see comment below
- **Area / Costs:**

<u>36,618 Square Feet</u>		
First Year Contract Rent	\$21.00/sf	\$580,123.25
Average Annual Contract Rent (including utilities & janitorial)	<u>\$22.08/sf</u>	<u>\$770,629.25</u>
Total Annual Effective Cost	\$22.08/sf	\$770,629.25

- **Source of Funding:** SBC No. 540/009-01-2023
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

Comment: This space will be used for surge space for departments that are being relocated in connection with construction of the new Haslam College of Business Building. Departments will be placed in on-campus space to the extent possible but additional space is needed. The University will lease five suites for a total of 36,618 sf. The lease start date for each suite varies based on the date it becomes available.

The UTK College of Business project budget includes more than \$5M to accommodate surge space as needed.

Utilities and janitorial are included in the base rental rate. The landlord will provide a \$12/sf tenant improvement (TI) allowance. The lease can be terminated for convenience with 120-days' notice but the unamortized balance of the TI balance must be repaid.

Previous Action: 08/22/2022 Approved waiver of advertisement**Minutes:** 01/23/2023 Approved a lease

TENNESSEE WILDLIFE RESOURCES AGENCY

Acquisition – Fee

Requested Action: Approval of acquisition in fee and to utilize third party

Transaction Description:

- **Location:** Transaction No. 22-06-010
Cumberland County – 1741.12 ± acres – 5 Parcels Cold Springs Road and Todd Road, Catoosa Wildlife Management Area (CWMA), Crossville, TN
- **Owner(s):** Millard V. Oakely, As Trustee of the Oakley 2019 Joint Revocable Trust Agreement
- **Estimated Purchase Price:** Fair Market Value
- **Source of Funding:** 2022 TWRA Op Funds (A)
2022 U.S. Fish and Wildlife Service – Wildlife Restoration Reimbursement Grant
- **Third Party:** The Conservation Fund (TCF)

Comment:

TWRA is requesting the purchase of this adjacent tract to provide new access to the western end of Catoosa Wildlife Management Area (CWMA).

This acquisition will be additive to the CWMA and will be used to expand grassland habitat restoration for a variety of game and non-game wildlife species. Buildings will be utilized for outdoor education as well as mentored outdoor experiences for youth and novice hunters and anglers. Horse barns will be converted to classroom space for outdoor education classrooms and cabins to spaces to accommodate overnight guests.

TCF is being used as a third-party intermediary to expedite this transaction. No additional third-party costs are requested as part of this acquisition.

No additional management costs are anticipated with this acquisition.

Date of Last Transfer:	03/29/21, 11/30/22, & 12/06/11
Purchase Price:	\$0.00
Property Assessor’s Value:	\$2,375,500.00
Square Footage Improvements:	23,748 sf

Minutes:

01/23/2023 Approved acquisition in fee and utilizing third party

DEPARTMENT OF AGRICULTURE

Disposal – Lease (Land) & Easement (Access)

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

Transaction Description: Transaction No. 21-10-004

- **Location:** Bays Mountain Site
Jefferson County – 458 Fire Tower Road, Jefferson City, TN
- **Tenant:** Jefferson County Emergency Communications District (JCECD)
- **Term:** 30 years with one 15-year option to renew
- **Area/Costs (Lease):** 30' by 30' area \$400 per year with 10% increase every five years during the initial term
- **Area/Costs (Easement):** 25' by 227' at Fair Market Value

Comment: This lease is for an approximate 30'x30' area located at the Bays Mountain Site in order to construct a communications tower to be used by JCECD and improve radio communications for emergency services in Jefferson County. The leased area will include a 25' by 227' area for an access easement to service the cell site. The State and/or tenant will have the right to terminate the lease by providing at least 180 days written notice.

The Department of Forestry has the right to place a state emergency communications antenna on the Tower. The tenant will be paying all fees associated with this request.

The rent during the initial term was determined by appraisal. If the renewal option is exercised the rent rate will be determined by re-appraisal.

Proceeds will be deposited as departmental revenue to Forestry Operations pursuant to Appropriation Bill PC 1130, Section 10, Item 14.

Minutes: 01/23/2023 Approved disposal by lease and easement with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease (Space)****Requested Action:** Approval of a lease**Transaction Description:** Transaction No. 21-04-927

- **Proposed Lease**

- **Location:** Cocke County – Lot 2 at Heritage Blvd, Newport, TN
- **Landlord:** John Davenport
- **Term:** 10 years plus one 1-year renewal option
- **Area / Costs:** 7,600 Square Feet

First Year Annual Contract Rent	\$203,528.00	26.78/sf
Average Annual Contact Rent	208,582.00	27.45/sf
Estimated Utilities Cost	13,300.00	1.75/sf
Estimated Janitorial Cost	8,360.00	1.10/sf
Total Annual Effective Cost	\$230,242.00	\$30.30/sf

- **Current Lease**

- **Location:** Cocke County – 615 West Broadway, Newport, TN
- **Landlord:** Smith Properties II, General Partnership
- **Term:** 13 years (December 1, 2010 to November 30, 2023)
- **Area / Costs:** 9,387 Square Feet

Average Annual Contract Rent	\$174,784.62	18.62/sf
Estimated Utilities Cost	16,427.25	1.75/sf
Estimated Janitorial Cost	10,325.70	1.10/sf
Total Annual Effective Cost	\$201,559.04	\$21.47/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$15.00

Comment:

This lease will provide office space for the Department of Children’s Services. Four proposals from two proposers were received and only one was evaluated. Alternative Workplace Solutions will be implemented at this location. The lease is a build to suit structure with security zones and is estimated to commence on or before November 2024.

The tenant may terminate this lease for convenience at any time with 90 days after the first 60 months of the lease term.

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 Knox Office Realty broker commission is \$67,789.15 for the initial 10-year base term, if the renewal option is exercised the commission will be \$74,732.32.

Minutes: 01/23/2023 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 22-05-906

● **Proposed Lease**

- **Location:** Dyer County – Lot 1 St. Johns, Dyersburg, TN
- **Landlord:** CD1,LLC, an individually protected series of C&D Capital, LLC, a series LLC
- **Term:** 13 years with two 1-year renewal options
- **Area / Costs:** 6,000 Square Feet

Annual Contract Rent	\$183,180.00	\$30.53/sf
Estimated Utilities Cost	10,500.00	1.75/sf
Estimated Janitorial Cost	6,600.00	1.10/sf
Total Annual Effective Cost	\$200,280.00	\$33.38/sf

● **Current Lease**

- **Location:** Dyer County – 1979 Saint John Ave., Dyersburg, TN
- **Landlord:** H & J Holding, LLC
- **Term:** 3 years (January 1, 2022 to December 31, 2024)
- **Area / Costs:** 4,800 Square Feet

Annual Contract Rent	\$36,907.20	\$7.69/sf
Estimated Utilities Cost	8,400.00	1.75/sf
Estimated Janitorial Cost	5,280.00	1.10/sf
Total Annual Effective Cost	\$49,447.20	\$10.54/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Correction. Two proposals from two proposers were received and evaluated. The space will be constructed to meet the State’s needs. The additional square footage will allow for increase of the agency’s security zones. The lease is a build to suit structure and is estimated to commence on or before December 2024.

The tenant may terminate this lease for convenience at any time with 90 days’ notice after the 96th month.

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: 01/23/2023 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease (Space)

Requested Action: **Approval to waive advertisement**

Transaction Description: Transaction No: 22-12-905

● **Proposed Lease**

- **Location:** Rutherford County – 434 Jayhawk Ct., Murfreesboro, TN
- **Landlord:** CHR, LLC
- **Term:** 2 years (February 1, 2023 – January 31, 2025)
- **Area / Costs:** 18,477 Square Feet

● **Current Lease**

- **Location:** Rutherford County – 434 Jayhawk Ct., Murfreesboro, TN
- **Landlord:** CHR, LLC
- **Term:** 13 years (January 1, 2010 –December 31, 2022) (Holdover)
- **Area / Costs:** 18,477 Square Feet

Average Annual Contract Rent	\$222,278.31	\$12.03/sf
Estimated Utilities Cost	32,334.75	1.75/sf
Estimated Janitorial Cost	20,324.70	1.10/sf
Total Annual Effective Contract Rent	\$274,937.76	\$14.88/sf

- **Source of Funding:** FRF
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Children’s Services.

Approval to waive advertisement is requested for the continuity of business operations, so that the Landlord can make the improvements to the long-term lease. The long-term lease was approved by ESC January 2021, is currently in construction documents, and is expected to be completed by spring 2024.

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: 01/23/2023 Approved waiving advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 21-04-910

● **Proposed Lease**

- **Location:** Shelby County – 3150 Appling Rd., Bartlett, TN
- **Landlord:** Pedigo – Manchester Properties, L.P.
- **Term:** 10 years
- **Area / Costs:** 7,924 Square Feet

First Year Annual Contract Rent	\$131,538.40	\$16.60/sf
Average Annual Contract Rent (Utilities Included)	136,292.80	17.20/sf
Estimated Janitorial Cost	8,716.40	1.10/sf
Total Average Annual Effective Cost	\$145,009.20	\$18.30/sf

● **Current Lease**

- **Location:** Shelby County – 3150 Appling Rd., Bartlett, TN
- **Landlord:** Pedigo – Manchester Properties, L.P.
- **Term:** 8 years (October 1, 2017 – September 30, 2025)
- **Area / Costs:** 12,502 Square Feet

Annual Contract Rent	\$173,527.76	\$13.88/sf
Estimated Annual Utility Cost	21,878.50	1.75/sf
Estimated Annual Janitorial Cost	13,752.20	1.10/sf
Total Annual Effective Cost	\$209,158.46	\$16.73/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment: This lease will provide office space of Tennessee Department of Revenue. Six proposals from five proposers were received and evaluated. Alternative Workplace Solutions will be implemented at this location. The proposed location will be renovated to meet the State’s needs. The lease is estimated to commence on or before October 2025.

The tenant may terminate this lease for convenience at any time with 90 days written notice to the landlord and 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.

The CBRE, Inc. commission is \$18,740.26 for the 10-year base term.

Minutes: 01/23/2023 Approved a lease

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 21-04-915 & 21-04-916

● **Proposed Lease**

- **Location:** Shelby County – 2379 & 2399 Chiswood St., Memphis, TN
- **Landlord:** Robert J Wilson Family Gift Trust
- **Term:** 10 years with one 5-year renewal
- **Area / Costs (Office):** 9,318 Square Feet

First Year Annual Contract Rent	\$151,417.50	\$16.25/sf
Average Annual Contract Rent	159,136.81	17.08/sf
Estimated Utilities Cost	16,306.50	1.75/sf
Estimated Janitorial Cost	10,249.80	1.10/sf
Total Average Annual Effective Cost	\$185,693.11	\$19.93/sf

- **Area / Costs (Warehouse):** 3,324 Square Feet

First Year Annual Contract Rent	\$49,860.00	\$15.00/sf
Average Annual Contract Rent	52,401.88	15.76/sf
Estimated Utilities Cost	5,817.00	1.75/sf
Estimated Janitorial Cost	3,656.40	1.10/sf
Total Average Annual Effective Cost	\$61,875.28	\$18.61/sf

● **Current Lease (Office)**

- **Location:** Shelby County – 2399 Chiswood St., Memphis, TN
- **Landlord:** Robert J Wilson Family Gift Trust
- **Term:** 8 years (January 1, 2018 – December 31, 2025)
- **Area / Costs:** 7,900 Square Feet

Average Annual Contract Rent	\$133,905.00	\$16.95/sf
Estimated Annual Utility Cost	13,825.00	1.75/sf
Estimated Annual Janitorial Cost	8,690.00	1.10/sf
Total Average Annual Effective Cost	\$156,420.00	\$19.80/sf

● **Current Lease (Warehouse)**

- **Location:** Shelby County – 2379 Chiswood St., Memphis, TN
- **Landlord:** Robert J Wilson Family Gift Trust
- **Term:** 8 years (January 1, 2018 – December 31, 2025)
- **Area / Costs:** 3,324 Square Feet

Average Annual Contract Rent	\$49,860.00	\$15.00/sf
Estimated Annual Utility Cost	5,817.00	1.75/sf
Estimated Annual Janitorial Cost	3,656.40	1.10/sf
Total Annual Effective Cost	\$59,333.40	\$17.85/sf

- **Source of Funding:** FRF
- **Procurement Method:** Advertised
- **FRF Rate:** \$18.00

Comment:

This lease will provide office space of Tennessee Bureau of Investigation. Five proposals from two proposers were received and evaluated. The proposed location will be refreshed to meet the State's needs and is the second lowest cost because the lowest cost proposer had a programmatic conflict. A net square foot difference of 1,418 feet is a result of a mismeasurement of space. The lease is estimated to commence on or before December 2025.

The tenant may terminate this lease for convenience at any time with 90 days written notice to the landlord and 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.

If renewal option is exercised the rent rate will increase.

The CBRE, Inc. commission is \$29,086.57 for the 10-year base term, if the renewal option is exercised the commission will be \$44,867.54.

Minutes:

01/23/2023 Approved a lease

Approved:



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