

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
June 22, 2020

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. via a WebEx electronic meeting, with the following members and Departments present. Commissioner Eley called the meeting to order at 11:07 a.m. and requested action on the following matters as presented by State Architect Ann McGauran.

MEMBERS PRESENT

Butch Eley, Commissioner, Department of Finance and Administration, participated via electronic communication
Tre Hargett, Secretary of State, participated via electronic communication
Justin Wilson, Comptroller of the Treasury, participated via electronic communication
David Lillard, State Treasurer, participated via electronic communication

ORGANIZATION

- University of Tennessee
- Department of Veterans Services
- State Building Commission

PRESENTER

Executive Director Austin Oakes
Deputy Commission Tilman Goins
State Architect Ann McGauran

Commissioner Eley stated that the purpose of this meeting is to consider the items on the agenda for the June meeting of the Executive Sub-Committee of the State Building Commission. Tennessee Code Annotated §8-44-108 provides that if a quorum of members is not physically present at the meeting, other members may be retained for a vote via electronic or other means of communication if certain statutory requirements are met.

A determination has been made that the electronic communication in this meeting by the members is a necessity based on the following facts and circumstances:

1. The Executive Sub-Committee has regularly scheduled monthly meetings around which agencies and institutions plan, and a delay will cause an operational hardship for certain of the agencies and institutions having time sensitive matters on today's agenda.
2. The current public health crisis resulting from the COVID-19 virus has resulted in declarations of a "State of Emergency" by the State and local governments; and the direction that most government employees work from home.

Let the minutes reflect that Commissioner Eley, Secretary Hargett, Comptroller Wilson and Treasurer Lillard are participating electronically. At a roll call vote all members voted aye and approved the use of electronic communication for this meeting.

CONSENT AGENDA

At a roll call vote all members voted aye and approved the following items which have been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: Tennessee Board of Regents / Cleveland State Community College
Transaction: Disposal – Lease Amendment
Provision(s): n/a

- B. Agency: Tennessee Wildlife Resources Agency
Transaction: Disposal – Fee (gift)
Provision(s): Waiver of appraisals

- C. Agency: Tennessee Wildlife Resources Agency
Transaction: Disposal – Lease (Land)
Provision(s): Waiver of advertisement and appraisals

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

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

UNIVERSITY OF TENNESSEE

Acquisition – Subeasement (Space)

Requested Action: Approval of acquisition by subeasement with waiver of appraisals

Transaction Description: Transaction No. 20-06-007

- **Location:** University of Tennessee - System
Knox County – 114,693 sf +/- office space - 400 W Summit Hill Drive, Knoxville, TN;
330 parking spaces – 500 W Summit Hill Drive, Knoxville TN;
Accessible parking – 0 and 307 S Gay Street, Knoxville, TN
- **Grantor:** Knox County (office space and accessible parking via easement from United States of America - Tennessee Valley Authority and parking spaces via license)
- **Term:** Fifteen (15) years with five (5) five (5) year renewal options
- **Estimated Price:** \$1.00/sf plus (escalated 1% per year), \$4.00/sf (est.) annual security, operation and maintenance and utilities expenses; \$1.10/sf (est.) janitorial expenses; plus \$198,000 (est.) for 330 licensed parking spaces
- **Source of Funding:** Plant Funds (Non-Aux) (A)

Comment: The UT System proposes to consolidate System functions from several buildings throughout Knoxville into the East Tower, located in downtown Knoxville. The current dispersion of employees is inefficient and hinders communication and collaboration. The initial programming and space needs assessment were informed by the Workspace Analysis for the University of Tennessee System completed by Baskins Strategies. We anticipate the consolidation will result in an approximately 20% reduction of square footage (on an assignable sf basis) from the current space occupied. The consolidation will also free up space on campus for UTK surge space/surplus office needs and will provide space for UT Conference Center occupants who are planned for relocation under a FY21-22 university funded and disclosed project. TVA will grant an easement to Knox County for use of the entire building, and Knox County will grant a subeasement to the University for use of a portion of the building.

TVA is responsible for utilities and maintenance and operation of the building pursuant to an Operating Agreement with Knox County and for security to the building pursuant to a Security Services Agreement with Knox County. UT will reimburse Knox County its pro rata share of these costs, estimated to be \$4.00 a square foot. In addition, Knox County, through the Public Building Authority, will provide janitorial and mail services as well as access to handicapped parking. UT will reimburse Knox County its pro rata share of these costs as well as its pro rata cost of certain insurance policies required by TVA.

Knox County will have a right of first offer to purchase the building for the first fifteen (15) years of the easement. If Knox County declines to exercise its right of first offer, UT will have the right to purchase, at fair market value, the building subject to approvals at that time.

Knox County will also acquire the Summer Place Complex from TVA by permanent easement. This complex includes a parking garage and Knox County will license the use of approximately 330 spaces in the garage to UT at \$50 per space per month. UT will have the right of first offer to purchase, at fair market value, the complex if Knox County decides to sell it in the future, subject to approvals at that time.

The sublease provides for design and construction services for the build-out of the space through Knox County's design and construction contracts. UT will reimburse Knox County for the costs related to the work. The total estimated cost for design, construction, furniture, fixtures, equipment and IT is between \$10,000,000 and \$12,500,000.

The University of Tennessee Foundation, Inc. and UT Research Foundation will further sublease one floor in total from UT and will pay their pro rata share of costs associated with this space.

Because the grantors are governmental entities, no advertisement is required. Waiver of appraisals is requested because of the below market rate offered for the space.

Minutes:

06/22/2020 At a roll call vote all members voted aye and approved an acquisition by sublease with waiver of appraisals

DEPARTMENT OF VETERANS SERVICES

Acquisition – Fee (Purchase)

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

Transaction Description: Transaction No. 20-05-005
• **Location:** White County – 127.52 +/- acres – Country Club Rd., Sparta, TN
• **Owner(s):** Brenda Martin
• **Estimated Purchase Price:** Fair Market Value
• **Source of Funding:** 18/19 CurrFunds-CapImp (A)
Gifts (O)

Comment: This is a FY 18/19 line-item in the capital budget (New Upper Cumberland Veterans Cemetery Land). The gift funds are in addition to the line item.

This acquisition is to establish a new Veterans Cemetery to serve the Upper Cumberland Region of Tennessee. The Upper Cumberland area is currently underserved in this capacity, and a cemetery in this part of the state would place all veterans and their families within 70 miles of a Veteran Cemetery.

This request will replace the previously approved transaction 19-11-003 for a new Upper Cumberland Veterans Cemetery because the State could not come to terms with seller following ESC approval.

Date of Last Transfer: 06/26/1996
Purchase Price: \$392,000
Property Assessor's Value: \$692,000
Square Footage Improvements: N/A

Minutes: 06/22/2020 Commissioner Eley stated that he knows this is a very serious and important goal the Department of Veterans Services have been trying to achieve for some time to ensure these vital services are available to our veterans in a more convenient manner. Commissioner Eley stated that he knows this is a lengthy process and could take several years and asked when the Department of Veterans Services thinks that the cemetery services would be available.

Deputy Commissioner Goins stated that during this period of time they are uncertain of when federal funding would be available but even if it was immediately available, it would take several years to build the cemetery. Deputy Commissioner Goins stated that a state budget request for ten percent upfront funding would need to be made once the property acquisition was complete. This would be 100% reimbursable by the Federal government. After the acquisition, a preapplication is made to the federal government to get on the grant list. The State and Federal budget cycles don't match up which adds more time. Deputy Commissioner Goins stated that potentially, if everything goes well, the timeframe would be four to five years.

At a roll call vote all members voted aye and approved an acquisition in fee with waiver of advertisement and one appraisal

STATE BUILDING COMMISSION

Minutes of Executive Subcommittee Meeting

- 1) At a roll call vote all members voted aye and approved the Minutes of the Executive Subcommittee meeting held on May 26, 2020 with a correction to the lead sheet for Department of General Services Lease Transaction No. 19-04-907, the lease of space at 4926 Main Street, Suite E, Jasper, Marion County from the Acuff Group, LLC, to reflect the fact that the State is currently paying annual rent in the amount of \$68,400 rather than \$56,643.66 as originally reported.

Report of Items Approved by Office of the State Architect

Initial and Revised Approvals of Capital Projects

- Reported the following capital improvement with total project cost of less than \$100,000 in accordance with Item 2.04(A)(1) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Correction
Location: Nashville, Tennessee
Project Title: TSP Chapel Demolition
Project Description: Demolish Chapel, Chapel foundation, remove all waste off site, and all required related work.
SBC Project No. 142/007-02-2020
Total Project Budget: \$99,750.00
Source of Funding: 19/20 TDOC CurrFunds-MajMaint (A)
Approval: Approved project utilizing a Central Procurement Office contract to perform the work
Approval Date: 06/22/2020

- Reported the following two 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 Technological University
Location: Cookeville, Tennessee
Project Title: Ag. Engineering Technology Facility
Project Description: Construct an Agriculture Engineering Technology Facility to replace the laboratory program space lost due to the demolition of the Old Maintenance Building.
SBC Project No. 364/021-01-2019
Total Project Budget: \$252,745.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding in order to award a contract
Approval Date: 05/27/2020

- 2) **State Procurement Agency:** STREAM / Department of Mental Health & Substance Abuse Services
Location: Clarksville, Tennessee
Project Title: Centerstone Clarksville Chiller and Controls Replacement
Project Description: Replace the existing water-cooled chiller, associated direct digital controls, and all required related work.
SBC Project No. 344/024-01-2020
Total Project Budget: \$155,000.00
Source of Funding: 19/20 CurrFunds-MajMaint (A)
Approval: Approved project utilizing a Central Procurement Office contract to perform the work
Approval Date: 06/08/2020

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 – Martin
Location: Martin, Tennessee
Project Title: Football Bleacher Replacement
Project Description: This project will replace seating on the east side (guest) of the Hardy Graham football stadium. The seating will provide 600-650 bleacher seats with back rests. The existing guest seating had to be removed because of damage by an earthquake.
SBC Project No. 540/011-01-2020
Total Project Budget: \$1,440,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved utilizing a previously selected contractor
Approval Date: 06/01/2020

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 / Department of Environment & Conservation
Transaction Description: Transaction No. 20-03-007
Location: Sequatchie Cave State Natural Area (SCSNA)
 Marion County – 11.00 ± acre – 0 Vineyard Point Road, Sequatchie, TN
Owner(s): Ethel Edwene Caldwell Layne
Estimated Purchase Price: Fair Market Value
Source of Funding: 19/20 State Lands Acquisition Fund (A)
Approval: Approved acquisition in fee with waiver of advertisement and one appraisal
Approval Date: 05/28/2020

Designer Selections

- Reported the following five 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 Board of Regents / Volunteer State Community College
Location: Gallatin, Tennessee
Project Title: Wood Building IT Suite Updates
SBC Project No. 166/025-01-2020
Total Project Budget: \$200,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Binkley Garcia Architecture, LLC
Approval Date: 05/21/2020

2) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: ADA Compliance
SBC Project No. 364/011-02-2020
Total Project Budget: \$200,000.00
Source of Funding: 19/20 CurrFunds-CapMaint (A)
Designer: The Architect Workshop, PLLC
Approval Date: 06/02/2020

3) **State Procurement Agency:** Tennessee Technological University
Location: Cookeville, Tennessee
Project Title: Lewis Hall Lab Upgrades
SBC Project No. 364/011-03-2020
Total Project Budget: \$395,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Designer: Gilbert McLaughlin Casella Architects, PLC
Approval Date: 06/03/2020

4) **State Procurement Agency:** STREAM / Department of Military
Location: Smyrna, Tennessee
Project Title: Building 500 Emergency Generator
SBC Project No. 361/079-03-2020
Total Project Budget: \$320,000.00
Current Project Funding: \$ 26,492.00
Source of Funding: Federal Funds (NGB) (F)
Designer: Oliver Little Gipson Engineering, Inc.
Approval Date: 05/20/2020

5) **State Procurement Agency:** STREAM / Department of Military
Location: Milan, Tennessee
Project Title: Cantonment Area Emergency Generator
SBC Project No. 368/031-01-2020
Total Project Budget: \$170,000.00
Current Project Funding: \$ 15,572.00
Source of Funding: Federal Funds (NGB) (F)
Designer: Buildings Systems Group, Engineering, LLC
Approval Date: 05/21/2020

Other Business

There being no further business, the meeting adjourned at 11:21 a.m.

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TENNESSEE BOARD OF REGENTSDisposal - Lease Amendment

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 11-11-011

- **Proposed Amendment**

- **Area / Costs:** 35,169 sf / \$2.00 year (see comment)

- **Current Lease**

- **Location:** Cleveland State Community College
3505 and 3535 Adkisson Drive, Cleveland, TN
- **Tenant:** Cleveland/Bradley Business Incubator, Inc. ("Business Incubator")
- **Term:** January 1, 2012 – December 31, 2032
- **Area / Costs:** 40,000 sf / \$2.00 year (see comment)

Comment: This Amendment will reduce the square footage leased to the Business Incubator and allow CISCC to relocate their Law Enforcement Training Academy from the North end to the South end of the building. The rental rate will not change after this reduction in space and the Business Incubator will continue to be responsible for half of the cost of major repairs and its janitorial expenses. The State will continue to be responsible for the utility costs.

Previous Action: 12/19/2011 Approved lease

Minutes: 06/22/2020 Approved a lease amendment

TENNESSEE WILDLIFE RESOURCES AGENCY

Disposal – Fee (gift)

Requested Action: Approval of disposal in fee with waiver of appraisals

Transaction Description: Transaction No. 20-05-001

- **Location:** Dyer County – 0.04+/- acre – 0 Spence Spur Road, Dyersburg, TN
- **Grantee:** Dyer County
- **Sale Price:** No Cost / Public Purpose
- **Source of Funding:** Dyer County (REM Fees) (0)

Comment: This property has been determined to be surplus to the Agency's needs.

Dyer County will use this property as part of a bridge replacement project made possible by the State's IMPROVE Act.

Advertisement is not required pursuant to TCA §12-2-112.

Date of Last Transfer	April 18, 1995
Previous Owner:	Michael C. Medlin
Original Cost to State:	\$657,546.00 (larger tract)
Improvements	N/A

Minutes: 06/22/2020 Approved disposal in fee with waiver of appraisals

TENNESSEE WILDLIFE RESOURCES AGENCYDisposal – Lease (Land)

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

Transaction Description: Transaction No. 20-02-007

- **Location:** Lake County – 1.0± acre – Reelfoot Lake – 1605 SR-21 E, Tiptonville, TN
- **Tenant:** Reelfoot Lake Tourism Council (RLTC)
- **Term:** Twenty Five (25) years
- **Area / Costs:** \$1.00 per year

Comment: RLTC is the current tenant and a nonprofit organization. RLTC has managed and used this property since 2012 to promote tourism at Reelfoot Lake. The prior lease expired due to failure to exercise renewal option. This lease will be identical to the prior lease.

Waiver of advertisement is requested due to the unique nature of this request and the mission of RLTC to generate economic impact to the area. Because RLTC will be responsible for all expenses of maintaining the grounds and the improvements on the property waiver of appraisals is also requested.

The Lease premises include a 1,738 sf house used as office space by RLTC and parking for 8 cars.

Minutes: 06/22/2020 Approved disposal by lease with waiver of advertisement and appraisals

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: **Approval to waive advertisement**

Transaction Description: Transaction No. 20-05-908 and 20-05-909

- **Proposed Lease**

- **Location:** Franklin County – 2160 Cowan Highway, Winchester, TN
- **Landlord:** Grider Family Partnership
- **Term:** 3 years (July 1, 2020 – June 30, 2023)

- **Current Lease**

- **Location:** Franklin County – 2160 Cowan Highway, Winchester, TN
- **Landlord:** Grider Family Partnership (formerly Larry T. Grider)
- **Term:** 10 years (July 1, 2002 – June 30, 2012) (Holdover)

○ Area / Costs:	<u>13,000 Square Feet</u>		
	Annual Contract Rent	\$104,000.00	\$8.00/sf
	Estimated Utilities Cost	18,200.00	1.40/sf
	Estimated Janitorial Cost	14,300.00	1.10/sf
	Total Annual Effective Cost	\$136,500.00	\$10.50/sf

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

Comment: This lease will provide office space for Department of Human Services and the Department of Children’s Services The current lease cannot be extended, and a new short-term lease is required to allow continuity of operations while a new long-term solution is procured. Waiver of advertisement is requested to allow the state to directly negotiate with the incumbent landlord to secure a new three-year lease.

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: 06/22/2020 Approved waiving advertisement

DEPARTMENT OF GENERAL SERVICESAcquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 20-05-920

- **Proposed Lease**

- **Location:** Montgomery County – 350 Pageant Lane, Ste. 301, Clarksville, TN

- **Landlord:** Montgomery County

- **Term:** 2 years (July 1, 2020 to June 30, 2022)

- **Area / Costs:** 19,247 Square Feet

Annual Contract Rent	\$269,548.00	\$14.00/sf
Estimated Utilities Cost	33,682.25	1.75/sf
Estimated Janitorial Cost	21,171.70	1.10/sf
Total Annual Effective Cost	\$324,401.95	\$16.85/sf

- **Current Lease**

- **Location:** Montgomery County – 350 Pageant Lane, Ste. 301, Clarksville, TN

- **Landlord:** Montgomery County

- **Term:** 12 years (July 1, 2008 to June 30, 2020)

- **Area / Costs:** 19,247 Square Feet

Current Annual Contract Rent	\$269,548.00	\$14.00/sf
Average Annual Contract Rent	245,451.75	12.75/sf
Estimated Utilities Cost	33,682.25	1.75/sf
Estimated Janitorial Cost	21,171.70	1.10/sf
Total Average Annual Effective Cost	\$300,305.70	\$15.60/sf

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

- **Procurement Method:** Negotiated

- **FRF Rate:** \$18.00

Comment: This lease will provide office space for Department of Human Services. A new short-term lease is required to allow continuity of operations while a new long-term solution is procured.

Advertisement is not required pursuant to TCA §12-2-114.

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: 06/22/2020 Approved a lease

Approved:



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