

MINUTES
STATE BUILDING COMMISSION
Executive Subcommittee
March 22, 2021

The State Building Commission Executive Subcommittee met this day at 11:00 a.m. via WebEx electronic meeting, with the following members and Departments present. Commissioner Eley 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

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

ORGANIZATION

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

PRESENTER

Assistant Vice President of Capital Projects Austin Oakes
Deputy Commissioner John Hull
State Architect Ann McGauran

Commissioner Eley stated that the purpose of this meeting was to consider the items on the agenda for the March 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 had 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.
3. Meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 outbreak

Commissioner Eley, Secretary Hargett, Comptroller Mumpower, and Treasurer Lillard participated 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 had been reviewed and recommended for approval by Subcommittee staff:

- A. Agency: **Tennessee Board of Regents / Southwest Tennessee Community College**
Transaction: Disposal – Lease (Space)
Provision(s): Waiver of appraisals

- B. Agency: **Tennessee Board of Regents / Southwest Tennessee Community College**
Transaction: Disposal – Lease (Space)
Provision(s): Waiver of advertisement and appraisals

- C. Agency: **Department of Transportation**
Transaction: Disposal – Fee
Provision(s): Waiver of one appraisal

- D. Agency: **Department of Transportation**
Transaction: Disposal – Fee
Provision(s): Waiver of one appraisal

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

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

UNIVERSITY OF TENNESSEE

Disposal - Lease Amendment

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 16-10-017 and Transaction No. 20-10-010

• **Proposed Amendment**

- **Location:** University of Tennessee - Health Science Center (UTHSC), Shelby County – 23 parcels on 0 Jefferson Avenue, 0 N Orleans Avenue, 0 Orleans Avenue, 0 Court Avenue, 951 Court Avenue, 740 Court Avenue, 22 N Orleans, 706 Madison Avenue, 710 Madison Avenue, 714 Madison Avenue, 0 Madison Avenue, and 694-704 Madison Avenue, Memphis, TN
- **Area / Costs:** 10.22 +/- acres; \$247,500/year with 5% increase every five (5) years; environmental remediation and mitigation costs – see comment below
- **Source of Funding:** Plant Funds (Non-Aux) (A) - environmental remediation and mitigation costs

• **Current Lease**

- **Location:** University of Tennessee - Health Science Center (UTHSC), Shelby County – 22 parcels on 0 Jefferson Avenue, 0 N Orleans Avenue, 0 Orleans Avenue, 0 Court Avenue, 951 Court Avenue, 740 Court Avenue, 22 N Orleans, 706 Madison Avenue, 710 Madison Avenue, 714 Madison Avenue and 0 Madison Avenue, Memphis, TN
- **Tenant:** Memphis Medical District Apartments, GP with Henry Turley as managing partner
- **Term:** Thirty (30) years with two (2) 15-year extension options
- **Area / Costs:** 9.7 +/- acres; \$207,500/year with 5% increase every five (5) years

Comment: In March 2019, ESC approved the ground lease of 9.7 +/- acres on the UTHSC campus to Memphis Medical District Apartments, GP (“MMDA”) for the development of an apartment structure and supporting retail space (“Ground Lease”) to help meet the needs of students and faculty at the UT Health Science Center (“UTHSC”) (Transaction No. 16-10-017). UTHSC proposes to amend the Ground Lease to: (i) address expenses related to environmental issues, and (ii) add approximately 0.5 +/- acres of property located at 694-704 Madison Avenue, Memphis, TN for additional retail development.

Prior to beginning construction, MMDA conducted soil samples on property under the Ground Lease. The environmental site assessments and soil sampling detected previously unknown contamination that requires soil remediation, air sampling and vapor barriers. The University and MMDA have worked with the Tennessee Department of Environment and Conservation to develop a remediation plan. As the cost of remediation is estimated to be in the range of \$750,000 to \$1,000,000, MMDA has requested that the University split the cost to perform the remediation as it was an unknown condition. The University seeks approval to amend the Ground Lease to provide that the University will pay half of the costs for environmental remediation (up to \$500,000) to permit the project to move forward.

In November 2020, ESC approved issuing an RFP to ground lease property located at 694-704 Madison Avenue, Memphis, TN to a developer to finance, design, construct, operate and maintain the site for student support services (Transaction No 20-10-010). This property is adjacent to the residential housing development. MMDA submitted the only proposal in response to the advertisement of the offering. MMDA’s proposal contemplates developing the site to contain retail offerings associated with the apartment

structure that meet the need for student support services. MMDA has offered to pay ground rent in the amount of \$40,000 annually, with a 5% increase every five years. The University believes this rent is commensurate with the development potential of the property.

Adding the additional land to the Ground Lease will 1) allow the University to manage the development under one agreement, with design and construction of the entire project coordinated efficiently; 2) allow for integration of the additional property into the housing development plan for coordination of retail uses, access, orientation, and parking; and 3) permit MMDA to design, finance, permit and develop this property concurrently with the housing development. The guidelines as to the type of permissible retail development, as set forth in the Ground Lease, will extend to the additional land.

- Previous Action:**
- 12/16/2016 Approved issuing a Request for Proposal for disposal by lease (Transaction No. 16-10-017)
 - 09/28/2017 Approved issuing a revised Request for Proposal for disposal by lease (Transaction No. 16-10-017)
 - 03/25/2019 Approved disposal by lease with waiver of appraisals (Transaction No. 16-10-017)
 - 10/31/2019 Approved acquisition in fee with waiver of advertisement and one appraisal (Transaction No. 20-10-010)
 - 11/23/2020 Approved issuing a Request for Proposal for disposal by lease (Transaction No. 20-10-010)
- Minutes:**
- 03/22/2021 At a roll call vote all members voted aye and approved a lease amendment

UNIVERSITY OF TENNESSEE

Disposal –Fee (Access)

Requested Action: **Approval of disposal in fee with waiver of advertisement and one (1) appraisal**

Transaction Description: Transaction No. 21-03-001

- **Location:** University of Tennessee Institute of Agriculture (UTIA)
Blount County – 11.7 +/- acres – 4341 UT Farm Road, Louisville, TN
- **Grantee:** City of Alcoa
- **Estimated Sale Price:** Fair Market Value
- **Source of Funding:** n/a

Comment: The City of Alcoa, Tennessee, with the Tennessee Department of Transportation’s (TDOT) assistance is seeking to acquire certain portions of UTIA’s Blount Unit in connection with a new industrial development to be constructed between South Singleton Station Road and Pellissippi Parkway.

To provide access to the development, TDOT under its State Industrial Access Program, intends to widen South Singleton Station Road and construct an access road to the industrial site. UTIA’s Blount Unit property sits on both sides of South Singleton Station Road and approximately 11 +/- acres of the unit will be needed for the road project. A 0.7 +/- acre remnant parcel will be created by granting this disposal. The University has no use for this parcel and proposes to transfer the fee interest to Alcoa.

Since this action will negatively impact UTIA’s education and research operations at the Blount Unit, the University is seeking consideration at or above fair market value. TDOT is obtaining an appraisal on behalf of Alcoa, and the University will obtain an appraisal.

Date of Last Transfer: Two parcels - 04/01/1943 and 11/19/1974
Original Cost to State Unknown

Minutes: 03/22/2021 At a roll call vote all members voted aye and approved disposal in fee with waiver of advertisement and one appraisal

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 04-08-907

• **Proposed Amendment**

○ **Term:** 16 years (May 1, 2008 – April 30, 2024)

○ **Area / Costs:** 5,084 Square Feet

Annual Contract Rent (Year 14)	\$63,660.00	\$12.52/sf
Average Annual Contract Rent (Years 14-16)	64,941.69	12.77/sf
Estimated Annual Utility Cost	8,897.00	1.75/sf
Estimated Annual Janitorial Cost	5,592.00	1.10/sf
Total Average Annual Effective Cost	\$79,430.69	\$15.62/sf

• **Current Lease**

○ **Location:** Coffee County – 307 Industrial Blvd., Tullahoma, TN

○ **Landlord:** Fulks and Smith, a Tennessee General Partnership (Fulks & Smith Partnership)

○ **Term:** 13 years (May 1, 2008 – April 30, 2021)

○ **Area / Costs:** 5,084 Square Feet

Average Annual Contract Rent (Years 11-13)	\$61,196.00	\$12.04/sf
Estimated Annual Utility Cost	8,897.00	1.75/sf
Estimated Annual Janitorial Cost	5,592.00	1.10/sf
Total Average Annual Effective Cost	\$75,685.00	\$14.89/sf

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

• **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Safety – Driver Services Center & Tennessee Highway Patrol. A request for waiver of advertisement and to amend the current lease by three (3) years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the market phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this 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.

Previous Action: 09/23/2005 ESC Approved a lease agreement
 02/26/2018 ESC Approved a lease amendment with waiver of advertisement

Minutes: 03/22/2021 At a roll call vote all members voted aye and approved a lease amendment with wavier of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

Transaction Description: Transaction No. 05-06-908

● **Proposed Amendment**

○ **Term:** 15.5 years (October 1, 2008 – March 31, 2024)

○ **Area / Costs:** 4,234 Square Feet

Annual Contract Rent	\$53,000.00	\$12.52/sf
Estimated Annual Utility Cost	7,409.50	1.75/sf
Estimated Annual Janitorial Cost	4,657.40	1.10/sf
Total Average Annual Effective Cost	\$65,066.90	\$15.37/sf

● **Current Lease**

○ **Location:** Lincoln County – 4110 Thornton Taylor Parkway, Fayetteville, TN

○ **Landlord:** James Donald Gray and wife Connie Susan Gray (formerly Don Gray)

○ **Term:** 12.5 years (October 1, 2008 - March 31, 2021)

○ **Area / Costs:** 4,234 Square Feet

Annual Contract Rent (Years 11-12.5)	\$53,000.00	\$12.52/sf
Estimated Annual Utility Cost	7,409.50	1.75/sf
Estimated Annual Janitorial Cost	4,657.40	1.10/sf
Total Average Annual Effective Cost	\$65,066.90	\$15.37/sf

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

● **FRF Rate:** \$15.00

Comment: This lease will provide office space for Department of Safety – Driver Services Center & Tennessee Highway Patrol. A request for waiver of advertisement and to amend the current lease by three (3) years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for the long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the market phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this 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.

Previous Action: 09/25/2006 ESC Approved a lease agreement
 07/23/2018 ESC Approved a lease amendment with waiver of advertisement

Minutes: 03/22/2021 At a roll call vote all members voted aye and approved a lease amendment with wavier of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 20-01-903

• **Proposed Lease**

- **Location:** Hamblen County – 5741 West Andrew Johnson Highway, Morristown, TN
- **Landlord:** John Davenport
- **Term:** Ten (10) years
- **Area / Costs:** 7,523 Square Feet

Annual Contract Rent	\$131,276.35	\$17.45/sf
Estimated Utilities Cost	13,165.25	1.75/sf
Estimated Janitorial Cost	8,275.30	1.10/sf
Total Annual Effective Cost	\$152,716.90	\$20.30/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$15.00

Comment: This lease will provide office space for Tennessee Bureau of Investigation (TBI). Four proposals from three proposers were received. One proposal was withdrawn due to the inability to allow TBI exclusive use of the site. The new location will allow TBI to more effectively serve the citizens located in the more rural regions of upper East Tennessee. The proposed location will be renovated to meet the State's needs. The Lease is estimated to commence January 2023 based on the renovations needed.

This new location will also allow TBI to consolidate its offices in Knoxville, closing a second location, and lessen overcrowding at offices in Knoxville and Johnson City. Staff from the overcrowded offices in Knoxville and Johnson City will be relocated to this new office.

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: 03/22/2021 At a roll call vote all members voted aye and approved a lease

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 February 22, 2021 with corrections to the Landlord information on page 11.
 - **Landlord:** Irrevocable Trust FBO Rylie Z. Daniel & Kendyl P. Daniel – Lori *Michelle* Turner, Trustee

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 - \$500,000 in accordance with Item 2.04(A)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** University of Tennessee – Knoxville
Location: Knoxville, Tennessee
Project Title: Conference Center Tunnel Repair
Project Description: This project will waterproof and repair cracks and other structural damage in the service tunnel for the Conference Center Building.
SBC Project No. 540/009-06-2021
Total Project Budget: \$400,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved project and to select a designer
Approval Date: 03/10/2021
 - 2) **State Procurement Agency:** STREAM / Department of Environment & Conservation
Location: Winchester, Tennessee
Project Title: Tims Ford State Park Rental Cabin Deferred Maintenance
Project Description: Repair or replace roofs at twenty (20) rental cabins and all required related work.
SBC Project No. 126/092-01-2021
Total Project Budget: \$469,000.00
Source of Funding: 20/21 TDEC CurrFunds-MajMaint (A)
Approval: Approved project utilizing an Agency Consultant for design and Agency Procurement to perform the work
Approval Date: 03/10/2021

Approvals of Revisions to Existing Capital Projects

- Reported the following two approvals 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 / Dyersburg State Community College
Location: Dyersburg, Tennessee
Project Title: Multiple Building Boiler Systems Updates
Project Description: Replace boilers and associated equipment.
SBC Project No. 166/017-01-2019
Total Project Budget: \$475,000.00
Source of Funding: \$440,000.00 19/20 CurrFunds-CapMaint (MP) (A)
\$ 35,000.00 Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project budget and funding to award a contract (increase of \$35,000)
Approval Date: 03/01/2021
 - 2) **State Procurement Agency:** Tennessee Board of Regents / Volunteer State Community College
Location: Gallatin, Tennessee
Project Title: Wood Building IT Suite Updates
Project Description: Combine suites 108 and 112 in the Wood Building basement to create a new Information Technology Suite.
SBC Project No. 166/025-01-2020
Total Project Budget: \$200,000.00
Source of Funding: Plant Funds (Non-Aux) (A)
Approval: Approved a revision in project funding (increase in MACC, decrease in movable equipment)
Approval Date: 03/03/2021

Approvals of Acquisitions and Disposals of State Property

- Reported the following disposal of TDOT property in accordance with Item 2.04(E)(2) of the *SBC By-Laws, Policy & Procedures*:
 - 1) **State Procurement Agency:** STREAM / Department of Transportation
Transaction Description: Transaction No. 20-03-001
Location: Sullivan County – 3.163 ± 0 West State Street, Bristol, TN
Estimated Sale Price: Fair Market Value
Grantee: Friendship Properties, LLC (Centre Pointe, LLC)
Approval: Approved disposal in fee with waiver of advertisement and one appraisal
Approval Date: 03/01/2021

Designer Selections

- Reported the following 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:** STREAM / Department of General Services
Location: Nashville, Tennessee
Project Title: RS Gass State Lab Chiller Water Pump Replacement
SBC Project No. 529/020-01-2020
Total Project Budget: \$350,000.00
Source of Funding: 20/21 FRF CurrFunds-CapMaint (MP) (A)
Designer: Henderson Engineers, Inc.
Approval Date: 02/22/2021

- 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.

1) **University of Tennessee – Knoxville**
(West Volunteer Streetscape)
Total Project Budget: \$13,000,000.00
SBC Project No. 540/009-05-2021
Designer: **Ross/Fowler, P.C.**

2) **Tennessee State University**
(Electrical Upgrades Phase 2)
Total Project Budget: \$5,000,000.00
SBC Project No. 166/001-03-2020
Designer: **I.C. Thomasson Associates, Inc.**

Other Business

There being no further business, the meeting adjourned at 11:13 a.m.

TENNESSEE BOARD OF REGENTS**Disposal – Lease (Space)****Requested Action:** Approval of disposal by lease with waiver of appraisals

Transaction Description: Transaction No. 21-01-900

- **Location:** Southwest Tennessee Community College (SWCC)
Shelby County- 737 Union Avenue, E Building, Memphis, TN
- **Tenant:** Shelby County Schools
- **Term:** August 1, 2021 – July 31, 2025
- **Area / Costs:** 10,203+/- sf / \$75,772.78/yr (\$7.43/sf)

Comment: This lease would support a Middle/Early College High School on the SWCC campus. The school would be a partnership between SWCC and Shelby County Schools that aims to increase career readiness and college completion rates for Memphis students. This building is currently underutilized at SWCC and has previously been used by Shelby County Schools so it will not require renovation. This lease will provide a dual enrollment opportunity.

Either party may terminate the lease on 90 days' notice and this lease will not hamper future operations of the State. SWCC will be responsible for all operational and maintenance costs of the facility. The rent is intended to cover these costs. Waiver of appraisals is requested because of the public purpose to be served by this lease. Advertisement is not required since the tenant will be a governmental entity.

Date of Last Transfer:	April 23, 1973
Original Cost to State:	\$0.00
Square Footage Improvements:	N/A

Minutes: 03/22/2021 Approved disposal by lease with waiver of appraisals

TENNESSEE BOARD OF REGENTS**Disposal – Lease (Space)****Requested Action:** Approval of disposal by lease with waiver of advertisement and appraisals

Transaction Description: Transaction No. 21-02-904

- **Location:** Southwest Tennessee Community College (“A” Building)
737 Union Avenue, Memphis, TN
- **Tenant:** Phillip Ashley LLC
- **Term:** April 1, 2021 – December 31, 2023
- **Area / Costs:** 2,430+/- sf / \$35,513.00/yr (\$14.78/sf)

FRF Rate: \$18.00 sf

Comment: Southwest would like to collaborate with Phillip Ashley Chocolates (PAC) to provide students with an opportunity to gain valuable work experience. PAC would operate in space that is currently underutilized by Southwest. Under the lease, students from the Culinary Arts Program at Southwest would be able to participate in a paid internship experience with PAC to learn about a career as a chocolate production assistant and gain soft skills as well as technical experience. Waiver of advertisement and appraisals is requested because of the unique opportunities afforded to Southwest students through this lease.

The rent was set to cover Southwest’s costs of maintenance and operation of this space. Southwest is responsible for all maintenance of the leased premises and the tenant is responsible for all equipment in the space. Either party has the right to terminate on 30 days’ notice and this lease will not hamper future operations of the State.

Minutes: 03/22/2021 Approved disposal by lease with waiver of advertisement and appraisals

DEPARTMENT OF TRANSPORTATION**Disposal – Fee**

Requested Action: **Approval of disposal in fee with waiver of one appraisal**

Transaction Description: Transaction No. 21-02-001
 ● **Location:** Cocke County – 0.488 +/- acres –124 Wale Drive, Parrottsville, TN
 ● **Estimated Sale Price:** Fair Market Value

Comment: This property has been determined surplus to the needs of the Department. The property was purchased for the re-alignment of a local road. During construction, the decision was made to align the road differently eliminating the need for this parcel.

Proceeds of the sale will be deposited into the Highway Fund, per T.C.A 12-2-112.

Date of Last Transfer: August 1, 2002
 Previous Owner: Ray Swann
 Original Cost to State: \$6,000.00

Minutes: 03/22/2021 Approved disposal in fee with waiver of one appraisal

DEPARTMENT OF TRANSPORTATION

Disposal – Fee

Requested Action: **Approval of disposal in fee with waiver of one appraisal**

Transaction Description: Transaction No. 21-02-002
 • **Location:** Cocke County – 0.549 +/- acres – East Drive, Parrottsville, TN
 • **Estimated Sale Price:** Fair Market Value

Comment: This property has been determined surplus to the needs of the Department. The property was purchased for the re-alignment of a local road. During construction, the decision was made to align the road differently eliminating the need for this parcel.

Proceeds of the sale will be deposited into the Highway Fund, per T.C.A 12-2-112.

Date of Last Transfer: December 30, 2002
Previous Owner: Leonard Anderson
Original Cost to State: \$6,000.00

Minutes: 03/22/2021 Approved disposal in fee with waiver of one appraisal

DEPARTMENT OF GENERAL SERVICES**Acquisition – Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 14-06-910● **Proposed Amendment**○ **Term:** 8 years (April 1, 2016 – March 31, 2024)○ **Area / Costs:** 5,880 Square Feet

Annual Contract Rent (includes utilities) (Years 6-8)	\$74,558.40	\$12.68/sf
Average Annual Contract Rent	72,720.90	12.37/sf
Estimated Annual Janitorial Cost	6,468.00	1.10/sf
Total Annual Effective Cost	<u>\$79,188.90</u>	<u>\$13.47/sf</u>

● **Current Lease**○ **Location:** Anderson County – 475 Oak Ridge Turnpike, Oak Ridge, TN○ **Landlord:** R&R Properties of Tennessee, LLC○ **Term:** 5 years (April 1, 2016 – March 31, 2021)○ **Area / Costs:** 5,880 Square Feet

Annual Contract Rent (includes utilities)	\$71,618.40	\$12.18/sf
Estimated Annual Janitorial Cost	6,468.00	1.10/sf
Total Annual Effective Cost	<u>\$78,086.40</u>	<u>\$13.28/sf</u>

● **Source of Funding:** FRF Operating Funds● **FRF Rate:** \$18.00**Comment:** This lease will provide office space for Department of Safety – Driver Services Center & Tennessee Highway Patrol.

A request for waiver of advertisement and to amend the current lease by three (3) years is in the best interest of the State at this time for strategic alignment of existing in-term lease expirations for long-term planning to effectuate a balance of portfolio and resources.

The long-term procurement is currently in the market phase; and will be presented to ESC pursuant to applicable SBC policy at a future date. STREAM and the agency are confident a new procurement can be awarded prior to expiration of this new 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: 03/22/2021 Approved a lease amendment with waiver of advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

Requested Action: Approval of a lease with waiver of advertisement

Transaction Description: Transaction No. 21-03-901 & 21-03-902

Proposed Lease

- **Location:** Grainger County – 8421 Rutledge Pike, Rutledge, TN
- **Landlord:** Irrevocable Trust FBO Rylie Z. Daniel & Kendyl P. Daniel – Lori Michelle Turner, Trustee
- **Term:** 22 months (May 1, 2021 – February 28, 2023)
- **Area / Costs:** 8,400 Square Feet

Average Annual Contract Rent	\$ 86,520.00	\$10.30/sf
Estimated Annual Utilities Cost	14,700.00	1.75/sf
Estimated Annual Janitorial Cost	9,240.00	1.10/sf
Total Annual Effective Cost	\$110,460.00	\$13.15/sf

Current Lease

- **Location:** Grainger County – 8421 Rutledge Pike, Rutledge, TN
- **Landlord:** Dirk A. Daniel (Irrevocable Trust FBO Rylie Z. Daniel & Kendyl P. Daniel – Lori Michelle Turner, Trustee)
- **Term:** 10 Years (March 1, 2011 – February 28, 2021) (Holdover)
- **Area / Costs:** 8,400 Square Feet

Annual Contract Rent	\$ 84,000.00	\$10.00/sf
Estimated Utilities Cost	11,760.00	1.40/sf
Estimated Janitorial Cost	9,240.00	1.10/sf
Total Annual Effective Cost	\$105,000.00	\$12.50/sf

Source of Funding: FRF

Procurement Method: LPR on template

FRF Rate: \$15.00

Comment: This lease will provide office space for Department of Human Services & Department of Children’s Services. The long-term lease was approved at February ESC and is estimated to commence in June 2022 based on the renovations needed.

A two-year amendment was approved at February ESC, simultaneously with the long-term lease, but was not executed prior to lease expiration. The lease will bridge the time between expiration of the current lease and commencement of the long-term lease to allow for build out. It is in the best interest of the State to allow continuity of operations at this location until the new lease is ready for occupancy.

Based on a review of the financial aspects, occupancy requirements, and market indicators, this 22-month lease is deemed to be in the state’s best interest at this time.

Minutes: 03/22/2021 Approved a lease with waiver of advertisement

Approved:



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