

**MINUTES**  
**STATE BUILDING COMMISSION**  
**Executive Subcommittee**  
**September 21, 2020**

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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 11:02 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  
Justin Wilson, Comptroller of the Treasury, participated via electronic communication

ORGANIZATION

- Austin Peay State University
- Department of General Services
- State Building Commission

PRESENTER

Interim President Dannelle Whiteside  
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 September 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 participated electronically.

At a roll call vote all members voted aye and approved the use of electronic communication.

## 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: University of Memphis  
Transaction: Acquisition – Lease Amendment (Space)  
Provision(s): Waiver of advertisement
  
- B. Agency: University of Tennessee Health Science Center  
Transaction: Acquisition – Lease Amendment  
Provision(s): n/a
  
- C. Agency: Department of Intellectual & Developmental Disabilities  
Transaction: Disposal – Fee  
Provision(s): Waiver of one appraisal
  
- D. Agency: Department of Intellectual & Developmental Disabilities  
Transaction: Disposal – Fee  
Provision(s): Waiver of one appraisal
  
- E. Agency: Department of Transportation  
Transaction: Disposal – Fee (with Right to Hire Realtor)  
Provision(s): Waiver of one appraisal
  
- F. Agency: Department of Correction  
Transaction: Disposal – Fee  
Provision(s): Waiver of advertisement and one appraisal
  
- G. Agency: Department of General Services  
Transaction: Acquisition – Lease (Space)  
Provision(s): Waive advertisement
  
- H. Agency: Department of General Services  
Transaction: Acquisition – Lease Amendment  
Provision(s): Waiver of advertisement

AUSTIN PEAY STATE UNIVERSITY

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 001

• Proposed Lease

- Location: Austin Peay State University  
1 Millennium Plaza, Clarksville, Tennessee
- Landlord: Montgomery County, Tennessee
- Term: 30 years
- Area / Costs: 34,199 Square Feet plus the right to use the Arena for Basketball Games
  - Annual Base Rental (years 1-5) \$1,000,000
  - Annual Base Rental (years 6-30) \$800,000
  
  - Estimated Annual Event Revenue \$792,219
  - Existing Ticket and Concessions Sales \$(97,500)
  - Total Estimated Annual Event Revenue \$694,719
  
  - Estimated Annual Expenses \$(376,000)
  - Estimated Annual Insurance Premium \$(14,500)
  - Estimated Annual Arena Operation Expense \$(390,500)
  
  - Net Annual Revenue Available for Base Rental \$304,219
  - Annual Amortization of Naming Rights \$175,000
  - Total Revenue Available for Base Rental \$479,219
  
  - Estimated Annual Reallocated Student Athletic Fees:
    - Years 1-5 \$520,880
    - Years 6-30 \$320,880
- Source of Funding: Student Fees (Athletics)  
Operating Funds (Aux-Athletics)

**Comment:** The existing facilities at the Dunn Center do not meet APSU's needs for its basketball teams and other athletics and educational programs. Montgomery County is constructing a new arena which will have sufficient space to host APSU's basketball games and to provide locker rooms, offices, training facilities, meeting spaces and a practice court for APSU. Under this Lease, APSU would lease space for use by its men's and women's basketball teams and receive a license to use the arena for basketball games.

The projected attendance of 1,500 in the Multi-purpose Event Center is conservatively based on numbers that have historically been seen for men's and women's basketball games in the existing Dunn Center Arena.

The liability insurance premium is estimated to be \$14,500 for the first year, escalated 5% annually, through 2023, from the current policy rate on the University of Memphis' lease with the FedEx Forum. The estimate is based on the same coverage amounts as the University

of Memphis' FedEx Forum, which is considerably larger than the Multi-purpose Event Center.

Construction is anticipated to be complete, and the lease is expected to begin in 2024. Montgomery County intends to hire an operator for the facility who will manage the facility and handle all operations, including acting as the exclusive vendor for ticket and concession sales. As part of the lease agreement, APSU will receive revenue for the sale of tickets concessions, catering, merchandise and advertising (\$694,719). These revenues will be used to offset Expenses (\$376,000). The Net Annual Revenue will cover almost half of the annual base rental. Existing student athletic fees will be reallocated to cover the remaining portion of the annual base rental. There is no minimum game attendance requirement. Montgomery County will be responsible for all insurance, taxes, custodial, maintenance and utility costs of the facility and will provide APSU with a \$500,000 allowance for fixtures, furniture and equipment, as well as, provide the initial buildout of the leased premises at APSU's direction at no additional cost to APSU.

Under the lease agreement, APSU would guarantee an annual minimum of 26-ticketed games for men's and women's basketball. APSU would not have the right to terminate the lease agreement for convenience.

APSU has insufficient space in the Dunn Center arena floor to accommodate men and women's basketball, volleyball and the Health & Human Performance academic programs within the same timeframe. The Multi-purpose Event Center in Clarksville will provide a dedicated arena, practice, training, office and support space for the basketball teams. Due to current demands on the Dunn Center and the lack of other viable alternatives to accommodate the needs of the basketball teams, APSU does not anticipate the need to terminate the Multi-Purpose Event Center lease during the term.

Advertising is not required because the Lessor is a government entity.

**Minutes:**

09/21/2020 Commissioner Eley stated that the Dunn Center was completed in the 1970s and in need of an update. Interim President Dannelle Whiteside stated that it was needed for basketball and if this lease is approved APSU will still use the Dunn Center for other sport, recreation and academic uses.

Commissioner Eley thanked Interim President Whiteside for her staff for working together with the Commission staff. This is a unique situation and he understands that staff has been working closely on the liability insurance requirements and other issues to make sure that the final version was in the best interest of the State and all parties.

Secretary Hargett asked how things are going during the pandemic with social distancing and contagion rates, and if there are any issues. Interim President Whiteside stated that APSU currently has the lowest percentage of cases across the public higher education institutions. They have guidelines in place.

At a roll call vote all members voted aye and approved a lease.

DEPARTMENT OF GENERAL SERVICES

Acquisition – Lease (Space)

**Requested Action:** Approval of a lease

**Transaction Description:** Transaction No. 19-05-901

- **Proposed Lease**

- **Location:** Knox County – 203 Gore Road, Knoxville, TN
- **Landlord:** Blackhorse Capital Partners, a Tennessee General Partnership
- **Term:** 10 years
- **Area / Costs:** 8,160 Square Feet

Annual Contract Rent	\$142,800.00	\$17.50/sf
Estimated Utilities Cost	14,280.00	1.75/sf
Estimated Janitorial Cost	<u>8,976.00</u>	<u>1.10/sf</u>
<b>Total Annual Effective Cost</b>	<b>\$166,056.00</b>	<b>\$20.35/sf</b>

- **Current Lease**

- **Location:** Knox County – 430 Montbrook Lane, Knoxville, TN
- **Landlord:** Apex Bank, a Tennessee Corporation
- **Term:** 11 Years (April 1, 2010 to March 31, 2021)
- **Area / Costs:** 9,500 Square Feet

Annual Contract Rent	\$179,718.00	\$18.92/sf
Estimated Utilities Cost (electric only)	10,450.00	1.10/sf
Estimated Janitorial Cost	<u>10,450.00</u>	<u>1.10/sf</u>
<b>Total Annual Effective Cost</b>	<b>\$200,640.00</b>	<b>\$21.12/sf</b>

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

**Comment:** This lease will provide office space for Department of Safety and Homeland Security. Nine proposals from six proposers were received and evaluated. The proposed location will be a renovated for the State. The lease is estimated to commence in March 2022 based on the required renovation. A future ESC action will be required to amend the current lease to allow additional time for the landlord to complete the buildout required for the new lease.

The tenant may terminate this lease at any time by giving 120 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.

**Minutes:** 09/21/2020 Commissioner Eley stated that he liked to see a reduction in square footage and reduced cost per square foot.

At a roll call vote all members voted aye and approved a lease.

DEPARTMENT OF GENERAL SERVICES

**Acquisition – Lease (Space)**

**Requested Action:** Approval of a lease

**Transaction Description:** Transaction No. 19-06-938

● **Proposed Lease**

- **Location:** Putnam County – 1810 Foreman Drive, Cookeville, TN
- **Landlord:** Sparrow Ventures, a Tennessee General Partnership
- **Term:** 15 years
- **Area / Costs:** 13,500 Square Feet

First Year Annual Contract Rent	\$231,795.00	\$17.17/sf
Average Annual Rent	241,066.80	17.86/sf
Estimated Utilities Cost	23,625.00	1.75/sf
Estimated Janitorial Cost	14,850.00	1.10/sf
Total Average Annual Effective Cost	\$279,541.80	\$20.71/sf

● **Current Lease**

- **Location 1:** Putnam County – 1000 England Drive, Cookeville, TN
- **Landlord:** Upper Cumberland Business Park, LLC
- **Term:** 5 years (January 1, 2016 to December 31, 2020)
- **Area / Costs:** 4,027 Square Feet

Annual Contract Rent	\$39,996.00	\$9.93/sf
Estimated Utilities Cost	7,047.25	1.75/sf
Estimated Janitorial Cost	4,429.70	1.10/sf
Total Annual Effective Cost	\$51,472.95	\$12.78/sf

- **Location 2:** Putnam County – 120 East Main Street, Algood, TN
- **Landlord:** William A. & James W. Benson
- **Term:** 5 years (April 1, 2018 to March 31, 2023)
- **Area / Costs:** 6,817 Square Feet

Annual Contract Rent	\$31,996.00	\$4.69/sf
Estimated Utilities Cost	11,929.75	1.75/sf
Estimated Janitorial Cost	7,498.70	1.10/sf
Total Annual Effective Cost	\$51,424.45	\$7.54/sf

- **Source of Funding:** FRF Operating Funds
- **Procurement Method:** LPR on template
- **FRF Rate:** \$18.00

**Comment:** This lease will provide office space for Tennessee Bureau of Investigation (TBI). Nine proposals from five proposers were received and evaluated. This lease will consolidate the Algood and Cookeville field offices and provide space for additional staffing for this location. The proposed location will be renovated to meet the State's needs. The lease is estimated to commence in April 2022 based on the renovations needed. 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. A future ESC action will be required to amend the current Cookeville lease to allow additional time for the landlord to complete the buildout required for the 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:** 09/21/2020 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 August 24, 2020.

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 Memphis  
**Location:** Memphis, Tennessee  
**Project Title:** Fogelman Executive Center Upgrades  
**Project Description:** Replacement of obsolete pneumatic HVAC controls at the Fogelman Executive Center. Project includes all related work.  
**SBC Project No.** 367/007-04-2020  
**Total Project Budget:** \$400,000.00  
**Source of Funding:** Plant Funds (Non-Aux) (A)  
**Approval:** Approved a revision in project funding (to correct the Designer Fee)  
**Approval Date:** 08/28/2020
  
- 2) **State Procurement Agency:** STREAM / Department of Military  
**Location:** Nashville, Tennessee  
**Project Title:** JFHQ Emergency Operations Center Update  
**Project Description:** Provide mechanical and electrical upgrades with lighting necessary to support the Military's expansion of existing space for the emergency operations center; install new federally purchased systems and furniture and all required related work. Work includes incidental finishes, to include ceiling tile, paint and carpet.  
**SBC Project No.** 361/067-02-2020  
**Total Project Budget:** \$250,000.00  
**Source of Funding:** \$125,000.00 Federal Funds (NGB) (F)  
\$125,000.00 17/18 CurrFunds-CapImp (R)  
**Approval:** Approved project utilizing Agency Resources for design and a Central Procurement contract and Agency Resources for construction  
**Approval Date:** 08/28/2020

### 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:** Environmental Consultant  
**Project Description:** Consultant to support the agency for project development and associated facility needs including limited design services.  
**SBC Project No.** 361/000-01-2016  
**Total Project Budget:** \$300,000.00  
**Source of Funding:** Federal Funds (NGB) (F)  
**Approval:** Approved an amendment to contract extending the term (5<sup>th</sup> and final year)  
**Approval Date:** 08/27/2020

### 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. 19-04-016  
**Location:** Loudon County – 0.242± acres – 775 Hwy 321 N, Lenoir City, TN  
**Grantee:** Larry Hill d/b/a Loudon Real Estate  
**Estimated Purchase Price:** Fair Market Value  
**Approval:** Approved disposal in fee  
**Approval Date:** 08/25/2020

### Designer Selections

- Reported the following six 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 / Dyersburg State Community College  
**Location:** Dyersburg, Tennessee  
**Project Title:** Administration Building Electrical Upgrades  
**SBC Project No.** 166/017-01-2020  
**Total Project Budget:** \$400,000.00  
**Source of Funding:** 20/21 CurrFunds-CapMaint (MP) (A)  
**Designer:** HNA Engineering, PLLC  
**Approval Date:** 08/23/2020



- 2) **State Procurement Agency:** Tennessee Board of Regents / Pellissippi State Community College  
**Location:** Knoxville, Tennessee  
**Project Title:** CPAC Lighting Updates  
**SBC Project No.** 166/032-02-2020  
**Total Project Budget:** \$225,000.00  
**Source of Funding:** \$105,000.00 Plant Funds (Non-Aux) (A)  
\$120,000.00 Gifts (O)  
**Designer:** West, Welch, Reed Engineers, Inc.  
**Approval Date:** 08/23/2020
- 3) **State Procurement Agency:** Tennessee Board of Regents / Nashville State Community College  
**Location:** Nashville, Tennessee  
**Project Title:** Lighting & Security Updates  
**SBC Project No.** 166/034-02-2020  
**Total Project Budget:** \$410,000.00  
**Source of Funding:** 20/21 CurrFunds-CapMaint (MP) (A)  
**Designer:** IC Thomasson Associates, Inc.  
**Approval Date:** 08/23/2020
- 4) **State Procurement Agency:** Tennessee Board of Regents / Northeast State Community College  
**Location:** Blountville, Tennessee  
**Project Title:** Powers Building Foundation Stabilization  
**SBC Project No.** 166/038-01-2020  
**Total Project Budget:** \$360,000.00  
**Source of Funding:** 20/21 CurrFunds-CapMaint (MP) (A)  
**Designer:** Spoden & Wilson, Consulting Engineers  
**Approval Date:** 08/23/2020
- 5) **State Procurement Agency:** Tennessee Board of Regents / TCAT Jacksboro  
**Location:** Jacksboro, Tennessee  
**Project Title:** Door & Window Replacements  
**SBC Project No.** 166/056-01-2020  
**Total Project Budget:** \$140,000.00  
**Source of Funding:** 20/21 CurrFunds-CapMaint (MP) (A)  
**Designer:** Cramer Design Studio, LLC  
**Approval Date:** 08/24/2020
- 6) **State Procurement Agency:** STREAM / Department of Military  
**Location:** Smyrna, Tennessee  
**Project Title:** Smyrna VTS Grubbs-Kyle HVAC & Facility Update  
**SBC Project No.** 361/079-07-2020  
**Total Project Budget:** \$470,000.00  
**Source of Funding:** \$235,000.00 20/21 CurrFunds-CapMaint (MP) (A)  
\$235,000.00 Federal Funds (NGB) (F)  
**Designer:** IC Thomasson Associates, Inc.  
**Approval Date:** 08/27/2020

- Secretary Hargett shared the process by which designers are selected by the Subcommittee. He stated that the State Procurement Agency will send the Subcommittee up to three designers for each project. The Subcommittee will then select the designer from those three. At the request of the design community, the Subcommittee considers geographical preference and strives to balance out the work over time looking back several years considering the fees generated from prior projects. The State has three grand divisions and several urban areas so the Subcommittee also tries to make sure that designers from those prospective areas have the opportunity to do work in those areas.

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| <p>1) <b>TCAT Statewide – East Region</b><br/>(MEP Consultant)<br/>Total Project Budget: \$1,890,000.00<br/>SBC Project No. 166/000-01-2020<br/>Designer: <b>ENGINEERING SERVICES GROUP INC</b></p>                                                | <p>5) <b>Walter State Community College</b><br/>(Sevier County Campus Re-Roof)<br/>Total Project Budget: \$1,000,000.00<br/>SBC Project No. 166/023-01-2020<br/>Designer: <b>SHAW &amp; SHANKS ARCHITECTS PC</b></p>                               |
| <p>2) <b>TCAT Statewide – West Region</b><br/>(MEP Consultant)<br/>Total Project Budget: \$1,890,000.00<br/>SBC Project No. 166/000-01-2020<br/>Designer: <b>BUILDING SYSTEMS GROUP ENGINEERING LLC</b></p>                                        | <p>6) <b>Volunteer State Community College</b><br/>(Warf Science &amp; Wallace North Roof Replacements)<br/>Total Project Budget: \$1,160,000.00<br/>SBC Project No. 166/025-02-2020<br/>Designer: <b>RICHARD C RINKS &amp; ASSOCIATES INC</b></p> |
| <p>3) <b>Tennessee State University</b><br/>(Tornado Repairs &amp; Replacement)<br/>(General Services Roof Replacement)<br/>Total Project Budget: \$251,000.00<br/>SBC Project No. 166/001-01-2020<br/>Designer: <b>MELVIN GILL ARCHITECTS</b></p> | <p>7) <b>Pellissippi State Community College</b><br/>(Alarm Systems Upgrades)<br/>Total Project Budget: \$700,000.00<br/>SBC Project No. 166/032-03-2020<br/>Designer: <b>VREELAND ENGINEERS INCORPORATED</b></p>                                  |
| <p>4) <b>Chattanooga State Community College</b><br/>(East Omni Roof Replacement)<br/>Total Project Budget: \$590,000.00<br/>SBC Project No. 166/012-03-2020<br/>Designer: <b>DERTHICK HENLEY &amp; WILKERSON ARCHITECTS PLLC</b></p>              | <p>8) <b>TCAT Chattanooga</b><br/>(Advanced Manufacturing Building)<br/>Total Project Budget: \$21,900,000.00<br/>SBC Project No. 166/012-02-2020<br/>Designer: <b>BARBER MCMURRY ARCHITECTS LLC</b></p>                                           |
|                                                                                                                                                                                                                                                    | <p>9) <b>East Tennessee State University</b><br/>(College of Medicine – Bldg 2 Renovations)<br/>Total Project Budget: \$3,000,000.00<br/>SBC Project No. 369/005-06-2020<br/>Designer: <b>CLARK NEXSEN INC</b></p>                                 |

Secretary Hargett stated for designer selection number eight, TCAT Chattanooga, which is a high-profile project, the Subcommittee typically likes to see Chattanooga firms have the opportunity to do the work in Hamilton County. There were no Chattanooga firms included in the three firms provided for Subcommittee consideration, so it was not possible for the Subcommittee to make an award to a Chattanooga firm for the TCAT Chattanooga project. Secretary Hargett stated that the practice over the last twelve years since he, the Treasurer and the Comptroller have been in office, and even before that, is to make selections from the list of designers recommended by the State Procurement Agencies. He stated that they have consistently done this for the past twelve years and have not deviated from the list. It is up to the respective State Procurement Agency to provide a list with up to three and the Subcommittee selects from those. At a roll call vote all members voted aye and approved the designer selections.

Other Business

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

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UNIVERSITY OF MEMPHISAcquisition - Lease Amendment (Space)

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

Transaction Description: Transaction No. 19-0507-001

• Proposed

Amendment

Term

July 1, 2019- May 31, 2026 with two 5 year renewal options

Area / Costs:

31,833 Square Feet

First Year Contract Rent (19-20):	\$445,662.00	\$14.00/sf
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Second Year Contract Rent (20-21):	\$189,947.52	5.97/sf
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Third Year Contract Rent (21-22):	\$348,482.53	10.95/sf
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Average Annual Contract Rent (22-26):	\$566,494.04	17.80/sf
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Estimated Utility Cost	68,312.00	2.15/sf
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Estimated Janitorial Cost	56,703.00	1.78/sf
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Estimated Maintenance Cost	<u>96,875.00</u>	<u>3.04/sf</u>
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General Liability Insurance	<u>2,483.00</u>	
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Total Annual Effective Cost (19-26)	\$688,668.46	\$21.56/sf
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• Current Lease

University of Memphis

Location:

1245 N. Germantown Road, Memphis, TN (Cordova)

Landlord:

Nash Fields, LLC

Term:

Upon Execution of Lease-May 31, 2024 with two 5 year renewal options

Area / Costs:

31,833 Square Feet

First Year Contract Rent:	\$445,662.00	\$14.00/sf
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Average Contract Rent:	\$463,782.38	14.57/sf
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Estimated Utility Cost:	\$68,312.00	2.15/sf
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Estimated Janitorial Cost	56,703.00	1.78/sf
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Estimated Maintenance Cost	\$96,875.00	3.04/sf
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General Liability Insurance	<u>2,483.00</u>	
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Total Annual Effective Cost	\$688,155.38	\$21.54/sf
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• Source of Funding:

Tuition and Fees (O)

• FRF Rate:

\$18.00 (for reference only)

Comment:

This amendment is to change the terms of the lease and payment schedule to address the economic hardship presented by COVID-19. The lease term will be extended by two years and a portion of the rent due in 2021-2023 will be deferred to allow the University to better address its revenues related to the culinary program. The University will also be permitted to sublease the premises with Landlord's consent. Waiver of advertisement is requested to allow the University to continue its programs at this location while addressing the impacts of COVID-19.

Rent and Additional Rent for the common area maintenance and shopping center insurance and taxes will continue to increase by 2% each year during the term and any renewal terms.

The University may cancel or terminate the lease for cause (other than Landlord's default or conflict) prior to June 1, 2022 with payment of a \$200,000 termination fee. Thereafter, the termination fee shall be \$150,000. The University has waived its right to terminate the lease on or before November 30, 2020.

**Previous Action:** 06/24/2019 Approved lease

**Minutes:** 09/21/2020 Approved a lease amendment with waiver of advertisement

UNIVERSITY OF TENNESSEE

**Acquisition - Lease Amendment**

**Requested Action:**                   **Approval of a lease amendment**

**Transaction Description:**   Transaction No. 8500049223

- **Proposed Amendment**

- **Term:**                               November 1, 2015 – October 31, 2025
- **Area / Costs:**                   Sixteen (16) two (2) Bedroom Units
 

Average Annual Contract Rent (years 1-5)	\$1,350/unit per mo.	\$259,200/yr
Average Annual Contract Rent (years 6-10)	\$1,440/unit per mo.	\$276,480/yr

- **Current Lease**

- **Location:**                         UT Health Science Center- Hayden Place Apartments  
Hamilton County – 298 Acorn Oaks Circle, Chattanooga, TN 37405
- **Landlord:**                       Hayden Place Properties, I, LLC
- **Term:**                               October 23, 2015 – October 22, 2020 with one option to extend for five years
- **Area / Costs:**                   Sixteen (16) two (2) Bedroom Units
 

Average Annual Contract Rent	\$1,350/unit per mo.	\$259,200/yr
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- **Source of Funding:**           Plant Funds (Non-Aux) (A)

- **FRF Rate:**                         \$18.00/sf (for reference only)

**Comment:**                           The apartments are used by medical and dental students on clinical rotations with the UTHSC Colleges of Medicine and Dentistry. The lease of up to 18 units was approved by the ESC, but only 16 units have been needed and the lease term was adjusted to commence at the first of the month and end at the end of the month. The new lease rate, which was negotiated in accordance with the terms of the lease will not increase over the five-year term, is a modest increase over the current rate which was also held steady for five years. The proposed rate includes upgraded internet via fiber from the Electric Power Board and all utilities. Additionally, the proposed rental rate is competitive and the location has worked well for UTHSC students.

The University will has the right to terminate this lease without notice due to lack of funding by the appropriate Legislative Body for obligations required of the State under this lease and for convenience with ninety (90) days-notice.

Advertisement is not required since the amendment is for the sole purpose of executing a lease extension pursuant to the terms of the lease.

**Previous Action:**                   06/22/2015   Approved issuing a Request for Proposal for leasing apartments  
                                               10/22/2015   Approved a lease  
                                               06/20/2016   Approved a lease amendment with waiver of advertisement

**Minutes:**                             09/21/2020   Approved a lease amendment

DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIESDisposal – Fee

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

**Transaction Description:** Transaction No. 20-01-009  
 • **Location:** Davidson County – 1.96 +/- acres – 221 Foxwood Lane, Nashville, TN  
 • **Estimated Sale Price:** Fair Market Value

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

The residence, which once served as a group home, is vacant with no current or future planned use. Disposal of this property will alleviate the burden of ongoing maintenance and related expenses.

Proceeds of the sale will be deposited into the Intellectual and Developmental Disabilities Trust Fund in accordance with TCA § 12-2-117.

Date of Last Transfer: November 30, 2010  
 Previous Owner: New Horizons Corporation  
 Original Cost to State: \$199,900.00  
 Square Footage Improvements: 3,376 SF house (1989)

**Previous Action:** 08/31/2010 ESC Approval of acquisition in fee

**Minutes:** 09/21/2020 Approved disposal in fee with waiver of one appraisal

DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES

Disposal – Fee

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

**Transaction Description:** Transaction No. 20-01-010  
• **Location:** Davidson County – 1.55 +/- acres – 212 Foxwood Lane, Nashville, TN  
• **Estimated Sale Price:** Fair Market Value

**Comment:** This property has been determined to be surplus to the Department’s needs.

The residence, which once served as a group home, is vacant with no current or future planned use. Disposal of this property will alleviate the burden of ongoing maintenance and related expenses.

Proceeds of the sale will be deposited into the Intellectual and Developmental Disabilities Trust Fund in accordance with TCA § 12-2-117.

Date of Last Transfer: April 11, 2011  
Previous Owner: Rochelle Center  
Original Cost to State: \$202,000.00  
Square Footage Improvements: 3,112 SF house (1988)

**Previous Action:** 08/31/2010 ESC Approval of acquisition in fee

**Minutes:** 09/21/2020 Approved disposal in fee with waiver of one appraisal



DEPARTMENT OF TRANSPORTATION

Disposal – Fee (with Right to Hire Realtor)

**Requested Action:** Approval to utilize Central Procurement Office procedures to contract with a realty firm to assist with the disposal with waiver of one appraisal

**Transaction Description:** Transaction No. 20-07-006  

- **Location:** Greene County – 0.437± acre – 1407 Greenwood Drive, Greenville, TN
- **Estimated Sale Price:** Fair Market Value
- **Estimated Realtor Cost:** To Be Negotiated

**Comment:** This property has been determined to be surplus to the Department’s needs.

TDOT acquired this property in 1962 as part of an acquisition of property for road construction. The house on site was used as a construction office until 2013 when it was conveyed to Greene County. The county subsequently determined it was no longer required for its needs and conveyed the property back to TDOT in 2018. The department has no planned use for this property going forward.

This request is to hire a realtor, experienced in the disposal of residential properties, to assist the State due to location and size of the property.

The proceeds will be deposited into the Highway Fund Per TCA 12-2-112.

Date of Last Transfer: 07/19/1962 (larger tract)  
Previous Owner: N/A  
Original Cost to State: \$29,700.00  
Square Footage Improvements: 1,036 sf house; 624 sf outbuilding (1962)

**Minutes:** 09/21/2020 Approved utilizing Central Procurement Office procedures to contract with a realty firm to assist with the disposal with waiver of one appraisal

DEPARTMENT OF CORRECTIONDisposal – Fee

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

**Transaction Description:** Transaction No. 20-08-004  
 • **Location:** Cockrill Bend  
 Davidson County - 2.59 +/- acres - 7475 Cockrill Bend Blvd, Nashville, TN  
 • **Grantee:** J.B. Baker  
 • **Estimated Sale Price:** Fair Market Value

**Comment:** This property has been deemed surplus to the needs of the Department.

The 2.59 +/- acres is two small strips of land on the perimeter of the grantee's property. The requested area is on an unusable portion of State-owned property, commonly known as Cockrill Bend, due to the topography and floodway/plain.

The grantee requested the acquisition to accommodate vehicle traffic around the perimeter of their property after the facility was demolished as a result of the March 2020 Tornado.

The opportunity to sell this property falls in line with the TACIR report--Improving Management of Government-Owned Real Property in Tennessee dated January 2019 which recommends disposal of surplus properties in order to place them back onto the local government tax rolls.

The grantee has agreed to pay all costs associated with the transfer.

Proceeds from the sale will be deposited into the Sentencing Act of 1985 Reserve pursuant to TCA § 12-2-120.

Date of Last Transfer: February 5, 1914  
 Previous Owner: Nathaniel Baxter Jr.  
 Original Cost to State: \$196,520.00 (larger tract)  
 Square Footage Improvements: N/A

**Minutes:** 09/21/2020 Approved disposal in fee with waiver of advertisement and one appraisal

DEPARTMENT OF GENERAL SERVICESAcquisition – Lease (Space)

**Requested Action:** Approval to waive advertisement

**Transaction Description:** Transaction No. 20-02-908

- **Proposed Lease**

- **Location:** Knox County – 1426 Elm Street, Knoxville
- **Landlord:** BOSK Properties
- **Term:** Approximately 3 years

- **Current Lease**

- **Location:** Knox County – 1426 Elm Street, Knoxville
- **Landlord:** BOSK Properties
- **Term:** 10 years (July 1, 2005 to June 30, 2015) (Holdover)
- **Area / Costs:** 18,256 Square Feet

Annual Contract Rent	\$163,128.00	\$8.94/sf
Estimated Utilities Cost	25,558.40	1.40sf
Estimated Janitorial Cost	20,081.60	1.10/sf
Annual Effective Cost	\$208,768.00	\$11.44sf

- **Source of Funding:** FRF Operating Funds
- **FRF Rate:** \$18.00

**Comment:** This lease will provide space for the Department of Correction in Knox County.

The current lease has expired, and a new lease was approved in March 2017 for the incumbent location, however that lease has not commenced because the space needs of the department have changed over time requiring substantially less space for this office. Based on discussions with the agency and landlord, the previously approved lease will be canceled.

Waiver of advertisement is requested to allow the State to procure a new short-term lease at the incumbent location to allow continuity of operations until a new lease is procured and ready for occupancy. A future ESC action will be required to approve the 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:** 09/21/2020 Approved waiving advertisement

DEPARTMENT OF GENERAL SERVICES

Acquisition - Lease Amendment

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

**Transaction Description:** Transaction No. 07-05-906

• **Proposed Amendment**

○ <b>Term:</b>	12 years (November 1, 2010 – October 31, 2022)		
○ <b>Area / Costs:</b>	<u>8,700 Total Square Feet</u>		
	Annual Contract Rent (Years 1-10):	\$89,700.00	\$10.31/sf
	Annual Contract Rent (Years 11-12):	98,397.00	11.31/sf
	Average Annual Contract Rent:	91,149.50	10.48/sf
	Estimated Annual Utility Cost:	15,225.00	1.75/sf
	Estimated Annual Janitorial Cost:	<u>9,570.00</u>	<u>1.10/sf</u>
	<b>Total Average Annual Effective Cost:</b>	<b>\$115,944.50</b>	<b>\$13.33/sf</b>

• **Current Lease**

○ <b>Location:</b>	Rutherford County, 1035 Samsonite Blvd, Murfreesboro, TN		
○ <b>Landlord:</b>	Pedigo-Rutherford Properties, LP		
○ <b>Term:</b>	10 years (November 1, 2010 – October 31, 2020)		
○ <b>Area / Costs:</b>	<u>8,700 Square Feet</u>		
○ <b>Current:</b>	Annual Contract Rent:	\$89,700.00	\$10.31/sf
	Estimated Annual Utility Cost:	12,180.00	1.40/sf
	Estimated Annual Janitorial Cost:	<u>9,570.00</u>	<u>1.10/sf</u>
	<b>Total Annual Effective Cost:</b>	<b>\$111,450.00</b>	<b>\$12.81/sf</b>

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

• **FRF Rate:** \$18.00

**Comment:** This lease provides office space for the Department of Safety and Homeland Security.

This amendment is in the best interest of the State to allow continuity of operations until a new lease is approved and ready for occupancy. A future ESC action will be required for approval of the new long-term solution.

Based on a review of the financial aspects, occupancy requirements and market indicators, this lease amendment is deemed to be in the State's best interest at this time.

**Previous Action:** 02/25/2008 ESC approved lease agreement

**Minutes:** 09/21/2020 Approved a lease amendment with waiver of advertisement

Approved:



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