

# MINUTES

## STATE BUILDING COMMISSION MEETING

### EXECUTIVE SUB-COMMITTEE

AUGUST 24, 2009

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

#### STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

#### STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

#### OTHERS PRESENT

Mike Fitts, State Architect  
Alan Robertson, Assistant State Architect  
Georgia Martin, State Architect's Office  
Jurgen Bailey, Real Property Administration  
Genie Whitesell, Attorney General's Office  
Joy Harris, Treasurer's Office  
John Carr, Department of Finance & Administration  
Karen Hale, Comptroller's Office  
Mark Cherpack, Department of Finance and  
Administration  
Dick Tracy, Tennessee Board of Regents  
Scott Boelscher, THEC  
Cindy Liddell, Bond Finance  
Annette Crutchfield, Legislative Budget Office  
Melinda Parton, Comptroller's Office  
Terry Mason, Comptroller's Office  
Mark Wood, Secretary of State's Office  
Jonathan Rummel, Secretary of State's Office  
Kent Taylor, citizen  
Chelle Travis, Tennessee Board of Regents  
James King, Tennessee Board of Regents

Steve Campbell, Northeast State Community  
College  
Janie Geller, Northeast State Community College  
Bill Locke, Northeast State Community College  
Melanie Buchanan, Real Property Administration  
Gordon Martin, TWRA

Secretary Hargett called the meeting to order at 10:37 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

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CONSENT AGENDA

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

- A. Agency: Tennessee Board of Regents – Rutherford County  
Transaction: Acquisition in fee
- B. Agency: Tennessee Board of Regents – Rutherford County  
Transaction: Acquisition in fee
- C. Agency: Tennessee Board of Regents – Carter County  
Transaction: Disposal by easement  
Provision: Waiver advertisement & appraisal
- D. Agency: Tennessee Wildlife Resource Agency – Hawkins County  
Transaction: Disposal by lease  
Provision: Waiver advertisement & appraisal
- E. Agency: Department of Agriculture – Williamson County  
Transaction: Disposal in fee  
Provision: Waiver advertisement & appraisal
- F. Agency: Department of Agriculture – Fayette County  
Transaction: Disposal in fee  
Provision: Waiver appraisals
- G. Agency: Board of Probation & Parole – Davidson County  
Transaction: Lease Amendment
- H. Agency: Bureau of Ethics & Campaign Finance – Davidson County  
Transaction: Lease Amendment
- I. Agency: Secretary of State – Weakley County  
Transaction: Lease agreement
- J. Agency: University of Tennessee – Knox County  
Transaction: Demolition

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER OF ADVERTISEMENT & APPRAISALS required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Jackson & Macon Counties – 43,000 sf building with 12 +/- acres – Red Boiling Springs Tri-County Career & Technical Education Center, Red Boiling Springs, TN – Trans. No. 09-07-008 (Woodard)

Purpose: Acquisition in fee by gift to allow TTC to offer a campus to underserved student population for career training.

Source of Funding: Gift

Estimated Cost: \$10,448,300.00

Owner(s): Board of Education for Jackson & Macon Counties

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 08-24-09. Jurgen Bailey presented the transaction. He stated that Northeast State Community College is currently leasing the property for \$1.00 until the State acquires ownership. Dick Tracy stated that Jackson and Macon Counties will each pay \$300,000 for operating costs. Treasurer Lillard asked if there were any deferred maintenance or environmental issues, and was told "no". Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Sullivan County – 305 West Main Street, Kingsport, TN – Trans. No. 09-07-910

Purpose: To provide educational facilities

Term: September 1, 2009 thru August 31, 2014 (5 yrs.)

Proposed Amount: 30,000 Square Feet

Annual Contract Rent:	\$ 39,000.00	@ \$ 1.30 / sf
Est. Annual Utility Cost:	\$ 52,500.00	@ \$ 1.75 / sf
Est. Annual Janitorial Cost:	\$ 33,000.00	@ \$ 1.10 / sf
Total Annual Effective Cost:	\$124,500.00	@ \$ 4.15 / sf

Current Amount: None

Type: New Lease

FRF Rate: \$18.00

Lessor: Northeast State Community College Foundation

Comment: The proposed lease has ninety (90) day State cancellation.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Domtar Paper Company and the City of Kingsport made available to the NeSCC Foundation land on which the RCAM building was constructed. The facility was constructed by the business partners and furnished using funds made available by Eastman Chemical Company, Domtar Paper Company and a \$1.9 m funded grant awarded to NeSCC by the US Department of Labor. The building housing the RCAM is one of five buildings comprising the Academic Village. The building was custom built to accommodate the RCAM training programs. Funds for the day-to-day operations of the RCAM will be provided by NeSCC through its operating budget. Financial support of personnel to manage and teach in the center will be provided by the College using grant and institutional funds. Staff referred to Sub Committee for discussion.

Tennessee Board of Regents – continued:

SC Action: 08-24-09. Jurgen Bailey presented the transaction. Comptroller Wilson asked about the Foundation, and President Locke confirmed that the Foundation is a non-profit group that has a singular purpose of supporting the college and all its activities. When questioned if the rental rate was to meet the expenses of the Foundation, Dick Tracy responded that the rental rates were enough to pay utilities and operational expenses. He said that any monies left over would be applied to the subsequent years operating costs because the Foundation was not allowed to make a profit. Comptroller Wilson stated that, at the next meeting, he would like to have an explanation of the relationships and guiding procedures relating to Foundations for TBR institutions statewide. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Sullivan County – 337 West Center Street, Kingsport, TN – Trans. No. 09-07-909

Purpose: To provide educational facilities

Term: September 1, 2009 thru August 31, 2014 (5 yrs.)

Proposed Amount: 9,576 Square Feet

Annual Contract Rent:	\$ 80,000.00	@ \$ 8.35 / sf
Est. Annual Utility Cost:	\$ 17,500.00	@ \$ 1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 11,000.00</u>	<u>@ \$ 1.10 / sf</u>
Total Annual Effective Cost:	\$108,500.00	@ \$ 11.20 / sf

Current Amount: None

Type: New Lease

FRF Rate: \$18.00

Lessor: Northeast State Community College Foundation

Comment: The proposed lease has ninety (90) day State cancellation.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Through a partnership with the City of Kingsport and the private sector, the Northeast State Community College Foundation purchased the RCAT facility which is located in the Academic Village in downtown Kingsport. The RCAT building will be used by the College to expand its training program in an effort to meet the increasing need of the citizens expressing an interest in preparing themselves for careers in the automotive industry. The building has been custom built to accommodate the automotive programs. Funds for the day-to-day operations of the RCAT will be provided by NeSCC though it's operating budget. Financial support of personnel to manage and teach in the center and to pay for the lease of the facility has been approved by the Tennessee Board of Regents. Staff referred to Sub Committee for discussion.

SC Action: 08-24-09. Jurgen Bailey presented the transaction, which was similar to the previous request. Subcommittee approved the request as presented with the same comments by Comptroller Wilson applying.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, and WAIVER REM FEES required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Anderson County – 1.3 +/- acres – Melton Hill Reservoir City, TN – Trans. No. 09-07-005 (Jackson)

Purpose: Acquisition by license to convert expiring lease into a 30-day revocable license

Source of Funding: TWRA

Estimated Cost: \$3,500

Owner(s): TVA

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. This property has been under a 19 year lease expiring in December 2009. Request approval to convert into long-term license agreement with 30-day cancellation in hopes of avoiding TVA administrative fee of \$3,500 - \$5,000. All others terms and conditions will remain the same. Staff referred to Subcommittee with recommendation.

SC Action: 08-24-09. Jurgen Bailey presented the transaction. Comptroller Wilson commented that this was a special situation in order to save the State money, and not that the State was moving towards more licenses. Subcommittee then approved the request as presented.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, AND WAIVER of ADVERTISEMENT AND APPRAISALS required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Fentress County – 1 to 1.5 +/- acres – Jamestown, TN – Trans. No. 09-07-012 (Baugh)

Purpose: Acquisition in fee for approval to conduct an Equal Value Land Exchange with Mr. Taylor for a communication's tower site.

Source of Funding: Agriculture

Estimated Cost: Equal value exchange

Owner(s): Kent Taylor

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Mr. Taylor is requesting a reversion clause on the site being traded to the State that it would revert to him or his heirs if it ever ceased to be used for a communications site. Staff referred to Subcommittee with recommendation.

SC Action: 08-24-09. Jurgen Bailey presented the transaction. Comptroller Wilson asked if the new site meets the State's needs, and was told "yes". Treasurer Lillard requested that the reversion language be broad enough to protect the State's interests in the property. Mr. Bailey stated that, as long as the State of Tennessee owned the property and used it as a communications facility, it would not trigger the reversion clause. Subcommittee approved the request as presented.



**STATE BUILDING COMMISSION**

**MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING**

- 1) Approved the Minutes of the Executive Subcommittee meetings held on July 20 and August 11, 2009.

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There being no further action, the meeting adjourned at 10:55 a.m.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Rutherford County – 1118 Ewing Blvd., Murfreesboro, TN – Trans. No. 09-06-043 (Maholland)**

Purpose: Acquisition in fee to acquire property that is in the MTSU Master Plan for the University.

Source of Funding: Rental income / Auxiliary funds

Estimated Cost: \$300,000.00

Estimated Title, Appraisal and Survey Fees: Fair Market Value

Owner(s): Williams R. Carey, Sr.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Rutherford County – 2310 Louise Street, Murfreesboro, TN – Trans. No. 09-07-003 (Woodard)

Purpose: Acquisition in fee to acquire property that is in the MTSU Master Plan of the University.

Source of Funding: Rental income / Auxiliary funds

Estimated Cost: \$150,000.00

Estimated Title, Appraisal and Survey Fees: Fair Market Value

Owner(s): Scott D. Graby, Jr.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description: Carter County – 1.665 +/- acres – Elizabethton, TN – Trans. No. 09-07-007 (Baugh)

Purpose: Disposal by easement for drainage easement which resulted in the widened of the highway in front of TTC.

Estimated Sale Price: \$32,300.00

Grantee: Department of Transportation

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: Hawkins County – 8.95 +/- acres – Long Bend Road, Surgoinsville, TN – 09-07-009 (Jackson)

Purpose: Disposal by lease to City of Surgoinsville at no cost for public recreation and a city park.

Term: 25 – 30 years

Consideration: Grant for Public purpose

Lessee: City of Surgoinsville

Comments: Property is owned by the State of Tennessee

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT AND ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112:

Description: Williamson County – 0.7 +/- acres – Nolensville, TN – Trans. No. 09-07-010 (Jackson)

Purpose: Disposal in fee for approval to sell the property.

Original Cost to State: \$1,000

Date of Original Conveyance: March 26, 1969

Grantor Unto State: John & Frances Graham

Estimated Sale Price: Fair Market Value

Grantee: Williamson County

Comment: Williamson County Government has expressed interest in purchasing this property for a communication tower.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description: **Fayette County – .42 +/- acres with house – Williston, TN – Trans. No. 09-07-011 (Jackson)**

Purpose: Approval to demolish the house on the Williston Fire Tower property.

Original Cost to State: \$200

Date of Original Conveyance: January 14, 1969

Grantor Unto State: Dorethea Henry

Estimated Sale Price: Fair Market Value

Comment: Property is needed for a communications tower to serve multiple State agencies.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

BOARD OF PROBATION & PAROLE

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 404 James Robertson Parkway, Nashville, TN – Trans. No. 07-09-900 (Lotsplech)

Purpose: To provide additional office space for new staff

Term: January 1, 2010 thru December 31, 2019 (10 yrs)

Proposed Amount: 38,120 Square Feet  
**Average Annual Contract Rent Inc. Annual**  
Utility & Janitorial Cost: \$571,647.52 @\$15.00 / sf  
Total Average Annual Effective Cost: \$571,647.52 @\$15.00 / sf

Current Amount: 36,788 Square Feet  
**Average Annual Contract Rent Inc. Annual**  
Utility & Janitorial Cost: \$551,672.85 @\$15.00 / sf  
Total Average Annual Effective Cost: \$551,672.85 @\$15.00 / sf

Type: Amendment One – Negotiated

FRF Rate: \$18.00

Purchase Option: No

Lessor: Parkway Tower Mezz, LLC

Comment: All other terms and conditions of the Lease Agreement shall remain unchanged and in full force and effect.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.



**BUREAU OF ETHICS & CAMPAIGN FINANCE**

**LEASE AGREEMENT**

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: **Davidson County – 404 James Robertson Parkway, Nashville, TN – Trans. No. 07-09-901 (Lotsplech)**

Purpose: To provide office space for consolidation of the Ethics Commission & Registry of Election Finance.

Term: August 1, 2009 thru June 30, 2013 (4 yrs)

Proposed Amount: **3,412 Square Feet of office space**  
**Average** Annual Contract Rent Inc. Annual  
Utility & Janitorial Cost: \$54,353.16 @\$15.93 / sf  
Total Average Annual Effective Cost: \$54,353.16 @\$15.93 / sf

Proposed Amount: **558 Square Feet of storage space**  
**Average** Annual Contract Rent Inc. Annual  
Utility & Janitorial Cost: \$1,143.40 @\$2.05 / sf  
Total Average Annual Effective Cost: \$1,143.40 @\$2.05 / sf

Current Amount: **2,912 Square Feet**  
**Average** Annual Contract Rent Inc. Annual  
Utility & Janitorial Cost: \$46,388.23 @\$15.93 / sf  
Total Average Annual Effective Cost: \$46,388.23 @\$15.93 / sf

Type: Amendment One – Negotiated

FRF Rate: \$18.00 office & \$6.50 warehouse

Purchase Option: No

Lessor: Parkway Tower Mezz, LLC

Comment: All other terms and conditions of the Lease Agreement shall remain unchanged and in full force and effect. Amendment also includes one (1) parking space and 558 sf of storage space in the basement.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 08-24-09. Subcommittee approved the transaction as presented.

SECRETARY OF STATE

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Weakley County – 542 North Lindell Street, Martin, TN – Trans. No. 09-07-908 (Walla)

Purpose: To library & office space for the county

Term: November 1, 2009 thru October 31, 2014 (5 yrs)

Proposed Amount: 5,300 Square Feet

Annual Contract Rent:	\$27,720.00	@\$5.23 / sf
Est. Annual Utility Cost:	\$ 9,275.00	@\$1.75 / sf
Est. Annual Janitorial Cost:	<u>\$ 5,830.00</u>	<u>@\$1.10 / sf</u>
Total Annual Effective Cost:	\$42,825.00	@\$8.08 / sf

Current Amount: 5,300 Square Feet

Annual Contract Rent:	\$26,400.00	@\$4.98 / sf
Est. Annual Utility Cost:	\$ 7,420.00	@\$1.40 / sf
Est. Annual Janitorial Cost:	<u>\$ 5,830.00</u>	<u>@\$1.10 / sf</u>
Total Annual Effective Cost:	\$39,650.00	@\$7.48 / sf

Type: New lease – Negotiated

FRF Rate: \$14.00

Purchase Option: No

Lessor: Thomas H., Michael T., Taylor & Bryan T. Campbell, current lessor

Comment: Lease to provide for library for the Reelfoot Regional Library. No cancellation for convenience.

SSC Report: 08-17-09. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

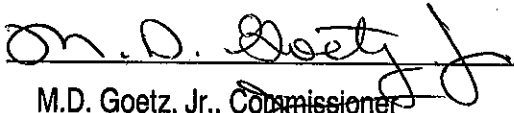
SC Action: 08-24-09. Subcommittee approved the transaction as presented.

UNIVERSITY OF TENNESSEE

UNIVERSITY OF TENNESSEE AT KNOXVILLE, TENNESSEE

- 1) Approved a project to **Demolish House** located at 908 21<sup>st</sup> Street, Knoxville, Tennessee, contingent upon review by the Tennessee Historical Commission.

**Estimated Project Cost:       \$5,000.00**  
*SBC Project No.           540/009-14-2009*

Approved by:   
M.D. Goetz, Jr., Commissioner  
Department of Finance and Administration