

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

MARCH 20, 2006

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

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

John Morgan, Comptroller of the Treasury
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, Department of Finance and Administration
Charles Garrett, Department of Finance and Administration
Jurgen Bailey, Department of Finance and Administration
Charles Harrison, Comptroller's Office
Janie Porter, Attorney General's Office
Jerry Preston, Tennessee Board of Regents
Mark Wood, Secretary of State's Office
Bob King, Department of Finance and Administration
Mike Baumstack, Department of Environment and Conservation
Alvin Payne, University of Tennessee
George Brummett, Department of Finance and Administration
Pat Haas, Bond Finance
Annette Crutchfield, Legislative Budget Analysis
Bob Fulcher, Department of Environment and Conservation
Dennis Raffield, THEC

Mark Cherpack, Department of Finance and Administration
Bonnie Gamble, Department of Environment and Conservation
John Gregory, Tennessee Wildlife Resources Agency
Robbi Stivers, University of Tennessee
Gary Rogers, University of Tennessee
Bob Henningsen, Department of Labor & Workforce Development
Michael Funt, Department of Labor & Workforce Development

Comptroller Morgan called the meeting to order at 10:33 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

UNIVERSITY OF TENNESSEE

LAND ITEM

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

Description: **Morgan & Scott Counties – 8,636 +/- acres – UT Forestry Experiment Station – Transaction No. 06-02-008 (GM)**

Purpose: Disposal by Lease and Approval of a Request for Proposals to enter into an oil, gas and coalbed methane lease to cover the lease premises, less and except the existing wells and their associated unit acreage.

Term: Thirty (30) years with one (1) Thirty (30) year Option

Consideration: Highest Proposal

Comment: SSC on 10-14-02 and SC Action 10-21-02 for discussion, Subcommittee recommend staff to draft a policy and procedures in regard to mineral rights disposals.

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Alvin Payne talked about the importance of this transaction to UT and request approval for RFP with advertisement. Mr. Charles Garrett stated the draft of a mineral policy was started but never completed. Staff referred to Sub-Committee for discussion.

SC Action: 03-20-06. Charles Garrett summarized the transaction and stated that there was no SBC policy and procedures in place with regard to leasing of mineral rights. Alvin Payne was recognized and said that they have 8600 acres to consider for a mineral rights lease that included oil and gas only. He said they were not talking about strip mining and they propose to use best practice methods to control the environment. Secretary Darnell asked if they were producing wells in the area, and was told "yes". Treasurer Sims asked if the RFP would be advertised, and if a request for a waiver of appraisals was the reason the request was before them today. Mr. Payne said they wished to issue the RFP and let the market tell them what the value was. He said they thought this would be a good method to generate revenues for the Department of Agriculture. Treasurer Sims asked how they will factor costs into the RFP. Mr. Payne responded that they will stipulate absolute requirements and cost will ultimately control. After discussion, the Subcommittee approved the request, contingent upon agreement by the Attorney General's Office.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to AMEND LEASE, with WAIVER OF ADVERTISEMENT required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Knox County – 15,000 square feet – University Health Systems Campus, Knoxville, TN – Transaction No. 06-02-010 (GM)**

Purpose: Acquisition by Lease for needed space for classrooms, facility offices, conference rooms, and computer rooms for pharmacy students.

Source of Funding: Operational Cost

Owner(s): University Health Systems (UHS)

Comment: Proposed to enter into a lease with a term up to 15 years. The University will pay for the actual costs of construction of 2-stories and continue to pay the operational cost associated with the facility.

SSC Report: Jurgen Bailey summarized the transaction. Alvin Payne summarized the transaction for the purpose of Amending the Lease and to allow (UHS) to build additional 2-floors on the existing building. There are approximately 225-250 students that will complete their pharmacy degrees there. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Subcommittee approved the transaction as presented. Final action.

UNIVERSITY OF TENNESSEE

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: **Knox County – 11+/- acres – 191 Metron Center Way, Knoxville, TN – Transaction No. 06-02-011 (RJ)**

Purpose: Acquisition in Fee for multiple office and warehouse functions.

Source of Funding: University's Land Acquisition Fund/\$2,500,000.00
Housing Reserves/\$1,500,000.00
Operating Funds/\$1,500,000.00

Estimated Cost: Fair Market Value

Owner(s): Vulcan Success Systems, LLC

Comment: The building on the property contains 42,300 square feet of office space and 32,100 square feet of warehouse space, plus 354 parking spaces.

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Alvin Payne stated that there will be no renovations needed. They will be able to utilize the office space "as is". This project replaces a \$3 million dollar capital project. The benefit of this site is that are approximately 75,000 square feet of office/warehouse space and 358+ parking spaces. This property is very desirable to UT. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Subcommittee approved the transaction as presented. Comptroller Morgan added that it was his understanding that this is not currently in the master plan, but will be included in the updated plan. Final action.

TENNESSEE BOARD OF REGENTS

LEASE AMENDMENT

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

Location: **Shelby County – 500 Winchester Blvd., Collierville, TN – Transaction No. 06-03-900**

Purpose: To provide classroom & office space for the University of Memphis

Term: April 1, 2006 thru December 31, 2006 (9 months)

Proposed Amount: 19,800 Square Feet
Annual Contract Rent Incl. Utility &
Janitorial Cost: \$134,293.68 @ \$ 6.78/sf
Total Annual Effective Cost: \$134,293.68 @ \$ 6.78/sf

Current Amount: 19,800 Square Feet
Annual Contract Rent Incl. Utility &
Janitorial Cost: No cost

Type: Amendment #7 – Negotiated (Amendments 1 thru 6 was never done thru Staff Sub-Committee it was handled by BOR)

Lessor: Carrier Corporation

Comment: One of the conditions of the lease was no rent be charged for the space until the University has enrollment of 1,000 students for 3 consecutive semesters. The enrollment has reached the plateau. There is no other higher education institutions present in the Collierville area.

Requests to amend the existing lease and seek approval to advertise for lease space for the educational space at Carrier.

SSC Report: 03-13-06. Jerry Preston summarized the purpose of the transaction. Staff recommended amending the present lease and request approval to advertise for a five year lease. The total for the year cost will be \$176,791.68 @ \$8.93 per square foot. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Subcommittee approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCE AGENCY

LAND ITEM

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

Description: **Knox County – 123.1 +/- acres – Northwest intersection of Grove Drive/Mynatt Drive/Rifle Range Road, Knoxville, TN – Transaction No. 06-02-003 (RJ)**

Purpose: Acquisition in Fee of John Sevier's Firing Range to be used for hunter's education and firing range.

Source of Funding: Gift

Estimated Cost: Gift

Owner(s): Army Corps of Engineers

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. John Gregory summarized the historical aspects of the tract and stated that the Fed's were waiting on SBC approval before declaring property surplus. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: Cumberland County – 1,297 +/- acres near Crab Orchard, TN - Transaction No. 05-12-013 (GM)

Purpose: Acquisition in Fee to provide continuance of the Cumberland Trail from the Catoosa Wildlife Management Area to the Ozone Falls State Natural Area, with buffers on both sides of the trail corridor and protection of the western and southern view of a scenic & natural landmarks of Crab Orchid Mountain and Spencer's Rock.

Funding: State Land Acquisition Fund: \$233,092.00
TEA-21 Federal Funds: \$932,368.00

Estimated Cost: \$1,165,460.00

Owner: Lone Star Energy Corporation

Comment: In November of 2001, the SBC approved a general funding package for the Cumberland Trail that included this project.

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Robert Fulcher, Park Manager and Joey Carlton, Park Ranger, stated that this preferred segment has only two owners to acquire from, whereas alternatives segments would require dealing with 13 property owners. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Park Manager Robert Fulcher was recognized. He commented that this tract would be one of the larger tracts in the Cumberland Trail and that the property has historic and natural values that are outstanding. He said they have a good relationship with the company and they were willing sellers. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: **Cumberland County - 1,297 +/- acres of a 6-year timber lease located in Crab Orchard, TN - Transaction No. 05-12-014 (GM)**

Purpose: This acquisition of the timber lease interest which will preserve the standing timber along the Cumberland Trail corridor on Crab Orchard Mountain.

Funding: State Land Acquisition Fund: \$119,200.00
Federal TEA-21 Funds: \$476,800.00

Estimated Cost: \$596,000.00

Owners: Smurfit-Stone Container Corp. (Timber Lease Owner)
Lone Star Energy Corp. (Underlying Fee Owner)

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Robert Fulcher, Park Manager, and Joey Carlton, Park Ranger staff stated that this preferred segment has only two owners to acquire from, whereas alternative segments would require dealing with 13 property owners. Referred to Sub-Committee with recommendation.

SC Action: 03-20-06. Charles Garrett summarized the transaction. Secretary Darnell expressed concern regarding the unsightly visibility of the timber being cut adjacent to the corridor. Mr. Fulcher acknowledged that there would be cutting of timber down to 8" and that it would, indeed, be visible and have a slight patchwork effect. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF SAFETY

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: Greene County – 900 block of Hal Henard Road, Greenville, TN – Transaction No. 05-06-915 (JS)

Purpose: To provide office space for Drivers License Issuance & THP

Term: January 1, 2007 thru December 31, 2016 (10 yrs)

Proposed Amount:	<u>4,500 Square Feet</u>		
	Annual Contract Rent:	\$45,000.00	@\$10.00/sf
	Est. Annual Utility Cost:	\$ 6,300.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	\$ 4,950.00	@\$ 1.10/sf
	Total Annual Effective Cost:	\$56,250.00	@\$12.50/sf

Current Amount: Modular Unit

Type: New Lease – Negotiated

FRF Rate: \$10.25 per square feet

Purchase Option: Yes – after the 1st year

Lessor: Greene County

Comment: The proposed lease provides (1) Lessor shall build a new building of 4,500 square feet and make improvements at no additional cost to the State, and (2) proposed lease has no cancellation during the lease.

SSC Report: 03-13-06. Bob King summarized the transaction. Lt. Don Nicholson, THP presented the importance of this facility. Annette Crutchfield asked about the funding. Lt. Nicholson checked with Deborah Bradley in their budget office she stated it has been approved and F & A budget has approved. Staff referred to Sub-Committee for recommendation.

SC Action 03-20-06. Charles Garrett stated that this item was being deferred.

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

LEASE AMENDMENT

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 – 230 Athens Way, Nashville, TN – Transaction No. 05-03-911 (BK)**

Purpose: To accommodate the decision to treat the lease as a State construction project rather than as a lease. The Premises is to be constructed in accordance with the Tennessee Prevailing Wages rate schedule as defined in T.C.A. § 12-4-401 et seq. In consideration of the increase in the cost to construct the Premises in accordance with the Tennessee Prevailing Wage rate schedule, the State agrees to reimburse Lessor the sum of Three Hundred and Thirty Three Thousand Dollars (\$333,000).

On the first day of the month following the commencement of construction of the Premises, and on the first day of each successive month, so long as Lessor is continuing to construct the Premises, the State shall pay to the Lessor the sum of \$20,000.00. These payments shall continue until the sooner of fifteen months or the issuance of Certificate of Occupancy (COO) for the Premises. Within thirty days of the issuance of a COO the difference between the "Reimbursement Amount" and the sum of the payments made to date shall be paid to Lessor by the State.

SSC Report: 03-13-06. Charles Garrett summarized the transaction. Finance & Administration legal & Attorney General Office have reviewed the Lease Amendment. The price was negotiated several times in different meetings. Deputy Commissioner Bob Henningsen stated the importance of this transaction. Staff referred to Sub-Committee for recommendation.

SC Action: 03-20-06. Charles Garrett summarized the transaction. Comptroller Morgan asked Mr. Garrett what the policy difference was with regard to wage rates when they decide to buy a building. Mr. Garrett responded that, in standard leases, they do not include prevailing wage rates. Secretary Darnell said that the State shouldn't circumvent the prevailing wage. Treasurer Sims said if we know we are going to buy, why are we utilizing the lease/purchase option, rather than going through a standard build-to-suit process. Mr. Garrett said he believed this was a more stream-lined process. Treasurer Sims asked about the purchase price, and was told it was approximately \$30 million. He said he was not ready to concede that a build-to-suit lease/purchase option is more stream-lined. Mr. Garrett commented that even with the addition of more monies, the proposer is still the lowest. Secretary Darnell commented that if another request comes up like this, he won't vote for it. He said he has no problem with utilizing the prevailing wage rates, but rather, how the property was acquired. After discussion, the request was approved with reservation by all members.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT the required interest in the following real property with REQUEST to WAIVE REAL ESTATE MANAGEMENT FEE.

Description: Davidson County-1.98 +/- acres located at 816-4th Avenue Nashville, TN - Transaction No. 06-03-004 (JB)

Purpose: Acquisition in Fee of vacant parking lot currently leased by State of Tennessee for employee parking and is currently for sale.

Funding: 1999 GO Bonds/FRF

Owners: Davenport Family Limited Partnership #1

SC Action: 03-20-06. Charles Garrett reported that, as a result of discussions held at the last meeting relative to employee parking, the subject property had been appraised at \$1.2 million, and they were requesting approval to proceed with the purchase in accordance with SBC procedures. After discussion, Subcommittee approved Mr. Garrett's request.

STATE BUILDING COMMISSION

MINUTES OF MEETING

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on February 21, 2006.

Following approval of the Consent Agenda, the meeting adjourned at 10:59 a.m.

CONSENT AGENDA

Approved the following real property transactions which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: University of Tennessee – Gibson County
Transaction: Disposal by Easement
- B. Agency: Department of Agriculture – Wilson County
Transaction: Acquisition in Fee
- C. Agency: Department of Transportation – Sullivan County
Transaction: Right of Entry
- D. Agency: Tennessee Wildlife Resources Agency – Carroll County
Transaction: Acquisition in Fee
- E. Agency: Department of Environment & Conservation – Morgan County
Transaction: Acquisition in Fee
- F. Agency: Secretary of State – White County
Transaction: Lease Agreement
- G. Agency: Comptroller of Treasury – Putnam County
Transaction: Lease Agreement
- H. Agency: Finance & Administration for Mental Retardation Services – Davidson County
Transaction: Lease Agreement
- I. Agency: Tennessee Board of Regents - Shelby County
Transaction: Demolition of Gas Meter Building – University of Memphis

UNIVERSITY OF TENNESSEE

LAND ITEM

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

Description: **Gibson County – 0.50 +/- acres – Highway 79, Milan, TN – Transaction No. 06-02-009 (RJ)**

Purpose: Disposal by Easement for a water line easement on the South Tract of the Research & Education Center at Milan situated in the Wolf Creek bottom.

Estimated Sale Price: Gift

Grantee: City of Milan

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

B.

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, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Wilson County – 33 +/- acres – Cedars of Lebanon State Forest, Gladeville, TN – Transaction No. 06-02-012 (RJ)

Purpose: Acquisition in Fee for access control and preservation of a glade/barren complex that occurs on both the Jones Property and State Property.

Source of Funding: State Lands Acquisition Funds

Estimated Cost: Fair Market Value

Owner(s): Jones Family

Comment: No structure on the property and it has become a nuisance for ATV/4-wheel drive vehicles on both properties.

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Mr. David Todd stressed the importance of tract to control 4-wheel drive vehicles and protect federally endanger species of flowers. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of a RIGHT-OF-ENTRY of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description: **Sullivan County – 0.594 +/- acres unimproved excess land, State Route 34 & Cypress Street, Bristol, TN – Transaction No. 06-01-011 (LW)**

Purpose: Right-of-entry

Estimated Sale Price: Fair Market Value

Grantee: Godsey Leasing Company

Comment: Transaction approved on 2-21-2006.

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCE AGENCY

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: Carroll County – 30 +/- acres - located at Jarrell Switch WMA, Huntington, TN – Transaction No. 06-02-007 (RJ)

Purpose: Acquisition in Fee to acquire the Holmes property.

Source of Funding: Tennessee Wildlife Resource License Funds

Estimated Cost: Gift

Owner(s): Nature Conservancy

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. John Gregory stated that this tract adjoins other TWRA wetlands and no more additional operating cost will not be needed. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

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: Morgan County - 87.5 +/- acres - located near Bird Mountain, Wartburg, TN - Transaction No. 06-03-003 (GM)

Purpose: Acquisition in Fee to develop trailhead parking, Visitor Center and continuance of Cumberland Trail.

Funding: State Land Acquisition Fund \$76,320.00
TEA-21 Federal Funds \$305,280.00

Estimated Cost: \$381,600.00 (Property will be appraised to determine fair market value)

Ownership: Margaret Walls/Tom Walls/Glenn Brasel

SSC Report: 03-13-06. Jurgen Bailey summarized the transaction. Mr. Robert Fulcher, Park Manager and Joey Carlton, Park Ranger stated that this tract allowed the development of trailhead parking, a visitor center and a bridge from Cumberland Trail to City of Wartburg. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

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: White County – 25 Rhea Street, Sparta, TN – Transaction No. 06-02-918 (PW)

Purpose: To provide library space at the Caney Fork Regional Library

Term: April 1, 2006 thru March 31, 2011 (5 yrs)

Proposed Amount: 3,471 Square Feet
Annual Contract Rent: \$13,200.00 @\$ 3.80/sf
Est. Annual Utility Cost: \$ 4,859.40 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 3,818.10 @\$ 1.10/sf
Total Annual Effective Cost: \$21,877.50 @\$ 6.30/sf

Current Amount: 3,471 Square Feet
Annual Contract Rent: \$11,520.00 @\$ 3.32/sf
Est. Annual Utility Cost: \$ 4,859.40 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 3,818.10 @\$ 1.10/sf
Total Annual Effective Cost: \$20,167.50 @\$ 5.82/sf

Type: New Lease – Negotiated

FRF Rate: \$10.25 per square feet

Purchase Option: No

Lessor: Robert F. Baker Family, LP, current lessor

Comment: The proposed lease provides (1) Lessor shall make tenant improvements at no additional cost to the State, and (2) proposed lease has a ninety (90) day cancellation.

SSC Report: Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

DEPARTMENT OF COMPTROLLER OF TREASURY

LEASE AGREEMENT

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

Location: Putnam County – 390 South Lowe Avenue, Suite 12, Cookeville, TN – Transaction No. 05-10-906 (RS)

Purpose: To provide office space for the Division of Property Assessment.

Term: July 1, 2006 thru June 30, 2016 (10 yrs)

Proposed Amount: 4,263 Square Feet

Annual Contract Rent:	\$36,235.50	@ \$ 8.50/sf
Est. Annual Utility Cost:	\$ 4,689.30	@ \$ 1.10/sf
Est. Annual Janitorial Cost:	<u>\$ 4,689.30</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$45,614.10	@ \$10.70/sf

Current Amount: 3,300 Square Feet

Annual Contract Rent:	\$24,000.00	@ \$ 7.27/sf
Est. Annual Utility Cost:	\$ 3,630.00	@ \$ 1.10/sf
Est. Annual Janitorial Cost:	<u>\$ 3,630.00</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$31,260.00	@ \$ 9.47/sf

Type: New Lease – Advertisement – Lowest of two proposals from two proposers

FRF Rate: \$13.00 per square feet

Purchase Option: No – Multi-tenant

Lessor: Fountain Court, Inc., current lessor

Comment: The proposed lease provides (1) Lessor shall make improvements at no additional cost to the State, (2) proposed lease has a 180-day cancellation after the fifth year, and (3) Lessor shall furnished water and sewer.

SSC Report: 03-13-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

FINANCE & ADMINISTRATION for MENTAL RETARDATION

LEASE AGREEMENT

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

Location: Davidson County – 404 James Robertson Parkway, Suites 102 & 130, Nashville, TN – Transaction No. 05-06-918 (JS)

Purpose: To provide office space for Tennessee Council on Developmental Disabilities

Term: July 1, 2006 thru June 30, 2011 (5 yrs)

Proposed Amount: 4,626 Square Feet
Average Annual Contract Rent Incl. Utility & Janitorial Cost: \$ 72,221.67 @ \$ 15.61/sf
Average Total Annual Effective Cost: \$ 72,221.67 @ \$ 15.61/sf

Current Amount: Andrew Jackson State Office Building

Type: New Lease – Advertisement / Negotiated – Only proposal received.

FRF Rate: \$18.00 per square feet

Purchase Option: No – Multi-tenant

Lessor: NNN Parkway Towers, LLC

Comment: The proposed lease provides (1) Lessor shall construct agreed upon interior tenant improvements at no cost to the State, and (2) no cancellation except for cause and/or lack of funding.

SSC Report: 03-13-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 03-20-06. Approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

UNIVERSITY OF MEMPHIS -MEMPHIS

- 1) Approved a request to demolish the gas meter building as part of the project for **South Campus Electric and Gas Utilities Modifications** at the University of Memphis, Memphis, Tennessee.

Estimated Project Cost of Demolition:	\$0.00
<i>SBC Project No.</i>	<i>166/007-10-2005</i>

Approved by:

A handwritten signature in black ink, appearing to read "M.D. Goetz, Jr.", is written over a horizontal line. The signature is cursive and extends slightly to the right of the line.

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