

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

NOVEMBER 21, 2005

The State Building Commission Executive Sub-committee 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

Dave Goetz, Commissioner, Department of Finance and Administration  
John Morgan, Comptroller of the Treasury  
Dale Sims, State Treasurer  
Riley Darnell, Secretary of State

OTHERS PRESENT

Mike Fitts, State Architect  
Charles Garrett, Department of Finance and Administration  
Georgia Martin, Department of Finance and Administration  
Jurgen Bailey, Department of Finance and Administration  
Charles Harrison, Comptroller's Office  
Annette Crutchfield, Legislative Budget Analysis  
Genie Whitesell, Attorney General's Office  
Janie Porter, Attorney General's Office  
Jerry Preston, Tennessee Board of Regents  
Mark Wood, Secretary of State's Office  
Nancy Blevins, Department of Finance and Administration  
Bob King, Department of Finance and Administration  
Pat Haas, Bond Finance  
Karen Hale, Comptroller's Office  
Willard Finch, Military Department  
Ralph Brown, Military Department  
Bob Fulcher, Department of Environment and Conservation  
Joey Carlton, Department of Environment and Conservation  
Mike Baumstack, Department of Environment and Conservation  
Lola Potter, Department of Finance and Administration

Commissioner Goetz called the meeting to order at 10:35 a.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

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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 – 125 +/- acres – Bird Mountain, Wartburg, TN – Trans. No. 05-10-004 (CH)

Purpose: Acquisition in Fee to protect scenic view shed property.

Source of Funding: Federal Funds – 80%  
State Land Acquisition Fund – 20%

Estimated Cost: Fair Market Value

Owner(s): Steve Hopper

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Bob Fulcher & Joey Carlton, Park Rangers presented the importance of the transaction. Cumberland Trail Conference a private funding is also making a donation to this project by paying for appraisals. Staff referred to Sub-Committee for recommendation.

SC Action: 11-21-05. Charles Garrett summarized the transaction. He introduced Bob Fulcher and Joey Carlton with State Parks who distributed supporting documentation in favor of the request. Secretary of State Darnell asked how much the land was valued, and Mr. Fulcher responded that an appraisal needed to be done. After general discussion, the Subcommittee approved the request as presented. Final action.

MILITARY DEPARTMENT

LAND ITEM

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

Description: **Marion County – 6.4 +/- acres improved with a 12,843 +/- sq. ft. Armory Building, 5,668 +/- sq. ft. Vehicle Shed and a 3,200 +/- sq. ft. Storage Shed – 107 East 10<sup>th</sup> Street, South Pittsburg, TN – Trans. No. 05-10-002 (LW)**

Purpose: Disposal in Fee to the City of South Pittsburg to use the property for the city's building and support services.

Original Cost to State: \$1.00

Date of Original Conveyance: November 1948

Grantor Unto State: Marion County

Estimated Sale Price: Gift

Grantee: City of South Pittsburg

Comment: Tennessee Army National Guard Armory in South Pittsburg is no longer needed. Request that the land and building be conveyed to the City of South Pittsburg.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for recommendation.

SC Action: 11-21-05. Charles Garrett summarized the transaction and stated that this was one of five armories being closed by the Department. Secretary of State Darnell expressed his concern for having the local county people on board with the transaction. Subcommittee approved the request with the understanding that the County will join in on the conveyance to the City. Final action.

MILITARY DEPARTMENT

LAND ITEM

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

Description: Roane County – 10.4 +/- acres improved with a 12,937 +/- sq. ft. Armory Building – 1670 Oliver Springs Highway, Harriman, TN – Trans. No. 05-10-003 (LW)

Purpose: Disposal in Fee to the City of Harriman to use the property for training facility for emergency services.

Original Cost to State: \$1.00

Date of Original Conveyance: May 1961

Grantor Unto State: Minerva Williams Long

Estimated Sale Price: Gift

Grantee: City of Harriman

Comment: Tennessee Army National Guard Armory in Harriman is no longer needed. Request that the land and building be conveyed to the City of Harriman as a central emergency training site for Roane County.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for recommendation.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

TENNESSEE BUREAU OF INVESTIGATION

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 – 5.0 +/- acres – Strawberry Plains Pike, Strawberry Plains, TN – Transaction No. 05-09-001 (JB)

Purpose: Acquisition in Fee to provide site to build the new TBI Forensic Lab.

Source of Funding: SBC Project No. 500/003-01-2005

Owner(s): Marvin & Wanda Neal

Comment: Property appraised at \$875,000 "as is" without any site improvement. Sales price of \$950,000 was negotiated. Owner will get site ready provide water, sewer, electricity and gas and build common access road to site.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Ed Jones, Assistant Director, presented the transaction. Staff referred to Sub-Committee for recommendation.

SC Action: 11-21-05. Charles Garrett presented the transaction. Subcommittee questioned the need to locate the facility in an area where the cost of commercial property is so high. Mr. Garrett stated that they had looked at 12-15 sites and all were expensive, but that this was located near the interstate for easy access. Treasurer Sims stated that the East side was critical to their operation. After general discussion, Subcommittee approved the request as presented. Final action.

DEPARTMENT OF FINANCE AND ADMINISTRATION

SPECIAL ITEMS

- 1) Mr. Fitts stated that he understood that the Subcommittee wanted to defer a request for approval of a grant to the **City of Spencer** for installation of a sewer line. Comptroller Morgan mentioned that there was a status conference that week at Judge Barbara Haynes' office on behalf of the City of Spencer. He said he was concerned that there was not consensus among the Legislators responsible for the original bill with regard to the sewer line location. He said that until everyone comes together, he didn't see approval of this request happening. He said he hoped that the Attorney General's office would be represented at the conference. Treasurer Sims commented that he would like this not to appear on the agenda until consensus was reached.

**Estimated Project Cost:       \$1,600,000.00**  
*SBC Project No.               529/000-08-2005*

- 2) Status Report on **Quality in Construction (QIC)** Initiative and Discussion of Recommended Revisions to SBC By-Laws, Policy and Procedures to Include Alternative Delivery Methods

Mr. Fitts distributed the latest version of recommended revisions to the SBC Policy & Procedures and stated that some changes have been made since the last time this was presented. Charles Harrison stated that they had been working with the Department of Finance and Administration and, except for one issue that was being dealt with, he was comfortable with recommending to the SBC. Upon questioning, Mr. Fitts described the trade-off analysis concept and its trend nationwide. He said its use involves more trust from the public as well as from approving government officials. Commissioner Goetz asked what the criteria would be to use the trade-off analysis. Mr. Fitts responded that its use would have to be approved specifically by the SBC and he did not expect it to be recommended until their offices had much more experience with the standard evaluation process defined in the changes to the Policy & Procedures. Comptroller Morgan asked who uses this process, and Mr. Fitts listed several states and federal agencies. Comptroller Morgan said its use requires a level of trust and creates an opportunity for improved results if used properly, and an opportunity for abuse if used improperly. Mr. Fitts commented that they have to prove that they can run the process well prior to recommending use of it.

Secretary of State Darnell said he felt better after listening to the issues and was ready to recommend the changes to the full Commission. He added that he appreciated all the work that has gone into this effort and, hopefully, they'll see the benefit of all that work. A motion was made, and properly seconded, to recommend the revisions to the full Commission, which passed without objection.

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STATE BUILDING COMMISSION

EXECUTIVE SUBCOMMITTEE MEETING MINUTES

- 1) Approved the Minutes of the Executive Subcommittee meetings held on October 24 and November 9, 2005.

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Following approval of the Consent Agenda, the meeting adjourned at 11:00 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 – Shelby County  
Transaction: Lease Agreement
- B. Agency: University of Tennessee - Hamilton County  
Transaction: Lease Agreement
- C. Agency: University of Tennessee – Hamilton County  
Transaction: Acquisition in Fee
- D. Agency: University of Tennessee – Anderson County  
Transaction: Acquisition by Lease
- E. Agency: University of Tennessee – Greene County  
Transaction: Lease Agreement
- F. Agency: Department of Transportation – Davidson County  
Transaction: Disposal by Easement
- G. Agency: Department of Safety – Roane County  
Transaction: Lease Agreement
- H. Agency: Finance & Administration for Human & Children's Services – Lewis County  
Transaction: Lease Agreement



UNIVERSITY OF TENNESSEE

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: Shelby County – 756 Ridge Lake Blvd., Suites 206 & 216, Memphis, TN – Trans. No. 05-08-903 (JS)

Purpose: To provide office and clinic space for Preventive Medicine Research Clinic & Nutrition Intervention Program

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

Proposed Amount: 4,931 Square Feet  
Annual Contract Rent Incl. Utility & Janitorial Cost: \$88,758.00 \$18.00/sf  
Total Annual Effective Cost: \$88,758.00 \$18.00/sf

Current Amount: None

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

FRF Rate: \$17.00 per square foot

Purchase Option: No – Multi-tenant

Lessor: Saul Kaplan, LLC

Comment: The proposed lease provides (1) the lessor will make interior improvements of office/clinic space including tenant alterations at no additional cost to the State, (2) no cancellation except for cause and/or lack of funding.

SSC Report: 11-14-05. Alvin Payne summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

UNIVERSITY OF TENNESSEE

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: Hamilton County – 960 East Third Street, Whitehall Building, Chattanooga, TN – Trans No. 05-10-918

Purpose: To provide Skills Laboratory for teaching residents in 9 medical disciplines.

Term: January 1, 2006 thru December 31, 2015 (10 yrs.)

Proposed Amount: 3,759 Square Feet  
Annual Contract Rent Incl. Utility & Janitorial Cost: \$60,144.00 @ \$16.00/sf  
Total Annual Effective Cost: \$60,144.00 @ \$16.00/sf

Current Amount: 5,400 Square Feet  
Annual Contract Rent Incl. Utility & Janitorial Cost: \$ 54,000.00 @ \$ 10.00/sf  
Total Annual Effective Cost: \$ 54,000.00 @ \$ 10.00/sf

Type: New Lease – Negotiated

Purchase Option: No – Multi-tenant

Lessor: Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System

Comment: The proposed lease provides no cancellation during the first five (5) years of the lease except for cause and/or lack of funding and 90-days thereafter. LE4602 expires on June 30, 2008 provides the Lessor with a 90-day termination provision. Hamilton County / Erlanger Health Systems Inc. has notified the University of their intent to terminate the lease.

SSC Report: 11-14-05. Alvin Payne summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request 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: Hamilton County – 0.14 +/- acres - University of Chattanooga – Trans. No. 05-10-005 (GM)

Purpose: Acquisition in Fee to provide development of fraternity & sorority housing.

Source of Funding: The University of Tennessee

Estimated Cost: Gift

Owner(s): City of Chattanooga Electric Power Board

Comment: Property is in the Campus Master Plan

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Alvin Payne summarized the importance of the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

UNIVERSITY OF TENNESSEE

LAND ITEM

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

Description: **Anderson County – 50,000 +/- square feet of land – Oak Ridge, TN – Trans No. 05-10-006 (GM)**

Purpose: Acquisition by Lease to provide Heavy Ion Research at Oak Ridge.

Source of Funding: University of Tennessee

Estimated Cost: \$208.00 per year plus electricity

Owner(s): US Department of Energy

Comment: Lease shall be renew on October 1, 2005 thru September 30, 2015. The Lease may renew for an additional ten (10) years at the option of the University.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

UNIVERSITY OF TENNESSEE

CONTRACT LEASE AGREEMENT – LAND

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

Location: Greene County – Clyde Austin 4-H Center, Greeneville, TN – Trans. No. 05-11-005 (JB)

Purpose: University of Tennessee is requesting to enter into this lease contract in order to be reimbursed by Greene County for expenses incurred by Hurricane Katrina Evacuees.

Term: August 29, 2005 thru September 28, 2005 (30-days)

Compensation: \$105,000 for the housing of evacuees at \$50.00 per day

Comment: Because of Hurricane Katrina, a directive of the Governor ordered Greene County and TEMA to provide shelter and other necessities for evacuees from Louisiana and Mississippi.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for Consent Agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF TRANSPORTATION

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: **Davidson County – 0.96 +/- acres – (1) perpetual channel easement & (2) temporary staging easement from Cumberland River Shoreline to East Boundary of Cowan Street R.O.W. and under Lyle H. Fulton Bridge, Nashville, TN – Tans. No. 05-11-004 (LW)**

Purpose: Disposal by Easement to stabilize riverbank and protect the utilities located at Cowan Street. Construction will not interfere with Interstate operation or traffic.

Estimated Sale Price: Grant for public purposes.

Grantee: Metropolitan Government of Nashville & Davidson County

Comment: TDOT is asking for approval contingent upon FHWA approval.

SSC Report: 11-14-05. Jurgen Bailey summarized the transaction. James Tarpy, Metro Water Services presented the importance of this transaction. FHWA has been approved. Federal funds of \$580,000 will be lost if not expedited immediately. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request 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 as required by TCA 12-2-115:

Location: Roane County – 1070 North Gateway Avenue, Rockwood, TN – Trans. No. 05-06-909(JS)

Purpose: To provide office and related space for Driver's License Issuance & THP

Term: September 1, 2006 thru August 31, 2016 (10 yrs.)

Proposed Amount: 5,000 Square Feet  
Annual Contract Rent: \$48,750.00 @\$ 9.75/sf  
Est. Annual Utility Cost: \$ 7,000.00 @\$ 1.40/sf  
Est. Annual Janitorial Cost: \$ 5,500.00 @ \$ 1.10/sf  
Total Annual Effective Cost: \$61,250.00 @\$12.25/sf

Current Amount: 1,500 Square Feet  
Annual Contract Rent: \$12,000.00 @\$ 8.00/sf  
Est. Annual Utility Cost: \$ 2,100.00 @\$ 1.40/sf  
Est. Annual Janitorial Cost: \$ 1,650.00 @ \$ 1.10/sf  
Total Annual Effective Cost: \$15,750.00 @\$10.50/sf

Type: New Lease – Advertisement – Only proposal

FRF Rate: \$10.25 per square foot

Purchase Option: No – Multi-tenant

Lessor: P & G Properties, Inc., current lessor

Comment: The proposed lease provides (1) the lessor will gut the proposed space, construct new office space and install new roof including tenant alterations at no additional cost to the State, (2) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180-days notice thereafter.

SSC Report: 11-14-05. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.

**FINANCE & ADMINISTRATION**  
**for HUMAN & CHILDREN'S SERVICES**

**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: **Lewis County – 35 Smith Street, Hohenwald, TN – Trans. No. 04-03-907 (RS)**

Purpose: Lease Amendment # 1 to provide additional space.

Term: March 1, 2006 thru February 28, 2016 (10 yrs.)

Proposed Amount: 7,677 Square Feet  
Annual Contract Rent: \$57,884.58 @\$ 7.54/sf  
Est. Annual Utility Cost: \$ 8,444.70 @\$ 1.10/sf  
Est. Annual Janitorial Cost: \$ 8,444.70 @ \$ 1.10/sf  
Total Annual Effective Cost: \$74,773.98 @\$ 9.74/sf

Current Amount: 7,000 Square Feet  
Annual Contract Rent: \$52,800.00 @\$ 7.54/sf  
Est. Annual Utility Cost: \$ 7,700.00 @\$ 1.10/sf  
Est. Annual Janitorial Cost: \$ 7,700.00 @ \$ 1.10/sf  
Total Annual Effective Cost: \$68,200.00 @\$ 9.74/sf

Type: Lease Amendment #1

FRF Rate: \$10.25 per square foot

Purchase Option: No

Lessor: Lewis County Government

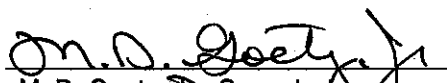
Comment: The proposed amendment provides (1) increase of 677 sf at the same rate (2) lessor will furnished water & sewer, and (3) all other terms and conditions remain the same.

SSC Report: 11-14-05. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 11-21-05. Subcommittee approved the request as presented. Final action.



Approved by:

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