

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

OCTOBER 20, 2008

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

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

Alan Robertson, Assistant State Architect
Georgia Martin, State Architect's Office
Charles Harrison, Comptroller's Office
Dottie Hagood, Real Property Administration
Jurgen Bailey, Real Property Administration
Bob King, Real Property Administration
Janie Porter, Attorney General's Office
Genie Whitesell, Attorney General's Office
Jerry Preston, Tennessee Board of Regents
Diane Uhler, Tennessee Board of Regents
Pat Gregory, Tennessee Board of Regents
John Carr, Department of Finance & Administration
Annette Crutchfield, Legislative Budget
Russ Deaton, THEC
Stephanie Steele, THEC
Mark Wood, Secretary of State's Office
John Gregory, Tennessee Wildlife Resources
Agency
Karen Hale, Comptroller's Office
Alvin Payne, University of Tennessee
Cindy Liddell, Bond Finance
Mike Morrow, Department of Finance and
Administration
Fred Hix, Mental Retardation Services

Bob Fulcher, Department of Environment and
Conservation
Jim Fyke, Department of Environment and
Conservation
Nathan Burton, Treasurer's Office
Chris Roberts, Land Trust for Tennessee
Terry Mason, Department of Finance and
Administration
Nancy Blevins, Department of Finance and
Administration
Sandi Thompson, Bond Finance

Commissioner Goetz called the meeting to order at 10:42 a.m. and requested action on the following matters as presented by Assistant State Architect Alan Robertson.

CONSENT AGENDA

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

- A. Agency: **University of Tennessee – Shelby County**
Transaction: Lease Agreement
Provision: Waiver of Advertisement

- B. Agency: **Tennessee Board of Regents – Rutherford County**
Transaction: Acquisition in Fee

- C. Agency: **Tennessee Board of Regents – Rutherford County**
Transaction: Acquisition in Fee

- D. Agency: **Department of Safety – Rutherford County**
Transaction: Lease Agreement
Provision: Waiver of Advertisement

- E. Agency: **Tennessee Wildlife Resource Agency – Blount County**
Transaction: Acquisition in Fee

- F. Agency: **Department of Military – Gibson County**
Transaction: Acquisition in Fee

TENNESSEE BOARD OF REGENTS

Austin Peay State University, Clarksville, Tennessee

- 1) Approved a request for authorization to award a contract for General Contractor to Kerry Campbell Inc. in the amount of \$194,959.00, for **Archwood Exterior Renovations** at Austin Peay State University in Clarksville, Tennessee, based upon Best Value Option 3.

Estimated Project Cost:

\$450,000.00

SBC Project No.

166/003-04-2007

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 – 1.30 +/- Acres with Improvement – 215 City View Drive, Middle Tennessee State University, Murfreesboro, TN – Trans. No. 05-04-001 (BW)

Purpose: Acquisition in Fee of property and improvement that is within the area for acquisition in the MTSU land acquisition master plan for future expansion.

Source of Funding: Institutional Auxiliary Funds

Estimated Cost: Fair Market Value

Owner(s): John W. Burkhart

SSC Report: 04-18-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-committee for consent agenda.

SC Action: 04-25-05. Sub-committee approved the transaction as recommended. Final action.

Further approval requested:

SSC Report: 10-13-08. Jerry Preston would like to request condemnation on this property due the owner is asking for \$285,000.00 for the property and it was appraised at \$266,000.00. Staff referred to Sub-committee for discussion.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. He stated the owner bought the property for \$100,000 in 2005 and that it was appraised a year ago at \$266,000. He said the owner is asking \$285,000 for the property. Jerry Preston said they thought the \$266,000 appraisal was very generous, particularly given the current economic times, and would like to request condemnation. Treasurer Sims commented they may want to obtain another appraisal before going to court. After discussion, Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION
FOR
MENTAL RETARDATION SERVICES

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: **Madison County – 37 Executive Drive, Jackson, TN – Trans. No. 00-08-918 (AL)**

Purpose: To extend the existing lease for one (1) year.

Term: November 1, 2008 thru October 31, 2009 (1 yr)

Proposed Amount: 10,200 Square Feet

Annual Contract Rent:	\$102,000.00	@\$10.00/sf
Est. Annual Utility Cost:	\$ 14,280.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	\$ 11,220.00	@\$ 1.10/sf
Total Annual Effective Cost:	\$127,500.00	@\$12.50/sf

Current Amount: 10,200 Square Feet

Annual Contract Rent:	\$ 68,850.00	@\$ 6.75/sf
Est. Annual Utility Cost:	\$ 14,280.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	\$ 11,220.00	@\$ 1.10/sf
Total Annual Effective Cost:	\$ 94,350.00	@\$ 9.25/sf

Type: Lease extension #4

FRF Rate: \$18.00

Purchase Option: No

Lessor: Susan A. Cox

Comment: State waives the right to cancel this lease for convenience. All other terms and conditions remain the same in the lease.

SSC Report: 10-13-08. Bob King summarized the transaction. Staff referred to Sub-Committee for discussion.

Mental Retardation Services – continued:

SC Action: 10-20-08. Bob King presented the transaction. Subcommittee questioned the lateness of the transaction and stated that they don't have a choice with the lease expiring in only ten days. Treasurer Sims said he would expect to have more notice, particularly when asked to extend a lease on a non-competitive basis. Bob King stated that F&A has been urging the agency to provide the information for a new lease all along. He said the Lessor was ready to put MR on the street and F&A had to react with this new lease. Fred Hix was recognized and explained that they were trying to phase down Arlington to a Regional Administration Office. Commissioner Goetz asked how long before they know what will they will do at Arlington. Mr. Hix stated that they have hired a consultant to help them with their master planning. He said they are transitioning from a health care facility to an open office landscaping for 250 employees and will have to transition 97 MR children to various facilities by June of 2010. Commissioner Goetz asked if MR could begin the offices at Arlington, and Mr. Hix responded "yes". After further discussion, the request was approved as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

ANNUAL REPORT

- 1) John Gregory presented the 2008 Report on the **Sharecrop Program** managed by the Tennessee Wildlife Resources Agency in accordance with Item 7.05(b) of the State Building Commission By-laws, Policy & Procedures. He stated that they are looking at requiring some sort of performance bond to protect the State if a farmer defaults on his contract. Secretary of State Darnell asked why rent isn't charged up front. Mr. Gregory stated that they have a lot of smaller renters, which could create a hardship to ask for upfront money. Secretary of State Darnell asked if there was a threshold, and Mr. Gregory responded "\$1,000 and above". He added that they were trying to collect on the \$134,000 lost last year due to the drought. After further discussion, the report was accepted.

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, WAIVER of ONE (1) APPRAISAL required interest in the following real property, not to exceed the appraised value for the property being acquired:

- Description: Unicoi & Washington Counties – 306 +/- acres – Erwin, TN – Trans No. 08-06-011 (RJ)
- Purpose: TWRA and Lucky Cove Corporation like to conduct an equal value exchange; the exchange will allow some consolidation of State lands that have been separated by a narrow strip of private land.
- Source of Funding: License sales - \$4,000
- Estimated Cost: Fair Market Value
- Owner(s): TWRA & Lucky Cove Corporation
- SSC Report: 07-14-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
- SC Action: 07-21-08. Subcommittee approved the transaction as presented.

Further approval requested:

Request to add the acceptance of the mineral rights under the current State land after land exchange is completed with Lucky Cove Corp.

Unicoi County tract identified as Map 021, Parcel 2.00 and Washington County tracts identified as Map 102, Parcel 17.00 and Map 103, Parcel 5.00 are currently State owned property with the underlying minerals rights owned by Lucky Cove Corp. The owners if Lucky Cove Corp. has indicated that they would like to gift these mineral rights to the State at the same time we complete the land exchange already in progress. At the end of this transaction all property owned by the State of Tennessee in Bumpus Cove will be in fee and include all rights.

In addition to receiving the mineral rights on the remaining original State land, and the land received from Lucky Cove Corp. in the exchange, the Lucky Cove Corp. is planning to grant fee ownership to two (2) leased properties (totaling about one (1) acre) located on the land to be received by the State of Tennessee with a life estate back to Lucky Cove Corp. The State at closing on the exchange will inherit these life estate limited properties. The people in these lease houses are up in age so the life estate should end relatively soon. By doing this it will not require the State to be a landlord and upon these folks death the land will become State property and not be a privately held in-holding to the State's property.

Tennessee Wildlife Resources Agency – continued:

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. After discussion, Subcommittee approved the additional request to add the acceptance of mineral rights under the current State land after land exchange is completed with Lucky Cove Corporation, and to accept two life estates on the property being exchanged with Lucky Cove Corporation.

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: **Marion County - 500 +/- acres - Tracy City, TN - Trans. No. 08-09-012 (FB)**

Purpose: Acquisition in fee to preserve viewshed, water quality of Fiery Gizzard Creek and the intact forested landscape.

Source of Funding: State Land Acquisition Fund - \$400,000.00
Special Appropriation of Federal Funds from TDOT - \$200,000.00

Estimated Cost: Fair Market Value

Owner(s): The Land Trust for Tennessee

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

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: Rhea, Bledsoe & Hamilton Counties – 3,050 +/- acres (15 tracts) – Dayton, Graysville, Sale Creek, TN – Trans. No. 08-09-016 (FB)

Purpose: Acquisition in fee to acquire 10.5 linear miles for the Cumberland Trail

Source of Funding: Heritage Conservation Trust Fund – \$1,000,000
Land Trust for Tennessee – \$3,000,000
TEA -21 – \$3,098,000
Cumberland Trail Conference – \$300,000
State Land Acquisition Fund - \$482,000

Estimated Cost: \$7,880,000.00

Owner(s): Richard Kinzalow

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

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: Rhea County – 29-330 +/- acres – Highway 30, Dayton, TN – Trans. No. 08-09-013 (GM)

Purpose: Acquisition in fee or permanent easement for completion of 98% of the connection of the Cumberland Trails and a permanent easement for the trail corridor of 29 acres.

Source of Funding: State Land Acquisition Fund

Estimated Cost: \$40,600.00

Owner(s): Charles Gardner

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. After general discussion, Subcommittee approved the request as presented.

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: Rhea County – 802.19 +/- acres – Highway 30, Dayton, TN – Trans. No. 08-09-014 (GM)

Purpose: Acquisition in fee for the connection of the Cumberland Trails / Laurel Snow SNA.

Source of Funding: State Land Acquisition Fund
RTP
TEA-21
Cumberland Trail Conference

Estimated Cost: \$1,121,400

Owner(s): Charles Gardner

Comments: Property is part of the Bowater Phase One acquisition known as Laurel Snow Tract One.

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. After general discussion, Subcommittee approved the request as presented.

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: Rhea County -- 100 +/- acres -- Gardner Uplands, Piney River, Dayton, TN -- Trans. No. 08-09-015 (GM)

Purpose: Acquisition in fee/easement for the connection of the Cumberland Trails / Laurel Snow SNA. Permanent easement of 147 acres, as a 200 foot wide trail corridor.

Source of Funding: State Land Acquisition Fund

Estimated Cost: \$205,800.00

Owner(s): Charles Gardner

Comments: Property is part of the Bowater Phase One acquisition known as Laurel Snow Tract One.

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. After general discussion, Subcommittee approved the request as presented.

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: Rhea County – 50 +/- acres – Gardner Uplands, Piney River, Dayton, TN – Trans. No. 08-10-001 (GM)

Purpose: Acquisition in fee/easement for the connection of the Cumberland Trails / Laurel Snow SNA. Permanent easement of 147 acres, as a 200 foot wide trail corridor.

Source of Funding: State Land Acquisition Fund

Estimated Cost: Fair Market Value

Owner(s): Charles Gardner

Comments: Property is part of the Bowater Phase One acquisition known as Laurel Snow Tract One.

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee with recommendation.

SC Action: 10-20-08. Jurgen Bailey presented the transaction. After general discussion, Subcommittee approved the request as presented.

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meeting held on September 30, 2008.

There being no further business, the meeting adjourned at 11:10 a.m.

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: Shelby County – 251 South Claybrook, Floors 7 & 8, Wilson Hall, Memphis, TN – Trans. No. 08-09-907

Purpose: To provide office space in support of its College of Medicine faculty and staff members.

Term: January 1, 2009 thru December 31, 2013 (5 yrs. with one (1) additional five (5) year option to renew).

Proposed Amount: 18,716 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$187,160.00 @\$10.00/sf
Total Annual Effective Cost: \$187,160.00 @\$10.00/sf

Current Amount: None

Type: New Lease

FRF Rate: \$18.00

Purchase Option: No - Hospital

Lessor: Methodist Healthcare Hospital

Comment: The lease provides a 180 day cancellation clause for convenience. Methodist Hospital to make approximately \$632,000 of improvements to the space at no additional cost to the University. The University will occupy 18,716 sf of space with a right to lease an additional 8,365 sf of space for planned growth. University is not obligated to pay rent on the additional space until it exercises its right to take possession of the space.

SSC Report: 10-13-08. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-20-08. 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 – 803 Wiles Court, Murfreesboro, TN – Trans. No. 08-07-009 (AM)**

Purpose: Acquisition in fee to purchase this property. Property is in the MTSU Master Plan.

Source of Funding: G O Bonds

Appraisal Value: \$166,500.00

Owner(s): MTSU Foundation

Comment: This property is one of the 62 properties designated for acquisition that was approved at the 6-26-2008 SBC.

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 10-20-08. 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 – 1707 East Main Street, Murfreesboro, TN – Trans. No. 08-09-006 (AM)**

Purpose: Acquisition in fee to purchase this property. Property is in the MTSU Master Plan. Property will be rented until needed for future campus expansion.

Source of Funding: Rental / Auxiliary - \$178,300.00 plus proceeds from utility easement as part of the payment \$26,700.00.

Estimated Cost: \$205,000.00

Owner(s): Leola Page Fouts

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 10-20-08. Subcommittee approved the transaction as presented.

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: Rutherford County – 5227 Murfreesboro Road, LaVergne, TN – Trans. No. 06-07-905 (RS)

Purpose: To extend the existing lease for one (1) year for DLI.

Term: October 1, 2008 thru September 30, 2009

Proposed Amount: 3,600 Square Feet

Annual Contract Rent:	\$54,000.00	@\$15.00/sf
Est. Annual Utility Cost:	\$ 5,040.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 3,960.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$63,000.00	@\$17.50/sf

Current Amount: 3,600 Square Feet

Annual Contract Rent:	\$54,000.00	@\$15.00/sf
Est. Annual Utility Cost:	\$ 5,040.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 3,960.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$63,000.00	@\$17.50/sf

Type: Lease extension #1 - Negotiated

FRF Rate: \$18.00

Purchase Option: No

Lessor: LaVergne Plaza, LLC

Comment: State waives the right to cancel this lease for convenience. Lessor granting the State permission to re-painting the leased space at the State expense.

SSC Report: 10-13-08. Bob King summarized the transaction. Staff referred to Subcommittee for consent agenda.

SC Action: 10-20-08. Subcommittee approved the transaction as presented.

E.

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: Blount County – 136 +/- acres – Maryville, TN – Trans. No. 08-09-009 (RJ)

Purpose: Acquisition in fee to acquire protects and enhance wildlife habitat and furnish additional hunting lands to the local community.

Source of Funding: TWRA

Estimated Cost: Fair Market Value

Owner(s): The Nature Conservancy

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-20-08. Subcommittee approved the transaction as presented.

DEPARTMENT OF MILITARY

LAND ITEM

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

Description: Gibson County – 1.51 +/- acres – Rowlett Street, Medina, TN – Trans. No. 08-09-011 (BW)

Purpose: Acquisition in fee of Medina Emergency Radio Tower property is being conveyed to the State for use by the Tennessee Emergency Management Agency.

Source of Funding: Gift

Estimated Cost: Gift


Owner(s): City of Medina

Comment: The City of Medina wants to retain right to use the tower for their city emergency repeater.

SSC Report: 10-13-08. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-20-08. Subcommittee approved the transaction as presented.

Approved by: _____


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