



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

REQUEST FOR INFORMATION # 32101-14102
AMENDMENT # ONE

DATE: **December 10, 2015**

RFI # **LEASE PROCUREMENT** 32101-14102 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates.

SCHEDULE OF EVENTS

2.1. RFP Schedule of Events

EVENT	TIME (Central Time Zone)	DATE (all dates are State business days)	UPDATED/CONFIRMED
1. RFI Issued		11/23/15	CONFIRMED
2. Written "Questions & Comments" Deadline	2:00 PM	12/2/15	CONFIRMED
3. State Response to Written "Questions & Comments"		12/8/15	CONFIRMED
4. RFI Response Deadline	2:00 PM	12/30/15	CONFIRMED

2. State responses to questions and comments in the table below amend and clarify this RFP.

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

1. The RFI outlines approximately 40% of the leases require "immediate procurement", could you please describe this further? For example, is this 40% based solely on private/3rd party lease transactions only and doesn't include other projects (consulting, potential land/facility dispositions, etc.)?	The 40% estimate is based solely on 3 rd party lease transactions. Immediate attention is required for those leases that are scheduled to expire within the next 12 months as well as those that are in some form of extension or holdover period.
2. Is the 40% estimate solely based on natural lease expirations, or is there an anticipation of early renewals, potential buy-out negotiations, space reductions, etc.	See answer to Question 1. With a portfolio of this scale, there is potential for buy-out negotiations or space reductions on an as-needed basis.

<p>3. Will any portion of, or type of, transaction(s) be performed with in-house resources or is it anticipated the select broker(s) will be the State's exclusive tenant representative on all transactions?</p>	<p>Yes, the State intends to self-perform a portion of these transactions.</p>
<p>4. Please describe the required format for the submittal of the RFI response (PDF format via email, bound copies to be delivered to STREAM's offices, etc.).</p>	<p>The required format for the RFI submittal is in PDF format via email.</p>
<p>5. Is there an anticipated month in 2016 for the issuance of a RFP or similar type of procurement beyond this RFI?</p>	<p>STREAM anticipates publishing the RFP for Leasing Brokerage within the next couple of months pending all necessary approvals.</p>
<p>6. May we obtain the data on all the leases (475) outlined in the RFI?</p>	<p>The State does not intend to publish data on its leased portfolio as part of this RFI process.</p>
<p>7. Does the State of Tennessee self-perform on any of these leases?</p>	<p>See answer to Question 3.</p>
<p>8. May we obtain the State of Tennessee CRE organization chart?</p>	<p>The State does not intend to publish its organization chart as part of this RFI process.</p>
<p>9. Are there any expectations on transferring current staff, either provider staff or state staff, to the firm that is awarded the business?</p>	<p>The State has no intention to transfer staff.</p>
<p>10. What percentage of the govt. uses will be Office? Industrial? Flex?</p>	<p>The portfolio consists of approximately 90-95% office space, with the balance being flex and warehouse space.</p>
<p>11. In the past how many brokers have worked on this account?</p>	<p>The number of brokers active on the account in the past varied based on workload.</p>
<p>12. Does the state still require a "termination for convenience" in the majority of their leases?</p>	<p>State Building Commission Policy 7.01 Section H specifies the requirements for Termination For Convenience in State Leases.</p>
<p>13. Will buying or selling of properties be handled under this contract or is it strictly for third party leasing?</p>	<p>This RFI and any subsequent contract for brokerage is intended only to cover 3rd party leases.</p>
<p>14. As per question #1 regarding "establishing programming information"; we believe this to be more of a design function. Will the State want the selected firm to engage a design firm should space programming be needed?</p>	<p>This is not intended to be a design function. While designers will be involved in the process, the role of the broker is to ensure that programming information is accurately collected and documented from the tenant agency.</p>
<p>15. As per question #4 regarding the "Preparation of solicitation documents", does the State plan to utilize an existing solicitation package or would the creation of a new package by the selected firm be required?</p>	<p>The State has a template RFP for leasing which will be the basis of our procurements.</p>

<p>16. As per question #5 regarding “broadcasting procurement efforts”; would the selected firm be responsible for the implementation of any necessary advertising in local publications?</p>	<p>The State handles the placement of the advertisement, but the broker is responsible for initiating the process and drafting the ad.</p>
<p>17. As per question #7, is there a current existing analysis form the State would prefer to use, or will the selected firm be asked to create this?</p>	<p>The broker will supply the analysis in any form which they believe best sets the foundation for an educated decision.</p>
<p>18. As per question #9 regarding “a procurement file as required by State Building Commission”, please clarify and define this further.</p>	<p>The State requires that a procurement file be established as a part of the procurement process. This file is intended to ensure compliance with SBC Policy as well as STREAM internal procedures. The file includes documentation related to establishing the space needs with the tenant agency, documenting the RFP process including discussions with potential lessors, and clearly justifying any recommendations STREAM may make to award a lease. The broker will be responsible for generating the content of the file as a procurement progresses.</p>
<p>19. Will the selected firm be involved with the procurement of any new lease requirements or just existing leases?</p>	<p>Yes, the broker may be assigned new leases in addition to existing leases.</p>
<p>20. What is the average size of the total 475 active leases and do you have this broken down into asset classes?</p>	<p>The average size is approximately 9,000 square feet.</p>
<p>21. Would existing leases be extended in line with the original term?</p>	<p>The State seeks to re-procure all leases and typically is not able to extend leases in the traditional sense. The result is often an entirely new lease.</p>
<p>22. How long is the State wanting to contract with a firm and is this contract subject to any termination rights other than breach or negligence?</p>	<p>The State intends to contract for a minimum of 5 years. This contract will be subject to termination rights other than for breach and negligence.</p>
<p>23. Can you provide the list of the leases that are expected to roll-over within the next 2 years?</p>	<p>The State does not intend to publish data on its leased portfolio as part of this RFI process. Leases will be assigned to a broker at the State’s discretion.</p>



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

REQUEST FOR INFORMATION ("RFI")
FOR
LEASE PROCUREMENT

RFI # 32101-14102
Release Date: November 23, 2015

1. STATEMENT OF PURPOSE:

The State of Tennessee, Department of General Service's State of Tennessee Real Estate Asset Management (STREAM), hereinafter referred to as "the State," has issued this RFI as a request to obtain information regarding best practices in contracting with a Tenant Representation Firm (the "Broker") to assist the State in leasing of 3rd party owned real estate. This RFI will assist the department in tailoring a successful Real Estate Leasing Services Program that is complimentary to other State efforts and goals in other State and Government entities and that is consistent with industry standards and best practices.

Responding to this RFI will not disallow participating in subsequent projects related to this initiative.

The State seeks to explore contracting with Broker(s) who are able to offer exposure to local markets through proximity or relationships. Our desire is to logically divide the State into three regions based on the likely frequency of procurements in those regions. This RFI is intended to determine the availability of willing brokerage firms in those regions, and to solicit information from those firms on any suggested approaches.

2. BACKGROUND:

STREAM has the responsibility for management and execution of a leasing program which procures 3rd party space for State Agencies and related entities. At any given time, STREAM has approximately 475 active leases of various scope and complexity. The procurement of new space takes place prior to expiration, or when leases are in "holdover" or extension periods. Of the approximately 475 leases, roughly 40% require immediate procurement. The State has limited staff and capacity to manage the procurements to the level of detail that is required. The State is seeking a company, or companies, to work in conjunction with the internal leasing group in order to oversee the successful completion of the immediate procurements.

Definitions:

- a) Broker / Contractor: the person or entity engaged by contract with the State to (i) assist with preparation of all applicable documents and materials, (ii) assist the State with marketing of the procurement and analysis of the potential properties and lease proposals, (iii) to engage

- in discussions with proposers at the direction of the State, (iv) and to facilitate the lease process from conception to final completion and occupancy.
- b) Market Analysis ("MA"): an analysis of available inventory and current market activity that helps establish a base rent range for the procurement. The rental rate range developed will help drive negotiations and inform internal actions related to the procurement. This analysis should include market drivers, vacancy rates, and any other information relevant to making educated decisions related to real estate strategies.
 - c) Tenant: the State or associated State Agency that will occupy the leased space.

Professional Services Scope:

With respect to specific leasing needs, the Contractor may be requested to:

- (1) Formally establish Tenant space needs: This function includes meeting with Tenant in their current space, establishing programming information, and understanding specific requirements related to the procurements.
- (2) Research and publish Market Analyses/surveys: This function includes researching and compiling market realities, including available inventory, information on likely proposers, and establishing likely terms and a list of potential proposers.
- (3) Identify geographic boundaries: This function includes establishing a boundary that both meets the Tenant's needs and ensures an appropriate amount of competition for the procurement.
- (4) Preparation of solicitation documents: This function includes ensuring that a tailored RFP and related documents are published to ensure that the proposed properties meet the Tenant's needs
- (5) Ensure competitive procurements: This function includes marketing procurements by contacting potential proposers, broadcasting procurement efforts, and any other methods to ensure that the maximum level of competition is reached for each procurement.
- (6) Coordinating site visits: This function includes being the primary contact to coordinate site visits with representatives from the State as well as proposers or their agents.
- (7) Analysis and presentation of proposals: This function includes providing the Tenant with a detailed analysis of the financial terms as well as subjective considerations contained in proposals.
- (8) Communicate with proposers in partnership with the State: This function includes all communication with the proposers regarding lease terms at the direction of the State.
- (9) Manage the process and documentation for procurement: This function includes building and maintaining a procurement file as required by State Building Commission policy that includes all relevant documents, information, and correspondence.
- (10) Advisory to the State Leasing Program: This function, outside of individual procurements, includes lease administration process consulting, policy/process and template revisions, and generally acting as an advisor to the State regarding its leasing operation.
- (11) The Contractor shall maintain an updated pipeline of leases and track critical dates and progress as leases move through the pipeline.
- (12) At the direction of the State, the Contractor shall provide Market Analysis (MA) as an estimate of the anticipated rental rates or other metrics in a subject market. These market analyses are not tied to any procurements. This analysis should include market drivers, vacancy rates, and any other information relevant to making educated decisions related to real estate strategies.

3. COMMUNICATIONS:

3.1. Submit your response and any questions to this RFI via email to:

Nickie Smith,
RFI Coordinator
615-532-7475
nickie.smith@TN.gov

3.2. Please reference RFI # 32101-14102 on all communications to this RFI.

4. RFI SCHEDULE OF EVENTS:

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)
1.	RFI Issued		11/23/15
2.	Written "Questions & Comments" Deadline	2:00 PM	12/2/15
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5. GENERAL INFORMATION:

5.1. Please note that responding to this RFI is not a prerequisite for responding to any future solicitations related to this project and a response to this RFI will not create any contract rights. Responses to this RFI will become property of the State.

5.2. The information gathered during this RFI is part of an ongoing procurement. In order to prevent an unfair advantage among potential respondents, the RFI responses will not be available until after the completion of evaluation of any responses, proposals, or bids resulting from a Request for Qualifications, Request for Proposals, Invitation to Bid or other procurement method. In the event that the state chooses not to go further in the procurement process and responses are never evaluated, the responses to the procurement including the responses to the RFI, will be considered confidential by the State.

5.3. The State will not pay for any costs associated with responding to this RFI.

6. INFORMATIONAL FORMS:

The State is requesting the following information from all interested parties. Please fill out the following forms:

RFI #32101-14102	
TECHNICAL INFORMATION	
1. RESPONDENT LEGAL ENTITY NAME:	
2. RESPONDENT CONTACT PERSON Name: Title: Address: Phone Number: Email:	
3. Please provide a brief description of your firm's experience providing similar scope of services/products as mentioned in Section 2 of this RFI.	
4. Please give a brief history of your firm.	
5. Would you have any conflicts of interest working for the State?	
SCOPE OF SERVICES INFORMATION	
6. Please provide brief biographies or resumes of the brokers that may be engaged if the State was a client.	
7. Has your company represented governmental entities? If so, please detail the scope.	
8. What types of tenants has your company represented?	
9. Does your firm have professionals that specialize in tenant representation in the office asset class?	
10. Does the scope of services above include everything that you would suggest to the State as a client? If not, please detail what may be missing.	
11. Please detail the scope of services your firm offers that are included in a typical Tenant Representation agreement.	
12. Please detail additional services your firm may offer that are not included in a typical scope for Tenant Representation.	
13. Does your company outsource any part of the process? If so, which parts and describe the outsourcing process?	
14. What does the typical Market Analysis include? Please provide a sample.	
15. What resources does your firm use to determine fair market rent for a lease?	
16. What types of research vehicles does your firm utilize to determine available inventory?	
TERRITORY INFORMATION	
17. Is your company a Tennessee-based company? Where are your offices located? Where are your company's headquarters?	
18. If your company is not a Tennessee-based company, do you have offices in Tennessee? Where	

are your offices located? Would you engage these offices if the State was a client?

19. Does your firm co-broker with other companies? Would you recommend this as a strategy for a State broker? How can this arrangement be structured to mitigate any potential conflicts of interest?
20. Do you recommend the State be separated into regions that may be handled by separate firms or offices of the same firm? Why or why not?
21. Do you recommend the State be handled by one firm?
22. Do you have multiple offices in the State which you would engage? If so, please detail the level of those offices involvement
23. Would you recommend your firm handle the entire State or would you recommend your office handle one or more individual regions? If one or more individual regions, please provide the suggested boundaries.
24. If statewide, how many brokers would be made available to handle the State's pipeline? Where would they be located?
25. If your firm handled one or more regions, how many brokers would be made available to handle each region? Where would they be located?
26. What percentage of the Broker's time will be dedicated to State work?
27. If statewide, would you utilize multiple professionals familiar with different regions of the State?
28. The State has historically divided itself into three regions. Do you believe this is appropriate? Please explain.
29. What other methods would you propose to effectively divide the leases into appropriate pipelines?

COST INFORMATION

30. What types of fee structures has your firm used or are otherwise used in tenant representation agreements? What are the advantages and disadvantages of each to the Client?
31. Have you or your firm accepted work on a flat-fee or \$ per square foot basis?
32. Please describe any alternative fee structures that the State should consider in contracting with a broker that ***is not*** a percentage-based commission.
33. What is a reasonable cap on commissions for Tenant Representation work?
34. Please provide a sample of a Contract Agreement for review by the State. Please note, this contract all or in part, could be incorporated into a final contract for services.

ADDITIONAL CONSIDERATIONS

35. Please provide input on alternative approaches or additional things to consider that might benefit the State.