

Brief Notes

- PLEASE STANDBY. MEETING WILL BEGIN AT 10:00 a.m.
- Everyone will be muted at entry.
- You must submit a chat message to ask question or make a comment.
 - Due to limited time, all questions may not be answered during the session, but all chat messages will be collected and replied to after the meeting.
 - If possible, please state one of the following topics in your chat to allow us to organize questions that will be randomly selected and answered in the last 20 to 30 minutes of the meeting.
 - **Advertising**
 - **Lease Quotation form**
 - **Evaluation**
 - **Lease Template**
 - **Space Planning/Timing**
 - **Rent Commencement**
- **Meeting will be recorded.** Presentation & chat log (including responses) to be published on website after the meeting.



Department of

General Services

Lease Procurement Information Session

December 8, 2023

Agenda

- A. Lease Management Team
- B. Preliminary Phase
- C. Marketing Phase
- D. Space Planning, Design
- E. Introductions, Space Planning
- F. Lease Exhibit A
- G. Lease Exhibit D
- H. Project Milestones
- I. JLL
- J. Questions

Lease Management Team



Stacey Nelson
Director



Loretta Baltz
Manager



Kelly Lamus



Ellen Mims



Aubrey Lee

Leasing Administrators

STREAM

The mission of STREAM (State of Tennessee Real Estate Asset Management) Lease Management is:

- Provide our customers with exceptional tenant representation
- Make prudent real estate decisions on behalf of the taxpayers of Tennessee
- Present a fair, transparent, and competitive opportunity for taxpayers to do business with the State.

STREAM Lease Management Team

- Performs work for a leased portfolio of approximately 3.5 million square feet of third-party owned space.
- Pay over \$4 million dollars in rent each month and have roughly 350 leases in our portfolio throughout the State of Tennessee.

Our Approach



Mission Statement

Create and maintain a real estate portfolio that efficiently provides for the program requirements of State agencies, while minimizing the total cost of the portfolio



Guiding Principles

1. Program requirements and government initiatives drive real estate
2. Employ financial metrics in decision making
3. Reduce the size of the real estate portfolio



Strategies

1. Manage real estate efficiently
2. Implement real estate industry best practices
3. Improve building maintenance funding
4. Develop strategic real estate plans

Statutes, SBC Policy, STREAM Process

- Statutes
 - SBC Policy
 - STREAM Evaluation Method
 - STREAM Lease Procurement Process
 - STREAM Lease Administration Process
 - Low Cost award – STATUTE
 - Conflicts of Interest
 - Review/oversight of all public-facing documents
 - Competition
 - Fairness
 - Advertisement
- It is not known if a location will be staying with the incumbent or moving to a new location (ADV)***



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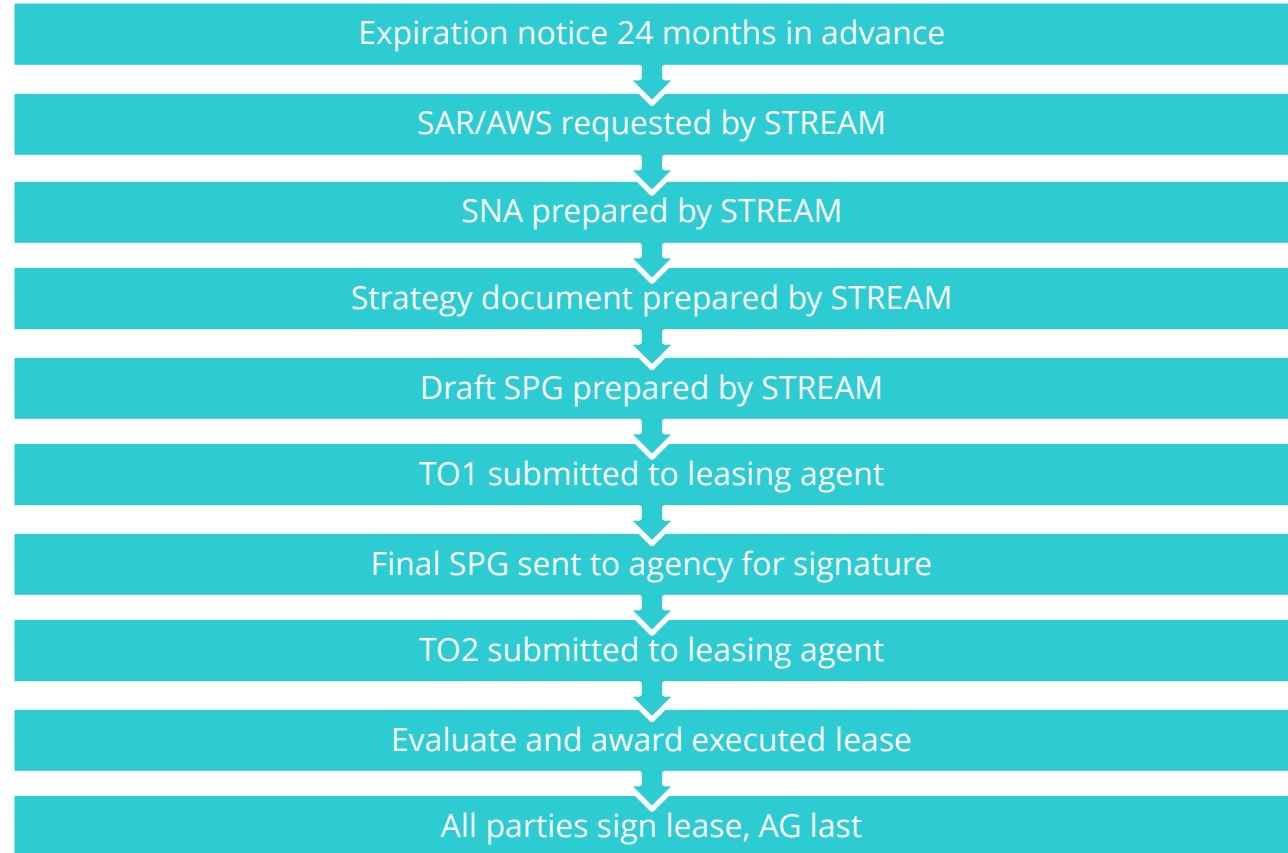
Preliminary Phase

The Lease Procurement Process

ABBREVIATION LEGEND

SAR	SPACE ACTION REQUEST
SNA	SPACE NEEDS ANALYSIS
SPG	STATEMENT OF PROCUREMENT GOAL
SFMO	STATE FIRE MARSHALL'S OFFICE
AWS	ALTERNATIVE WORKPLACE SOLUTIONS
TO	TASK ORDER

↓ Procurement Process



Space Request & Analysis

- The lifecycle of a lease begins with identification of an agency need within the State.
- Our team then works with our client agencies to establish set real estate criteria that will provide the most value to the agency.
- The Leasing Team typically then leads a competitive procurement for space that meets these criteria.
- Leasing will work alongside STREAM Facilities Management partners to support our client agencies and landlords through the term of the lease.

Space Summary Sheet



DCS Campbell County Space Summary Sheet

Staff Counts – Total Staff: 36

- ASA3 – 1 ASS
- CM1 – 3 100%FA
- CM2 – 16 70%FA
- CM2 – 2 ASS
- CM3 Sup. – 2 ASS
- CM3 – 3 70%FA
- FCCR – 1 ASS
- Secr/Front Desk – 1 ASS
- Team Coord. – 2 ASS GC
- Team Leader/CM4 – 5 ASS

Parking Totals
Public: 31
Staff: 35
State Vehicles: 2
Total: 68

Zone One (Public Zone) – refer to sample plan for zone locations; secure access to other zones from zone one.

Hard Wall Spaces

1. Waiting Room (300 sf) – seating for 15 people
2. Accessible Public Restroom (Client and Staff restrooms will be separate and will not share the same plumbing wall; shall be equipped with diaper changing station, preferably wall mounted, with adequate wall reinforcement. Quantity determined by plumbing code requirements.
3. Front Desk Receptionist Window opens to Zone One – 1 total

Zone Two (Intermediate Zone) – refer to sample plan for zone locations

Hard Wall Spaces

1. Drug Testing Restroom (100sf) (Includes lockable wall or base cabinet for supply storage) – 1
 2. Visitation Rooms (180sf) – 2
 3. Viewing Room (70sf) (with (2) one-way glass windows and light switch in room. Windows must be offset on opposite walls to avoid direct viewing angles) - 1
 4. Multi-purpose Rooms (120sf) – 2
 5. Conference Room (250 sf) seating for 15 people, do not have to be around table – 1
 6. Conference Room (475 sf) seating for 30 people, do not have to be around table – 1
- (Secure corridor required in this zone; Secure access to Zone Three from here)



Zone Three (Staff Zone) – refer to sample plan for zone locations

Hard Wall Spaces

1. Free Address Office (120sf) – 2
2. Enclaves (120sf) – 2
3. Conference Room (325sf) - seating for 20 people, do not have to be around table - 1
4. Break Room (255 sf) (sized for 8 people) (refer to lease for exact requirements in break room)
7. Children's Storage Room (120 sf) (shelving 24" deep)
5. File Storage Room (200 sf) (shelving 12"-15" deep)
6. Supply Storage Room (120 sf) (shelving 12"-15" deep)
7. Telecom Room (80sf) (room must be secure and temperature controlled)
8. Accessible Staff Restrooms (Client and Staff restrooms will be separate and will not share a plumbing wall)

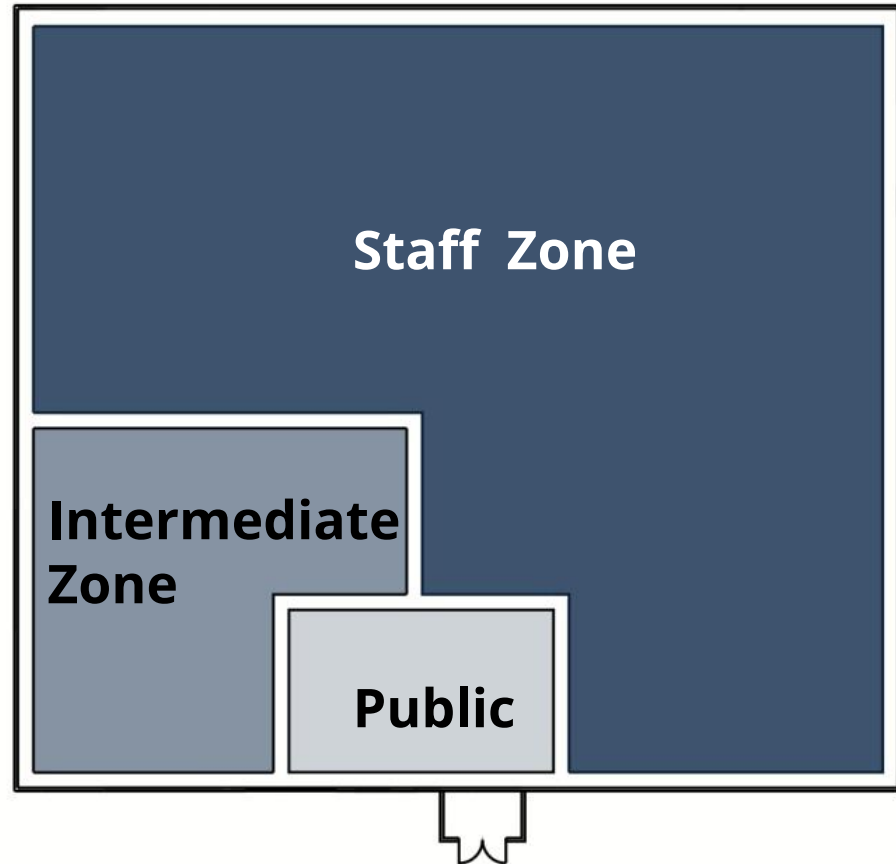
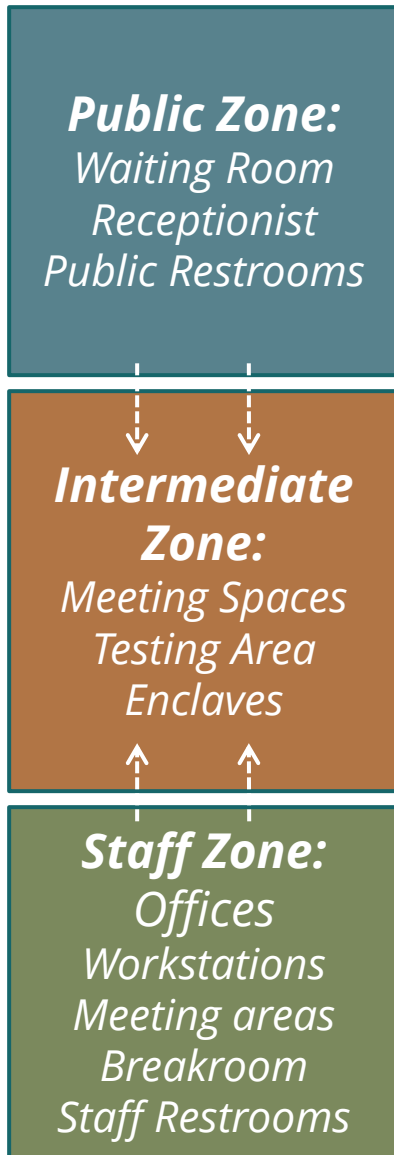
Open Office (systems furniture)

1. Assigned Workstation (49sf) – 14*
Front Desk Secretary – 1
Team Coord. – 2 Glass Cubicles
ASA3 – 1
CM2 – 2
CM3 Sup. – 2
FCCR – 1
Team Lead/CM4 - 5
2. Free Address Workstations: 20
Quiet Workstation (49sf) – 4*
Quiet Pinwheel (25sf) - 8
Quiet Hoteling (30sf) – 8
*Includes 4 hoteling stations for visitors
3. Locker Units (64sf) - 4
4. 33 Lateral File Cabinets in Open Area (264sf)
5. Mail Area (48sf) – 1
6. Multi-Function Copier Area (50sf) – 1
7. Fax Machine Area (5sf) – 1
8. Recycle Bin (6sf) – 1
9. Shredder Bin (6sf) - 1

General Notes

1. Visitation room, viewing room, and enclave doors shall have passage hardware. Large conference room doors shall have keyed locks. Drug testing room door shall have locking hardware with "emergency lock-out" feature, that allows employees to gain access to a room when a client may have locked themselves inside, whether accidentally or intentionally. This does not apply to secure rooms such as hardwall offices, file and storage rooms, or large meeting rooms.
2. Agency expense items include any needed convex mirrors in the waiting room, card readers and associated electric strike, panic hardware on lobby doors, and wi-fi throughout the space.

Spatial Zones



Space Needs Analysis (SNA) Example

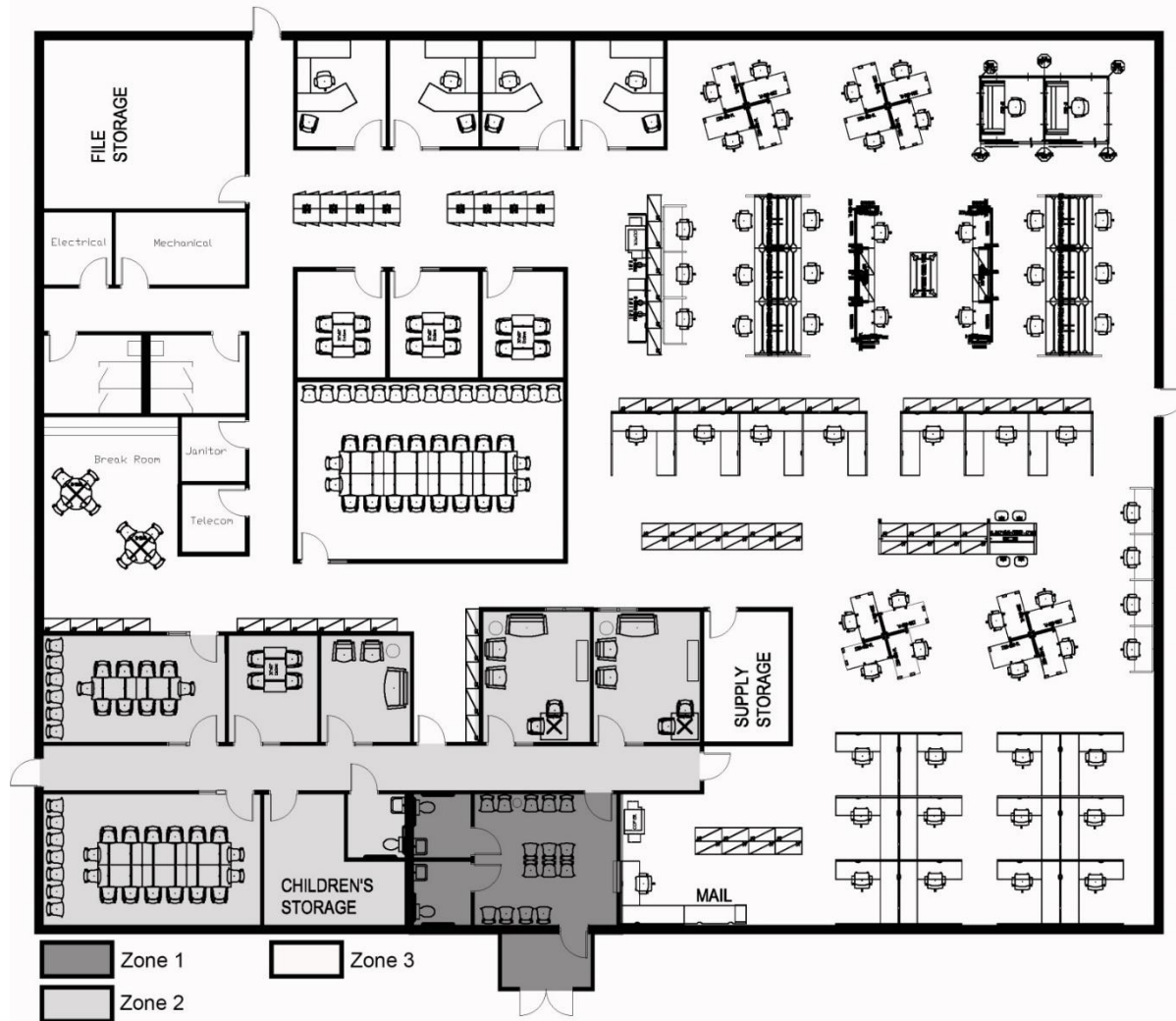
Area Needed: 5,516
 Major Circulation: 50% 2,758
 Total Net Usable Needed: 8,274

SNA Note: AWS project. Report created from information supplied and approved by Rachel. 2

Space Type	Standard	Description	Wall	Area	Count	Memo
P	73183	ASA 3	0	49	1	
P	79186	Case Manager	None	0	22	Case Manager 1, 2 and 3 positions. Mobile. Space included in Free Address area. Positions will use Free Address area when in office.
P	00000	Case Manager 2	0	49	2	
P	00000	Case Manager 3 Supv.	0	49	2	
P	00000	FC/CR	0	49	1	
P	02942	Secretary	0	49	1	Front desk receptionist.
P	00000	Team Coordinator	0	49	2	
P	00000	Team Leader	0	49	5	
S	BR	Break Room	H	255	1	With base and wall cabinets counter top with sink.
S	CSR	Childrens Storage Room	H	120	1	
S	DTR	Drug Testing Room	H	100	1	With watercloset counter top with sink.
S	E	Enclave	H	120	2	
S	FMA	Fax Machine Area	0	5	1	
S	FR	File Room	H	384	1	
S	FAH	Free Address Hoteling	0	25	8	
S	FAH	Free Address Hoteling	0	49	4	
S	FAH	Free Address Hoteling	0	30	8	
S	FAO	Free Address Office	H	120	2	
S	LCR	Large Conference Room	H	475	1	Seating for 30.
S	MA	Mail Area	0	48	1	
S	MCR	Medium Conference Room	H	325	1	Seating for 20.
S	MFP	Multi-Function Printer	0	50	1	
S	MPR	Multi-Purpose Room	H	120	2	
S	PL	Personal Lockers	0	64	4	Space for 4 - Locker Units. Each unit will contain 6 individual lockers. Centrally located where needed. For use by free address staff.
S	RB	Recycle Bin	0	6	1	
S	SCR	Small Conference Room	H	250	1	Seating for 15.
S	SS	Supplemental Space	0	264	1	Includes space for 33 - Lateral File Cabinets that will be located in wide hallways. Used by Free Address staff.
S	SAS	Supplies and Storage	H	120	1	
S	TC	Telecom. Closet	H	80	1	For telephone and computer equipment. Room must be temperature controlled.
S	VR	Viewing Room	H	70	1	With one-way glass windows and mini-blinds for viewing into visitation rooms.
S	VR	Visitation Room	H	180	2	
S	WA	Waiting Area	H	300	1	Seating for 15. With transaction counter top and pass thru-window to Secretary.

Suggested Range:	Min.	Max.
Usable:	8,300	9,200
Rentable:	9,200	10,100

Sample Plan



Strategy & Draft Statement of Procurement Goal

- Strategy
 - Statistics of the lease portfolio such as number of leases in county, average cost, etc.
 - Recommends term of new lease based on agency input and current status of lease portfolio. Is subject to change based on market and economic factors.
 - Check for owned or leased availability within the current portfolio.
- Draft Statement of Procurement Goal
 - Includes SNA & SSS
 - Informs agency-partner of term of lease, boundary, parking info, etc.



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Market Phase

Leasing Portfolio Managers



Kelly Cochran



Don Sebastian



Susan Hicks

Real Estate Leasing Portfolio Managers

Market Survey & Assessment

- Market Survey
 - Identify potential solutions in the geographic area
 - Insert software/internet search (Costar, LoopNet, Catalyst, etc)
 - Site visit of incumbent location
 - Tour prospective locations and contact potential proposers
 - Educate potential proposers on the space needed, lease duration, Tenant improvement/Design process, State building standards, and documents such as SNA, LPR process, Lease, Exhibit D, concept study, sample plan, etc.
 - Summarize findings, opportunities, challenges, and projected rental rates and potential outcomes in an internal report for leadership
 - Make recommendation for next steps
 - Procurement Method (Direct negotiate, advertise , waive advertising)
 - Likelihood of stay or move

Estimating and Bidding

- Cost Estimating
 - SNA & Space Summary Sheet have # of hard wall rooms and square footage required.
 - Exhibit D
 - Bridging documents- give the materials expected in each room
 - Test-fits are helpful but not mandatory
- Advantages of leasing to the State
 - On time payments
 - Rarely terminate for convenience or cause
 - “Credit” tenant
 - In house project managers and designers
 - Knowledgeable real estate leasing portfolio managers

Advertising pursuant to SBC Policy

- LPR (website) WWW.TNLPR.GOV
(Register to be included in the email blasts)
 - Obtain Compliance Approval prior to publish
 - Example LPR
- Email Blast
- Newspaper Ad
 - Two weeks (sometimes longer)
 - Continue to affirm receipt of proposals prior to closing (survey efforts do not stop)

What YOU should understand

- Procurement specific info
 - Boundary
 - Size ranges: usable vs. rentable
 - Proximities (neighbors, distance to restaurants or other public services, etc)
 - Preferences (bus line)
 - Parking
- LPR Exhibits:
 - SNA, SSS & Concept Plan
 - Exhibit D (State standards)
 - Specific build/reno information
 - Signage Specs
 - Telecom Room

Example: LPR

How to submit a proposal

EXAMPLE: Lease Proposal Quotation Form

- Submit ON or BEFORE deadline via:
 - E-mail: rfp.coordinator@tn.gov
- **OR**
 - Physical Copy: Attn. Steve Lusk, WRS TT, 24th Floor, 312 Rosa Parks
- Attachments to YOUR proposal (**proposal held for 120 days*)
 - Floor plan
 - Existing space
 - Test Fit (showing how you plan to accommodate space need)
 - Construction Budget
 - Pictures (aerial, maps, etc.)
 - Lease comments

- LPR Link

The screenshot shows the Tennessee Department of General Services website. The header includes the TN logo and the text "Department of General Services". A search bar is located in the top right corner. The navigation menu includes: About DGS, Procurement, Real Estate, Vehicle & Asset Management, Customer Service, Document Solutions, and Parking & Transportation. The main content area is titled "Lease Proposal Requests (LPRs)". On the left, there is a sidebar with links: Lease Management, Prospective Bidders, Lease Proposal Requests (LPRs) (highlighted), Lease Documents, and Lease Procurement Webinar. The main content area displays a list of LPRs with the following details:

TR Number	Location	Agency	Links
TR:22-01-906	Lauderdale	DHS	Advertisement Lease Proposal Request
TR: 22-01-904	Lauderdale	DCS	Advertisement Lease Proposal Request
TR: 22-03-905	Hamilton	TBI	Advertisement Lease Proposal Request
TR: 22-08-901	Cumberland	DHS	Advertisement Lease Proposal Request

Evaluation

- **Proposal Evaluation (per policy):** Analysis of proposals to determine the Best Value and Lowest Cost
 - Evaluate each received proposal against each item requested in the LPR
 - Compare size, parking, RTS vs BTS, FS vs MG
 - Disqualification for bids not meeting request
 - Initial economic evaluation (NPV, Discount Rate)
 - Map proposed locations
 - Site evaluation with agencies in person or virtually
 - Questions or concerns from proposers are address in this period
 - Best and Final round (optional)– changes to proposed lease rate must be in writing

Evaluation

- **Proposal Evaluation (per policy):** Analysis of proposals to determine the Best Value and Lowest Cost
 - Scope of improvements: projected Tenant Improvement costs
 - Base building deliverable vs interior tenant improvements
 - BTS vs RTS.
 - Holding Costs while building is Construction until Lease Commencement.
 - Final Economic Evaluation - Lowest NPV Cost
 - Rankings and Recommendations
 - Notice of Intent to Award (external)

Negotiation

- Bids not opened or discussed until after submittal deadline
- \$2.50 psf Move costs – new locations only
- TI costs – scope of interior and exterior improvements
- Base Building deliverables and Tenant Improvements
- Lease items: Exhibit D, “project specific requirements”, “phasing”, parking (free, secured), signage (exterior and interior)

Negotiation

- NPV for the maximum potential lease term (Five base year plus two renewal options= Seven years)
- Internal reviews, discussions, and approvals
- Notice of Intent to Award (external)
- Draft lease – State Standard Pro Forma Lease Template at www.tnopr.gov



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Execution Phase

Execution Phase

- Lease Recommendation
- Conflicts of Interest
- Compliance redline of lease
- Request appropriate waivers/approvals of Compliance
- Executive Sub Committee (ESC) of State Building Commission (SBC)
- Lease Signatures – Lease Administration



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Space Planning Phase

Space Planning Team



Amanda Wolf



Claire Claytor
Director of Workplace Strategy
and Interior Planning



Rachel Krawchuk
Assistant Director of Workplace
Strategy & Interior Planning



Veronica Loreto



Isabelle Armstrong



Madelyn Moody



Raven Whitefield



Ashley Sisco



Amanda McDaniel



Tish Overall



Theresa Plummer

Key Points

- Timing
 - Lease Execution/Signatories
- Must obtain State approval before commencing improvements
- Interior Planner takes lead on project
- Effective Communication & Engagement
- Lease Details
- Project Milestones
- Vacating lease locations
- Rent Commencement Notice
- Advice
 - Identify deviations from lease

Interior Space Planning

- Interior Planning Project Managers are the main point of contact when communicating with the State of Tennessee during this phase.
- Efficient communication with Interior Planning is a vital and necessary aspect of the process to ensure efficient planning, maintaining project schedule, etc.

Lease Exhibit A – Section 19 Highlights

- 30 days of execution of Lease: Landlord shall provide a **current, accurate, architect-verified CAD drawing** of the Leased Premises.
- 120 days thereafter, Tenant shall provide **test fits** for the build out of the Leased Premises.
- 150 days thereafter, SFMO approves **construction drawings**
- Landlord agrees that the work set forth in the Build Out Plans will be substantially completed and the Leased Premises ready for occupancy on _____ (the “Occupancy Date”). **Estimated delivery date**

Lease Exhibit D

- **SPECIAL BUILDOUT AND OTHER SPECIFICATIONS**
- **PROJECT SPECIFIC REQUIREMENTS**
- **GENERAL SPECIFICATIONS**
 - General
 - Site (Parking Requirements)
 - Structure
 - Building Skin and Roof
 - Building Common Areas
 - Common Walls
 - Electrical
 - Communications
 - Lighting (includes exterior)
 - Plumbing
 - HVAC
 - Building Directory & exterior signage
 - Keys
 - Access Control

Lease Exhibit D

- **INTERIOR BUILDOUT SPECIFICATIONS**

- Ceiling
- Electrical and Communication
- Partitions
- Glazing
- Doors and Frames
- Window Treatments
- Finishes
- Break Rooms
- Copy Rooms / Areas
- Telecom Rooms
- Conference Rooms
- Restrooms
- Janitor Closet
- Building Interior
- Building Exterior

Project Milestones

- **Preliminary Phase:**

- Request/Receive Architect-verified Current CAD drawings – Due within 30 days of lease execution; refer to Exhibit A
- Test Fits – Due 120 days thereafter; refer to Exhibit A
- Pre-Kickoff Conference call (lessor, TS, IDPM, leasing)

- **Schematic Phase:**

- Create Preliminary Floor Plan
- Kick-Off Meeting (onsite agency contact, central office agency contact, lessor, sts, IDPM, lessor's contractor/architect, leasing agent, JLL etc.). Review preliminary plan, preliminary project schedule, etc.
- Revise Preliminary Furniture Plan per Kick-off meeting notes
- Gain agency approval

Project Milestones

- **Program Design & Drawing Phase:**
 - Begin/Complete Program Drawings (or provide bridging documents)
 - Distribute to Lessor, Architect, leasing agent
 - Work with Lessor regarding finish selections
- **Construction Documents Phase:**
 - Receive CDs from Lessor/Architect of Record (AOR)
 - Review/approval process from IDPM prior to SFMO submittal
 - SFMO submittal/Revisions (if needed)/approval
 - Submission to STS (and Facilities Management if applicable) for coordination

Project Milestones

- **Construction Phase:**

- IDPM to coordinate phasing with Lessor and agency contact (if applicable)
- Lessor to provide detailed construction schedule
- IDPM to coordinate agency relocation and furniture teardown if renovating in place
- Establish regular construction updates meetings, emails, etc.
- Lessor to work with IDPM to ensure construction is complete prior to furniture installation
- Lessor to work with IDPM to ensure final electrical connections to furniture are complete
- Lessor to provide communications regarding temp CO, final inspections, and final CO

Project Milestones

- **Punch Phase:**

- Site Visit
- Complete Punch within 30 days; must occur prior to furniture installation
- Decommission previous location (if applicable)
- Lessor to provide keys per lease terms
- Notice to leasing for Lease Commencement

Facility Management

- Service request (work order) submittal – Examples: Door/window repair, janitorial feedback/requests, leaks, grounds, etc.
 - Corrigo – web-based submission system
 - Facilities call center
 - Emergencies are to be called into 800-279-3102
- After submission, requests are routed to landlord or service provider to perform requested services/repairs as required by the terms of the specific lease
- Timely work order submission is critical as it allows for requests to be tracked to completion and trend reporting for recurring problems
 - WO data is used by STREAM when it comes time to renew leases



Leasing Contacts

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Questions