

**Department of Transformation and Shared Services**

Governor Asa Hutchinson
Secretary Amy Fecher
Director Anne Laidlaw

October 2, 2020

Marty Garrity, Director
Bureau of Legislative Research
Arkansas State Capitol, Room 315
Little Rock, AR 72201

Re: State of Arkansas Lease Agreement #26-485-P9948; Arkansas Dept. of Corrections, Division of Community Corrections, Hot Springs, AR; Contract Disclosure for Representative Richard McGrew, Lessor

Dear Ms. Garrity:

Please find enclosed a copy of the draft third lease agreement between CSC, LLC a/k/a McGrew Properties (Lessor) and the Arkansas Department of Corrections, Division of Community Corrections (Lessee). Also, attached is a signature from the Governor indicating that he has reviewed the lease agreement and approved. The amendment reflects and contemplates new ownership beginning November 1, 2020, by Representative Richard McGrew as Lessor. Representative McGrew is serving a term as State Representative for District 51.

Arkansas Code Annotated § 21-1-403(a)(2) provides certain restrictions on state agency leases, agreements, contracts, and grants. Subsection (a)(2) mandates that:

- (a) No constitutional officer may enter into any lease agreement, contract, or grant with any state agency unless . . .
- (2) If competitive bidding or a request for proposal was not required by law, it has received the prior approval of the Joint Budget Committee during legislative sessions, the Legislative Council between legislative sessions, and the Governor.

The disclosure under EO98-04 will be sent to the Department of Transformation and Shared Services, Office of State Procurement for approval. As you are aware, real estate lease transactions are exempt from state procurement competitive bid laws and are procured under the Building Authority Minimum Standards and Criteria. No mandate exists in law or rule that leases, such as the one referenced above, must be competitively bid or placed out for proposals. In fact, negotiations for such transactions are clearly contemplated in Arkansas Code Annotated § 22-2-114. The current lease term with the former owner began on April 1, 2020, and will expire on March 31, 2021.

Please let us know if there is additional information that you would request for inclusion on the next ALC Agenda. Should you have any questions, please do not hesitate to contact Anne Laidlaw of Building Authority at 682-5568.

Sincerely,

Amy Fecher

Attachments (2)

Division of Building Authority
STATE OF ARKANSAS
COUNTY OF PULASKI

Lease Term: 11/01/20 to 03/31/21
Annual Rent: \$83,300.04
Square Feet: 7,000 Rate: \$11.90
Type: Amendment
Worked By: Wes Lacewell
County: 26 Agency: 485
Lease #: P9948 JWL

STATE OF ARKANSAS THIRD LEASE AMENDMENT

This Agreement is made and entered into as of the ____ day of October, 2020, by and between CSC, L.L.C. D/B/A MCGREW PROPERTIES, an Arkansas Limited Liability Company, hereinafter referred to as "Lessor", and ARKANSAS DEPARTMENT OF CORRECTIONS – DIVISION OF COMMUNITY CORRECTION, hereinafter referred to as "Lessee".

WITNESSETH

Whereas, by Lease Agreement dated March 1, 2016, and First Lease Amendment dated November 2, 2017, and Second Lease Amendment dated November 21, 2019, Lessor leased to Lessee approximately 7,000 square feet of office space and adequate automobile parking spaces located at 615 Grand Avenue; all situated in the City of Hot Springs, Arkansas, County of Garland, (the "Lease"); and

Whereas, the parties hereto have hereby agreed to extend the term of the Lease and to amend and modify the Lease as hereinafter set out.

Now, therefore, for and in consideration of the Premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that the term of the Lease is hereby amended for a period commencing November 1, 2020 and continuing through March 31, 2021, upon the same terms and conditions as the original Lease Agreement and subsequent Amendments, except the Lease shall be amended and modified as follows:

1. Lessor. LESSOR name is hereby amended and modified from QUAPAW HOUSE, INC. to CSC, L.L.C. D/B/A MCGREW PROPERTIES, an Arkansas Limited Liability Company; and
2. Lessor Address. LESSOR address is hereby amended and modified from Teri Zaner, P.O. Box 3450, Hot Springs, Arkansas 71914 to 324 Ouachita Avenue, Hot Springs, Arkansas 71901; and
3. Lessee Address. LESSEE address is hereby amended and modified from Two Union Plaza, 105 West Capitol Avenue, 3rd Floor, Little Rock, Arkansas 72201 to 1302 Pike Avenue, North Little Rock, Arkansas 72114 (for written correspondence) and P.O. Box 6408, Pine Bluff, Arkansas 71611 (for rental invoicing); and
4. Term. The Lessee may elect to extend the term not more than ninety (90) days upon the same terms by written notice to Lessor no less than thirty (30) days before the end of the term stated in the above paragraph; and
5. Special Provisions. Special Provisions 10(i) of the Lease is hereby restated as follows:

(i) The LESSOR, LESSEE and DBA agree that should the Lease and any applicable amendments expire prior to the execution of this amendment agreement, the parties agree that the Lease and any applicable previous amendments are hereby reinstated and ratified upon this Amendment Agreement being fully executed by the parties. The provisions, terms, and conditions of this Amendment Agreement shall govern in the event of conflict or inconsistencies, or both

The Lease Agreement as hereby amended, modified and extended is hereby ratified and confirmed by the parties hereto as being in full force and effect.

This Agreement shall be binding on the parties hereto and their respective heirs, successors and assigns.

Executed as of the date first hereinabove set out.

LESSOR:

LESSEE:

CSC, L.L.C. D/B/A MCGREW PROPERTIES

ARKANSAS DEPARTMENT OF
CORRECTIONS – DIVISION OF COMMUNITY
CORRECTION

By: _____
Richard McGrew, Managing Member

By: _____
Jerry Bradshaw, Director

Date: _____

Date: _____

DIVISION OF BUILDING AUTHORITY
As Agent for Arkansas Department of Corrections – Division of Community Correction

By: _____
Wes Lacewell, Administrator of
Real Estate Services

By: _____
Anne W. Laidlaw, Director

Date: _____

Date: _____

X  _____