

**Arkansas
Building
Authority**



MIKE BEEBE, GOVERNOR • ANNE W. LAIDLAW, DIRECTOR

October 18, 2013

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

Re: Request for ALC Review - Sale of State Property
Arkansas Services Center – 2920 McClellan Drive, Jonesboro, Craighead County

Dear Ms. Garrity:

Please accept this letter on behalf of the owners of the Arkansas Services Center for review of a request to accept a bid for the sale of the Arkansas Services Center (ASC) in Jonesboro, Arkansas. Pursuant to State law (ACA 22-6-601 (h) (2)) property may be sold to the highest responsible bidder for less than the appraised value if the bid process has been utilized and the owner(s) and ABA determine that further solicitation is unnecessary, the Governor has approved the transaction, and ALC has reviewed the sale of land prior to finalization of the sale.

Attached is a summary of the property profile, including breakdown of ownership. Below you will find a summary of the facts and processes conducted by ABA over the past two years to secure a valid bid for the property sale:

On December 31, 2011, the Arkansas Services Center was officially closed to the public after all state services administered at the facility had been relocated within Jonesboro. On January 12, 2012, ABA processed the first bid opening for the property sale by which the only bid received was \$106,666.00. The bid was rejected by the Owners. At that point, ABA “moth-balled” the Center in an effort to minimize expenditures associated with the property for its owners.

A second attempt to sell the property occurred just six months later on July 12, 2012 and resulted in another single bid in the amount of \$856,000.00. This bid was countered by the Owners but the bidder declined negotiations and thus the offer expired. However, in the fall of 2012, the City of Jonesboro expressed a keen interest in the property and requested a period of due diligence by which the City could work to secure funding resources for its purchase. In the Spring of 2013, the Owners entered into negotiations resulting in a contract to transfer the property to the City of Jonesboro. The process of negotiation and environmental assessment by the parties took much longer than expected and unfortunately these efforts were terminated in September, 2013 with a contract withdrawal by the City due to funding.

Immediately upon notice of the City's withdrawal, ABA initiated a third bid for the sale of the property, with a bid opening occurring on October 16, 2013. Two bids were received with a high bid of \$1,691,000.00. While the property was appraised for \$3,681,000, one must take into consideration the owner's expense for demolition and abatement which will have to be completed prior to any renovation or re-development of the property. Such costs have been estimated in excess of \$2 million.

Over the course of several years, ABA has conferred numerous times with the Owners regarding the various bid processes. The property's current state of disrepair and the cost of demolition and abatement was a contributing factor for the previous unsuccessful bids. It was not prudent for the State Owners to expend large amounts of State dollars to abate and demolish the structures in order to sell the property. Even if it were prudent, the Owners are not in the financial position to take on that type of commitment regarding demolition and abatement costs. It is the view of the Owners and ABA that due to the cost for the State to maintain the property (mowing alone is \$5,000 per occurrence), costs associated with securing the property, as well as the time and resources already expended on the efforts to sell the property, exceed the possibility of securing a higher bid for the property and that the State's resources and funds can be better utilized elsewhere.

It is for these reasons that the ASC Owners and ABA believe acceptance of the bid in the amount of \$1,691,000 is in the best interests of the State. Therefore, we respectfully request a concurrence of this recommendation by the Arkansas Legislative Council. John Selig, Director of DHS, as majority owner of the property, represents the ASC Owners in this transaction and will be available to respond to any questions of the committee.

Respectfully submitted,



Anne W. Laidlaw, Director

Enclosures

c: John Selig, Director, DHS
Bill Walker, Director, ACE
Charles Welch, President, ASU

ARKANSAS BUILDING AUTHORITY

MIKE BEEBE, GOVERNOR

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ANNE W. LAIDLAW, DIRECTOR

501 WOODLANE • SUITE 101N • LITTLE ROCK, AR • 72201 • (501) 682-1833 • FAX (501) 682-5589 • TDD (501) 682-1487

**Arkansas Services Center
2920 McClellan Drive
Jonesboro, Craighead County**

Constructed:	Completed/Dedication Year 1971 Bond Issue by Arkansas State University - 1968	
Ownership:	DHS – Division of Behavioral Health	52.85%
	DHS – County Operations	4.43%
	DHS – Services of Blind	1.62%
	DCE - Arkansas Rehabilitation Services	31.82%
	Arkansas State University	9.28%
		<hr/> 100.00%
County Assessor:	State Ownership / No taxes paid	
Land Area:	39.68 acres	
Building S.F.:	156,570 s.f. of leasable space	
Status:	CLOSED December 31, 2011	
Prior Use/ Tenants: (at time of closing)	DHS – Division of Behavioral Health DHS – County Operations Arkansas Rehabilitation Services Northeast Arkansas Advocates for Children (non-profit) AR Game & Fish Commission Arkansas State Police – Tower only	
Funding:	Cash Operating Account (Account managed by Arkansas Building Authority)	

“An Equal Opportunity Employer”



Office of Policy and Legal Services
Breck Hopkins, Director

P.O. Box 1437, Slot S260 · Little Rock, AR 72203-1437
501-682-8598 · Fax: 501-682-8009 · TDD: 501-682-8933



October 17, 2013

Anne Laidlaw
Arkansas Building Authority
501 Woodlane, Suite 101N
Little Rock, AR 72201

RE: ABA # 3:13/16-350-ASC

Dear Ms. Laidlaw:

On October 17, 2013, the State Institutional System Board ("Board") met, and with a quorum present and acting, authorized the Arkansas Department of Human Services to accept the bid submitted by Centerline, LLC, to purchase the Arkansas Services Center Property for \$1,691,000. The Department hereby exercises that authority and asks that the bid be accepted.

Sincerely,

A handwritten signature in black ink, appearing to read "Breck Hopkins".

Breck Hopkins
Director

**Arkansas
Building
Authority**



MIKE BEEBE, GOVERNOR • ANNE W. LAIDLAW, DIRECTOR

October 17, 2013

The Honorable Mike Beebe
Governor, State of Arkansas
Room 250, State Capitol
Little Rock, Arkansas 72201

Re: Sale of the Arkansas Services Center – 2920 McClellan Drive, Jonesboro, Craighead County

Dear Governor Beebe:

In January, 2012, ABA initially received your approval to place the above referenced property out for bid on behalf of its State Owners: Department of Human Services, the Department of Career Education, and Arkansas State University. On January 12, 2012, ABA processed the first bid opening in which the only bid received was \$106,666.00 and was subsequently rejected by the Owners. A second attempt to sell the property occurred just six months later on July 12, 2012 and resulted in another single bid in the amount of \$856,000.00. This bid was countered by the Owners but the bidder declined negotiations and thus the offer expired. In the Spring of 2013, the owners entered into discussions to transfer the property to the City of Jonesboro. The process of negotiation and assessment by the parties took several months but unfortunately ended with a contract withdrawal by the City due to funding just last month.

ABA initiated a third bid for the sale of the property, with a bid opening yesterday (October 16th). Two bids were received with a high bid of \$1,691,000.00. While the property was appraised for \$3,681,000, one must take into consideration the owner's expense for demolition and abatement which will have to be completed prior to any renovation or re-development of the property. Such costs have been estimated in excess of \$2 million. The property's current state of disrepair and the cost of demolition and abatement was a contributing factor for the previous unsuccessful bids. It was not prudent for the State Owners to expend large amounts of State dollars to abate and demolish the structures in order to sell the property. Even if it were prudent, the Owners are not in the financial position to take on that type of commitment regarding demolition and abatement costs.

Over the course of several years, ABA has conferred numerous times with the Owners regarding the various bid processes. It is the view of the Owners and ABA that due to the cost for the State to maintain the property (mowing alone is \$5,000 per occurrence), costs associated with securing the property, as well as the time and resources already expended on the efforts to sell the property, exceed the possibility of securing a higher bid for the property and that the State's resources and funds can be better utilized elsewhere.

Therefore, due to the ongoing costs of the property, its state of disrepair, and that no other state entity desires the transfer of the property makes this sale of the property in the best interests of the State; and on behalf of the Owners, we respectfully request that they be allowed to accept the amount of \$1,691,000 for the referenced property. Please do not hesitate to contact me at 682-1833 should you have additional questions. We will await your decision before submitting this request to the Arkansas Legislative Council for review.

Respectfully submitted,



Anne W. Laidlaw, Director

Enclosures

c: John Selig, Director, DHS
Bill Walker, Director, ACE
Charles Welch, President, ASU

Approved

10/18/13

