



State of Arkansas
Department of

WORKFORCESERVICES

www.arkansas.gov/esd

Post Office Box 2981 • Little Rock, AR 72203-2981



September 18, 2013

Senator Bill Sample
Representative John Charles Edwards
Co-Chairs of the Arkansas Legislative Council
Room 315, State Capitol Building
Little Rock, AR 72201

Re: Sale of office building in Newport, AR

Dear Sirs:

In accordance with Arkansas Code Annotated 22-6-601, we respectfully request that approval for the sale of an office building in Newport, AR, for less than the appraised amount be added to the agenda for the September 20, 2013 Legislative Council meeting.

Attached is the bid package, the buyer's proposal, our notification to ABA of our intent to accept the buyer's proposal, and the appraisal. If additional information is required, please contact DeeVee Pearson at (501)683-0471.

Thank you.

Sincerely,

A blue ink signature of Artee Williams, written in a cursive style.
Artee Williams

**Arkansas
Building
Authority**



MIKE BEEBE, GOVERNOR - ANNE W. LAIDLAW, DIRECTOR

September 17, 2013

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

Re: Sale of Land for Department of Workforce Services
Office Building located at 401 Walnut Street, Newport, Jackson County

Dear Governor Beebe:

In November 2010, ABA received your approval and conducted a bid process for the sale of the above referenced property for the Arkansas Department of Workforce Services. ABA did not receive any bids for the property on this first attempt. Subsequently, ABA conducted two (2) more bid lettings regarding this property. The second bid letting, like the first attempt, yielded no bid submittals. On the third attempt, ABA received a bid in the amount of \$5,050. The property was appraised at \$29,100. Ark. Code Ann. §22-6-601(h)(2) allows for the sale of property for below appraised value if approved by your office and reviewed by Arkansas Legislative Council.

DWS has requested your approval to accept the current bid amount. I and staff have conferred numerous times with the staff at DWS on this property. It is the view of both parties that the cost for the State to maintain and pay insurance on this property, as well as the resources expended on the three attempted bid processes for their sale, far exceeds the value of the properties. Therefore, it is the opinion and recommendation of this office and Artee Williams, Director, this property be sold for the bid amount. We concur that further solicitation of these properties is not in the best interest of the state.

We therefore respectfully request that the bid amount which is less than the appraised value be accepted by the Arkansas Department of Workforce Services so that it may proceed with the sale of the property to the bidder. DWS has notified us that a similar request has been sent to the Legislative Council prior any finalization of the sale.

Sincerely,

Anne W. Laidlaw, Director

Approved 9/18/13
MHH

Enclosures

c: Artee Williams, DWS Director



State of Arkansas
Department of
WORKFORCE SERVICES

www.dws.arkansas.gov

Post Office Box 2981 • Little Rock, AR 72203-2981

Mike Beebe
Governor

Artee Williams
Director

September 13, 2013

Ann Laidlaw, Director
Arkansas Building Authority
501 Woodlane, Avenue Suite 101N
Little Rock, AR 72201

Re: Acceptance of Bid

Dear Mrs. Laidlaw:

The Arkansas Department of Workforce Services (DWS) will accept an offer of \$5,050.00 for the Newport Workforce Center, Newport, Arkansas. Although the \$5,050.00 being offered is below the appraised value of \$29,100.00 (dated May 7, 2013), this offer appears to be justifiable. Since November 2009:

- a. Efforts have been made to sell this property without any success (Newspaper, Auctions, etc.).
- b. This property has been vandalized numerous times and copper piping stolen.
- c. Maintenance and lawn service costs are being incurred.
- d. This property, bought in 1965, has steadily deteriorated to point of becoming blight to the area.

This offer allows DWS the opportunity to remove from its property inventory a facility that is not in line with our long term Workforce Investment Act strategy of co-locating our Workforce Centers with multiple center partners.

If further information is needed, please contact Bryan Hicks at (501) 682-3108.

Sincerely,


Artee Williams

SALE OF PROPERTY: FORM OF PROPOSAL

ABA Property Sale #13/34-810-002

I, Bernard Joseph Dolenz, do hereby offer
(PRINT NAME)

to purchase, subject to terms set forth herein, the following property identified as: Lot 1, N1/2 of Lot 2, Blk 44 to the original town of Newport, Jackson County, Arkansas, also known as 401 Walnut Street.

My offer is valid for thirty (30) days from the bid opening.

I agree to pay the owner in the form of a cashier's check on the date of closing the amount of: \$ 5,050.00 for both properties combined.
(State numerical bid amount)

(Note: Please request a substitute bid form if you prefer to bid one or both of the properties separately.)

I have enclosed a bidder's check which consists of a cashier's check drawn upon a bank or trust company doing business in Arkansas payable to the *Arkansas Department of Workforce Services* in an amount equal to one-tenth (10%) of the bid. If I become the successful bidder, the bidder's check submitted will be credited against the bid amount upon my payment of the balance or it shall be retained by the state agency as liquidated damages upon failure to tender and pay the balance of the bid price.

I certify that I have completed my due diligence with respect to the property and in accordance with the "*Sale of Property Terms and Conditions*" and have inspected the property and am not relying upon any warranties, representations, and statements of the State and am accepting the property as set forth in paragraphs #9-12 of the terms and conditions.

I understand and agree to all of the terms and conditions of the "*Sale of Property Terms and Conditions*" and all issued addenda for this sale and submit my bid in accordance thereof. I understand that by submitting this bid, I am waiving any added or deleted term(s) or condition(s), or both, in conflict with the State's bid documents and the State has the sole discretion of determining what is and is not conflicting language.

Bernard Joseph Dolenz Bernard Dolenz Sept. 9, 2013
Print Name Signature Date
128 CR1100 Decatur Texas 76234
Address (Temporary) City State Zip Code
214-755-4832 bbd.mojd@gmail.com
Phone # Email

SALE OF PROPERTY: INVITATION TO BID

Arkansas Building Authority
Real Estate Services Section

ABA Property Sale #13/34-810-002

On behalf of the Arkansas Department of Workforce Services, the Arkansas Building Authority (ABA) will receive sealed offers for the sale of a commercial brick veneer building with approximately 2,503 square feet and a tract of land described as:

Lot 1, N1/2 of Lot 2, Blk 44 to the original town of Newport, Jackson County, Arkansas, also known as 401 Walnut Street.

Sealed Bids will be received by ABA on **Thursday, September 12, 2013 at 3 p.m.** All bids will be received and viewed in the offices of Arkansas Building Authority at 501 Woodlane, Suite 101N, Little Rock, Arkansas 72201. Any bid(s) received after the specified bid date/time will not be accepted. All interested parties are invited to attend.

“Terms and Conditions” of the above referenced bid can be obtained from the ABA Real Estate Services Section. Only one bid shall be accepted per legal entity or individual for the sale of property. Bids shall be submitted on the “Sale of Property: Form of Proposal” supplied by the ABA, and shall be delivered in a **clearly identified, sealed, opaque envelope to:**

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

A bid security in the form of a cashier's check in the amount of 10% of the base bid shall accompany each bid submittal. The proceeds of the cashier's check of the successful bidder shall be credited against the bid upon payment of the balance or shall be retained by the Arkansas Department of Workforce Services as liquidated damages upon failure to tender and pay the balance of the bid price.

The Owner of the property reserve the right to accept or reject any and all bids, to waive formalities therein and/or to accept bids with variations from sale conditions that serve the best interest of the State of Arkansas. While bidders may place additional conditions which are not in conflict with the stated Terms and Conditions contained herein, the Terms and Conditions stated in the “Sale of Property: Terms and Conditions” shall govern and supercede any additional condition or term provided by the bidder which is in conflict. By submitting a bid, bidder waives any added or deleted term and/or condition that is in conflict with the state's bid documents.

Proposals which fail to comply fully with any mandated code provisions or rule will be considered invalid and will not receive consideration.

SALE OF PROPERTY: TERMS AND CONDITIONS

1. The Arkansas Department of Workforce Services will offer for sale the commercial property located at 401 Walnut Street, Newport, Jackson County.
The Legal Description of the property is:
Lot 1, N1/2 of Lot 2, Blk 44 to the original town of Newport, Jackson County, AR
2. All bids submitted shall be valid for thirty (30) days from the bid opening.
3. Bidders are required to complete the "Sale of Property: Form of Proposal" and submit with their form of proposal, a bid security in the form of a cashier's check payable to the order of the *Arkansas Department of Workforce Services* drawn upon a bank or trust company doing business in Arkansas in an amount equal to one-tenth (1/10) of the bid. The successful bidder shall have the amount of the cashier's check credited against the bid amount upon payment of the balance or shall be retained by the State as liquidated damages upon failure to tender and pay the balance of the bid price.
4. The acceptance of the highest bid shall be in accordance with Ark. Code Ann. § 22-6-601. The successful bidder will have thirty (30) days from date of Notice of Agency's approval to make complete payment of the balance of the purchase price. Payment will be made by enclosing a cashier's check payable to the order of the *Arkansas Department of Workforce Services* drawn upon a bank or trust company doing business in Arkansas for the full purchase price, less bidder's bid security.
5. Upon failure of the successful bidder to make complete and full payment within the thirty (30) day time frame, the bid security shall be retained by the *Arkansas Department of Workforce Services* as liquidated damages upon failure to tender and pay the balance of the bid price. The next highest bidder may become the successful bidder, and if the State determines an award can be made to the next highest bidder, this bidder will then be given an opportunity to purchase the above named property within fifteen (15) days upon notice. The acceptance of this bid shall be in accordance with Ark. Code Ann. §22-6-601.

The State reserves the right to accept or reject any and all bids, to waive formalities therein and/or to accept bids with variations from sale conditions that serve the best interest of the State of Arkansas. While bidders may place additional conditions which are not in direct conflict with this document, the Terms and Conditions, including any issued addenda*, stated in this document shall govern and supercede any additional terms or conditions provided by the bidder which is in conflict. Proposals which fail to comply fully with any laws and/or bid documents will be considered invalid and will not receive consideration. Non-successful bidders' checks will be returned by mail upon completion of the sale to the successful bidder, or if the bid(s) are rejected.

6. In any conveyance of title of lands owned by the State of Arkansas, the State shall retain ownership of not less than one-half (½) interest in and to all the oil, gas and other minerals therein or thereunder.

7. The property described shall be sold as a whole tract in “as is, where is” condition. Bidders shall certify that they have made due diligence investigations regarding the purchase of the property at the time of their bid proposal. Bidders shall not rely upon any warranties, representations or statements of the State or any person on the State’s behalf as to the age or physical condition of any improvement, environmental conditions, taxes, encroachments, special assessments or any other matters related to or pertaining to the property. Nor shall bidders rely upon any representations or statements of the State of the property, any matters affecting title to the property, or of any other matters related to the property but, rather, is relying on the Bidder’s own diligence and judgment and experience. It is specifically understood and agreed, without limiting the generality of the foregoing, that the State shall have no obligation to correct defects, if any, in the title to the property
8. Other than the special warranty deed, the State makes no warranty, expressed or implied, concerning the boundaries, corner markers, encroachments or easements for utilities, streets, private right-of-ways that might exist by record or prescription and that no warranty is given concerning the condition of the land or improvements thereon.
9. Bidders understands that it is purchasing the Property, “AS IS, WHERE IS” with all defects, if any, in title matters or in matters related to physical condition of the property. If Bidder desires to have a boundary survey, title insurance and/or an environmental site assessments or other due diligence materials, it must proceed, at its own cost, to obtain same during the due diligence period.
10. The State and successful bidder shall be responsible for their respective closing costs.
11. Pursuant to Ark. Code Ann. §25-10-121, in lieu of depositing the proceeds of the sale of lands in the fund from which the division or state agency is operated, a board of a state agency or a division of the State holding lands in its name, as a condition for sale of the lands and approval of the Governor, that the proceeds be deposited in a special trust fund to be created in the name of the board, state agency, or division on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State.
12. Any questions pertaining to the property or bid process should be directed to:
Chris Thomas, Administrator of Real Estate Services, 501-682-5570 or gcthomas@aba.state.ar.us.

SALE OF PROPERTY: FORM OF PROPOSAL

ABA Property Sale #13/34-810-002

I, _____, do hereby offer
(PRINT NAME)

to purchase, subject to terms set forth herein, the following property identified as: Lot 1, N1/2 of Lot 2, Blk 44 to the original town of Newport, Jackson County, Arkansas, also known as 401 Walnut Street.

My offer is valid for thirty (30) days from the bid opening.

I agree to pay the owner in the form of a cashier's check on the date of closing the amount of: \$_____ for both properties combined.

(State numerical bid amount)

(Note: Please request a substitute bid form if you prefer to bid one or both of the properties separately.)

I have enclosed a bidder's check which consists of a cashier's check drawn upon a bank or trust company doing business in Arkansas payable to the *Arkansas Department of Workforce Services* in an amount equal to one-tenth (10%) of the bid. If I become the successful bidder, the bidder's check submitted will be credited against the bid amount upon my payment of the balance or it shall be retained by the state agency as liquidated damages upon failure to tender and pay the balance of the bid price.

I certify that I have completed my due diligence with respect to the property and in accordance with the "*Sale of Property Terms and Conditions*" and have inspected the property and am not relying upon any warranties, representations, and statements of the State and am accepting the property as set forth in paragraphs #9-12 of the terms and conditions.

I understand and agree to all of the terms and conditions of the "*Sale of Property Terms and Conditions*" and all issued addenda for this sale and submit my bid in accordance thereof. I understand that by submitting this bid, I am waiving any added or deleted term(s) or condition(s), or both, in conflict with the State's bid documents and the State has the sole discretion of determining what is and is not conflicting language.

Print Name	Signature	Date
------------	-----------	------

Address	City	State	Zip Code
---------	------	-------	----------

Phone #	Email
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PROPERTY DESCRIPTION

The subject property consists of 0.22 +/- acres or 10,650 square feet with lot dimensions of 90 x 150 zoned Commercial. The site topography is described as a level corner lot. Electric and water utilities are present with public street access.

The free-standing, one-story, brick-veneer building consists of 2,503 square feet.

The property is located on the southwest corner of the intersection of Walnut and Fourth Street.

LEGAL DESCRIPTION

Lot One (1) and the North Half (N ½) of Lot Two (2),
Block Forty-Four (44)
to the original town of Newport, Jackson County, Arkansas

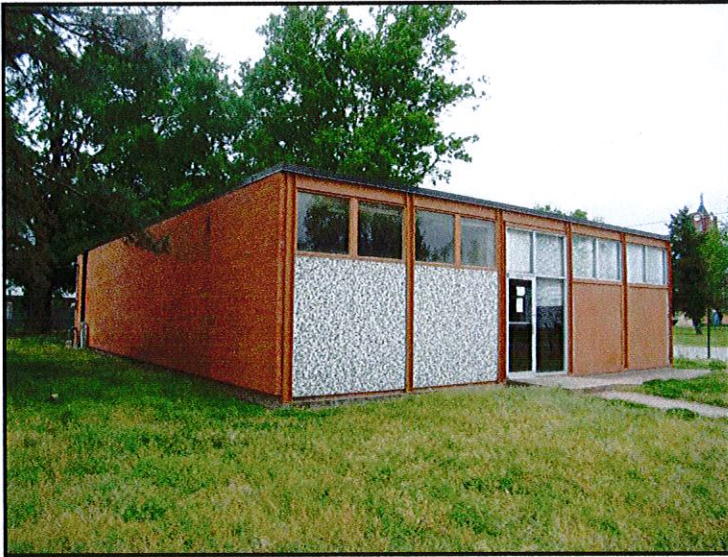
APPRAISAL

*A "restricted use" appraisal was performed by Holden Appraisal Service
Charles Holden, Certified General Appraisal, State of Arkansas #CG0140
P O Box 623, Newport, Arkansas 72112, 870-523-3325*

Fair Market Value in fee simple title as of May 7, 2013
\$29,100

Photograph Addendum

Borrower/Client				
Property Address 401 Walnut St				
City	Newport	County	Jackson	State AR Zip Code 72112
Lender Arkansas Dept of Workforce Security				



FRONT

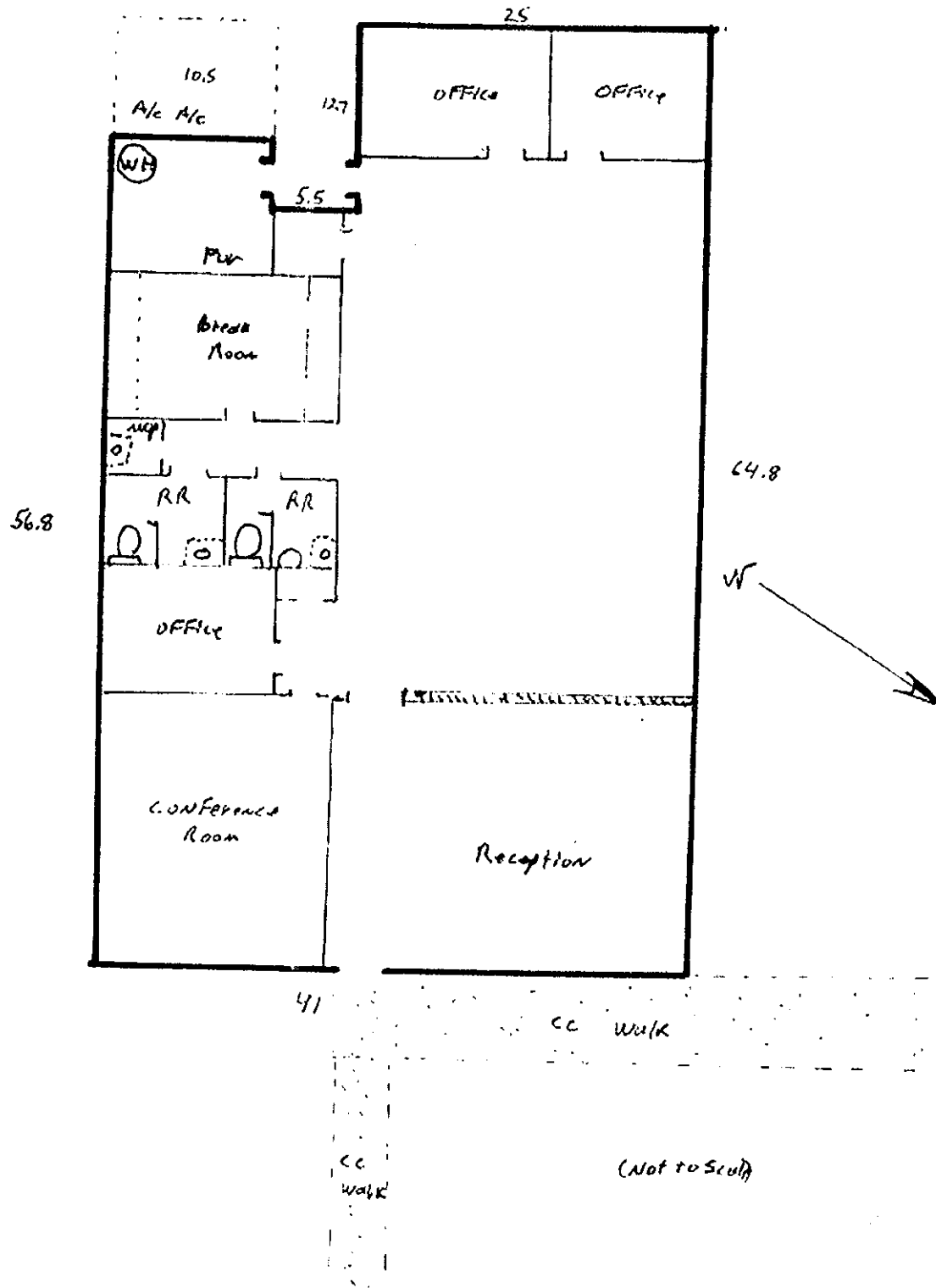


REAR

SKETCH OF IMPROVEMENTS

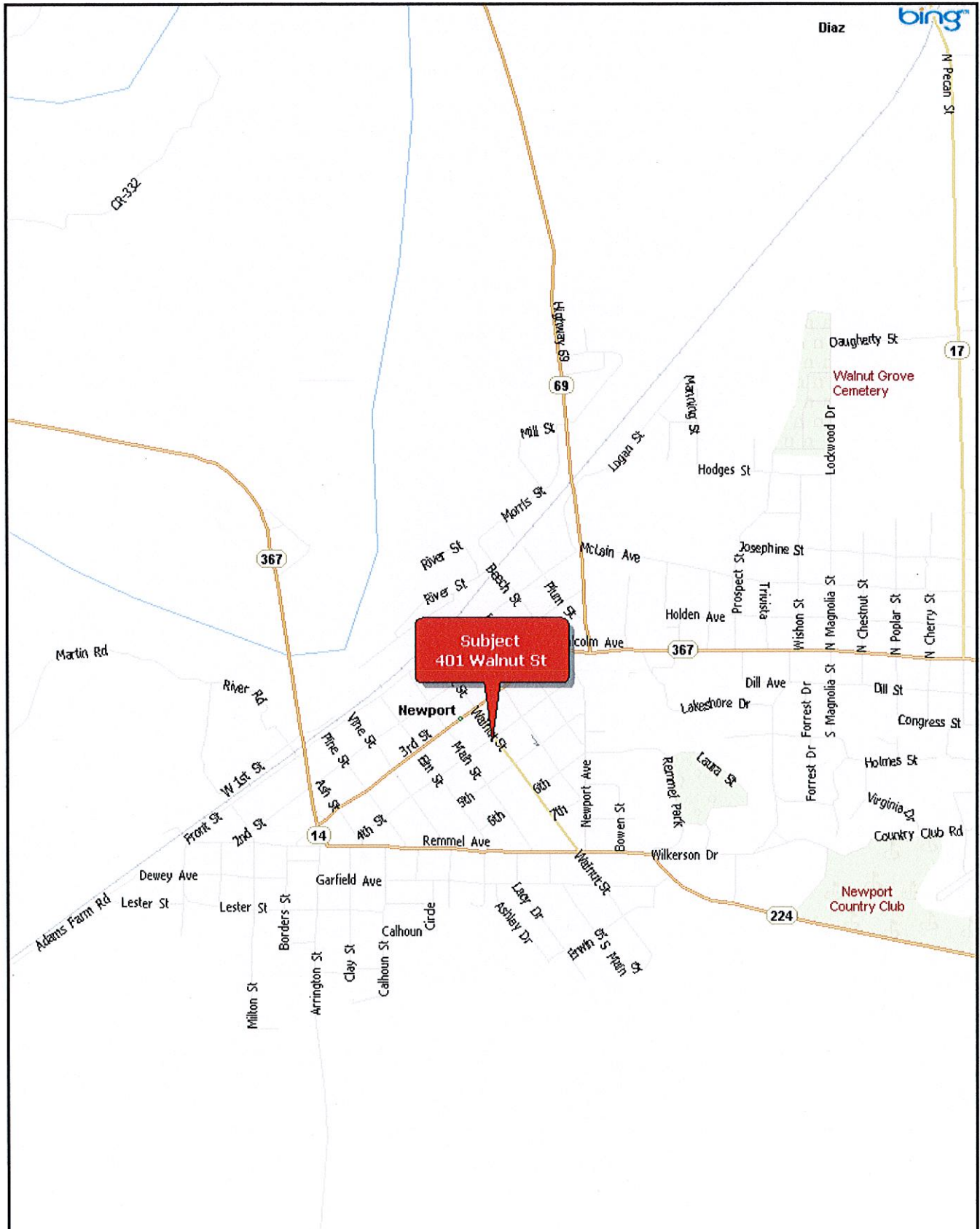
SKETCH OF IMPROVEMENT
(not to scale)

49x66.5 paved
Parking Lot

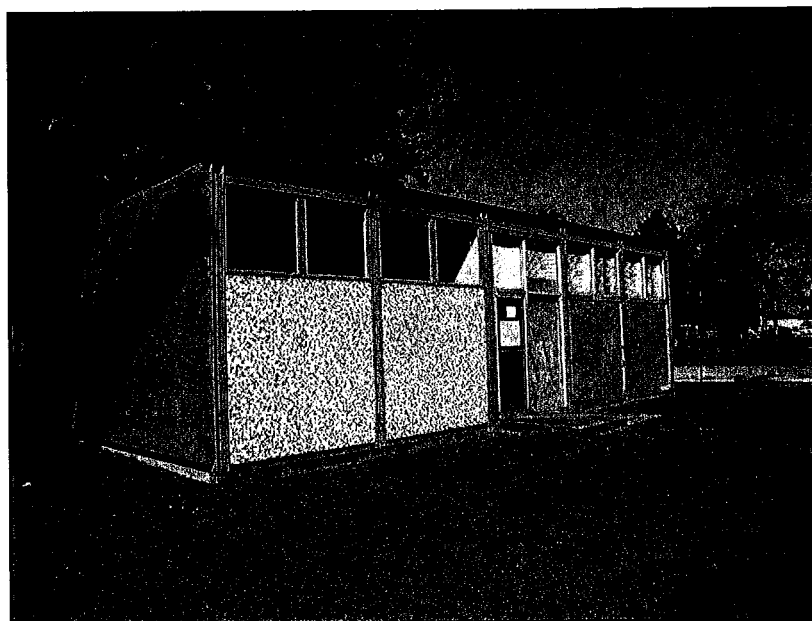


Location Map

Borrower/Client				
Property Address 401 Walnut St				
City	Newport	County	Jackson	State AR Zip Code 72112
Lender	Arkansas Dept of Workforce Security			



APPRAISAL OF REAL PROPERTY



LOCATED AT

401 Walnut St
Newport, AR 72112

FOR

Arkansas Dept of Workforce Services
#2 Capital Mall
Little Rock, AR 72201

OPINION OF VALUE

29,100

AS OF

May 7, 2013

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Introduction

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services			
Property Address	401 Walnut St			
City	Newport	County	Jackson	State AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services			

HOLDEN APPRAISAL SERVICE**P.O. Box 623****Newport, AR 72112****Phone/Fax: (870) 523-3325**

May 22, 2013

Arkansas Department of Workforce Services
Attention: Danny Lewis
#2 Capital Mall
Little Rock, AR 72201

RE: 401 Walnut Street

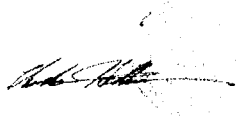
Dear Mr. Lewis:

In accordance with your request, I am providing a restricted use appraisal for a commercial property located at 401 Walnut Street, Newport, Jackson County, Arkansas. This property is known as the old Department of Workforce Services building.

I hereby state that I did inspect the property on May 7, 2013. I attach herewith my report which describes my method of approach and contains data gathered in my investigation.

In my opinion, the fair market value of this property, in fee simple title, as of May 7, 2013 is **Twenty Nine Thousand, One Hundred Dollars (\$29,100).**

This report is designed to meet the guidelines of a Restricted Use Appraisal Report as defined by USPAP standards.
Respectively Submitted,



Charles Holden
Certified General Appraisal
State of Arkansas #CG0140

Introduction

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services			
Property Address	401 Walnut St			
City	Newport	County	Jackson	State AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services			

SUMMARY OF IMPORTANT REPORT INFORMATION

1) PROPERTY NAME	Employment Security Office
2) LOCATION OF PROPERTY APPRAISED	401 Walnut Street Newport, AR 72112
3) PROPERTY TAX IDENTIFICATION NUMBER	013-00573-000E
4) PROPERTY TYPE	Office
5) DATE OF INSPECTION	May 7, 2013
6) CURRENT REAL ESTATE TAX	Exempt
7) PURPOSE OF ASSIGNMENT	To determine fair market value
8) CURRENT USE OF PROPERTY	Vacant
9) APPRAISAL CLIENT RESPONSIBLE FOR FEE	Department of Workforce Services
10) INTENDED USE OF APPRAISAL	To determine fair market value
11) INTENDED USER OF APPRAISAL	Department of Workforce Services
12) EXISTING OWNERSHIP OF THE PROPERTY	Employment Security Division
13) THREE YEAR SALE HISTORY OF PROPERTY	Court records indicated no change in ownership
14) CURRENT SALE/OPTION/LEASING AGREEMENTS	None Known
15) PERSONS ASSISTING IN THE PREPARATION OF THIS REPORT	None other than the principal appraiser signing this report except typical support staff .
16) APPRAISAL COMPANY	Holden Appraisal Service
17) APPRAISER NAME AND PROFESSIONAL DESIGNATION	Charles Holden, CGA
18) APPRAISER CERTIFICATION NUMBER AND EXPIRATION DATE	CG0140, June 30, 2013
19) DATE OF REPORT COMPLETION	May 22, 2013
20) EFFECTIVE DATE OF VALUE	May 7, 2013
21) PERSONAL PROPERTY VALUED IN REPORT	None
22) ZONING	C-1, Commercial
23) PRIOR USE OF IMPROVEMENTS	As an unemployment office
24) HIGHEST AND BEST USE AS IF VACANT	Office
25) HIGHEST AND BEST USE AS IMPROVED	Office
26) GROSS BUILDING AREA UPON COMPLETION OF PROPOSED AREA	2,503 SF
27) NUMBER OF BUILDINGS	1
28) AVERAGE HEIGHT	12'
29) BUILDING CONSTRUCTION CLASS	"C"
32) LAND AREA	10,650 sf/0.24 Acres
30) OVERALL IMPROVEMENT CONDITION	Fair
31) OVERALL IMPROVEMENT QUALITY	Fair
33) OPINION VALUE	

TWENTY NINE THOUSAND, ONE HUNDRED DOLLARS (\$29,100)

Report

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

AUTHORIZATION

In an e-mail received on April 22, 2013, Mr. Danny R. Lewis authorized Holden Appraisal Service to prepare a Update/Summary Appraisal on the old Department of Workforce Services building located at 401 Walnut Street, Newport, Jackson County, Arkansas.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to note any change that have affected the subject since my report dated March 23, 2010. This is a Restricted Use Appraisal and is made for client use only. WARNING - those that are not familiar with the original report may not properly understand the contents of this report without access to the original report.

IDENTIFICATION OF PROPERTY APPRAISED

The subject property consists of a 2,503 square foot, brick veneer commercial building. The property is located on the southwest corner of the intersection of Walnut Street and Front Street.

LEGAL DESCRIPTION

The following description is from assessor records of Jackson County, Arkansas:

Lot One (1) and the North Half (N 1/2) of Lot Two (2), Block Forty-Four (44)
to the original town of Newport, Jackson County, Arkansas.

DATE OF INSPECTION/DATE OF VALUE

Both the date of inspection and value are May 7, 2013.

PROPERTY INTEREST APPRAISED

The subject property valued is the fee simple, fair market value of the surface rights of the subject property.

DEFINITION OF MARKET VALUE (FROM USPAP, p210, 2005)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*This definition is from regulations published by Federal regulatory agencies pursuant to Title XI of the FIRREA Act of 1989, by the Federal Reserve System, NCUA, FDIC, OTS and OCC.

LOCAL/NEIGHBORHOOD DATA

Location data is covered in detail in the original report. In my opinion there has been no change in location factors since the original report that would affect the value.

SUBJECT SITE DATA

There is no visible changes in the subject's site since the original report.

SITE IMPROVEMENTS

The 2,503 square foot building has suffered the following additional problems since the last report:

- 1) Air conditioner condenser/compressor units - both have been removed and cooling return lines have been cut;

Report

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

- 2) Roof leaks - the building now has evidence of roof leaks in the reception area as well as the conference room;
- 3) Termite activity - It appears to be more damage than in the original report. Wood trim on the northwest side is extensively damaged.

SCOPE OF APPRAISAL

In the valuation of the subject property, current comparable sales were analyzed, the subject was inspected, current cost data was applied and previous occupants were interviewed.

Cost Approach Value

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services					
Property Address	401 Walnut St					
City	Newport	County	Jackson	State	AR	Zip Code 72112
Lender	Arkansas Dept of Workforce Services					

COST APPROACH VALUE
COMPARABLE SITE SALES

	<u>COMP#77</u>	<u>COMP#84</u>	<u>COMP#83</u>	<u>COMP#78</u>	<u>COMP#64</u>	<u>COMP#79</u>
<u>GRANTOR</u>	Drew/Scoggin	Warren	Central Baptist	Artymouski	Hodges	Pulaski
<u>GRANTEE</u>	Guinn	Farmers Elevator	Jaco	Harris	Williams	St. Pauls
<u>DATE</u>	06/04/09	10/07/11	10/03/11	03/18/09	08/04	08/13/09
<u>SIZE</u>	.24 acre	1.42 acres	2.67 acres	.7 acre	.75 acre	.32 acre
<u>TOTAL PRICE</u>	\$22,000	\$20,000	\$53,000	\$18,669	\$36,000	\$8,000
<u>PRICE PER ACRE</u>	\$42,558	\$14,039	\$19,850	\$26,179	\$47,519	\$24,524
<u>PRICE PER SQ. FT.</u>	\$0.977	\$0.3233	\$0.455	\$0.0601	\$1.09	\$0.563
<u>LOCATION</u>	Malcolm Ave	Morris/Mill St	Ray St	Hwy 367 N	Galeria Dr	Walnut St
<u>REFERENCE</u>	B345/P89	B360/P181	B360/P132	B343/P345	B312/P212	B343/P496
<u>ZONING</u>	Commercial	Industrial	Commercial	Commercial	Commercial	Commercial
<u>COMMENTS</u>	Corner	Corner	Corner	Corner	Prime Location	400 block of Walnut

ANALYSIS OF COMPARABLE SITES

Comparable #77 is a commercial corner lot across a side street from large bank property. This site has large traffic count. This site is far superior to the subject. Comparable #84 is in an industrial area south of Arkansas 69 across the rails from Newport. No commercial activity here - inferior location. Comparable #83 is a large site that adjoins the local Kroger store (west side). This property has frontage on low traffic street. Comparable #78 is a prime commercial site locate on intersection of Arkansas 367 with Dowell Street. Present location of Quick Lane. Comparable #64 has frontage on Galeria Drive one block south of Malcolm Avenue. The property adjoining the Kroger property on its west line. Only Comparable #79 can be considered as an indication of subject value. This comparable is similar as to location, traffic count and size of the subject.

ESTIMATED SITE VALUE

The subject's site value is estimated at \$0.563 per acre calculated as follows:

$$10,650 @ \$0.563 = \$5,995$$

IMPROVEMENTS VALUATION/CALCULATOR COST FORM

1. Subscriber making survey	Charles Holden	Date of survey	05/07/2013
2. Name of building	Employment Security Office	Owner	Employment Security Division
3. Located at	402 Walnut Street, Newport, AR 72112		
	<u>SECTION I</u>	<u>SECTION II</u>	<u>SECTION III</u>
4. Occupancy	Office		
5. Building class and quality	Cls. <u>C</u> Qual. <u>L</u>	Cls. <u> </u> Qual. <u> </u>	Cls. <u> </u> Qual. <u> </u>
6. Exterior Wall	BV		
7. No. of stories & height per story	No. <u>1</u> Ht. <u>12</u>	No. <u> </u> Ht. <u> </u>	No. <u> </u> Ht. <u> </u>
8. Average floor area	2,503		
9. Average perimeter	215.3		
10. Age and condition	Age <u>48</u> Cond. <u>Fair</u>	Age <u> </u> Cond. <u> </u>	Age <u> </u> Cond. <u> </u>
11. Region: Western	Central <u>X</u>	Eastern	
12. Climate: Mild	Moderate <u>X</u>	Extreme	
	<u>SECTION I</u>	<u>SECTION II</u>	<u>SECTION III</u>
13. Base Square Foot Cost	66.26		
SQUARE FOOT REFINEMENTS			
14. Heating, cooling, ventilation	Base		
15. Elevator deduction	--		
16. Miscellaneous	---		
17.Total lines 13 through 16	66.26		
HEIGHT AND SIZE REFINEMENTS			
18. Number of stories-multiplier	1		
19. Height per story-multiplier (see line 7)	Base		
20. Floor area-perimeter multiplier (see lines 8 & 9)	1.052		
21. Combined height and size multiplier (Lines 18x19x20)	1.052		
FINAL CALCULATIONS			
22. Refined square foot cost (Line 17x21)	69.70		
23. Current cost multiplier (Sect. 99 p.3)	1.08		
24. Local multiplier (Sect. 99 p. 5 thru 8)	0.80		
25. Final sq. ft. cost (Line 22 x Line 23 x Line 24)	60.22		
26. Area (Line 8)	2,503		

Sales Comparison Approach Value

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

SALES COMPARISON APPROACH
SALES COMPARABLES

	<u>SUBJECT</u>	<u>COMP#1</u>	<u>COMP#2</u>	<u>COMP#3</u>	<u>COMP#4</u>
<u>DATE</u>		03/28/2013	06/28/2012	01/22/2013	01/06/2012
<u>SALES PRICE</u>		\$18,000	\$120,000	\$55,000	\$188,000
<u>PRICE PER SQ. FT.</u>		\$8.31	\$9.87	\$34.37	\$42.19
<u>LOCATION</u>	Fair	Fair	Fair	Good	Good
<u>ADJUSTMENT</u>	--	--	--	-10%	-10%
<u>CORNER</u>	Yes	No	Yes	No	Yes
<u>ADJUSTMENT</u>	--	+10%	--	+10%	--
<u>CONSTRUCTION</u>	C	S	S	C	C
<u>ADJUSTMENT</u>	--	--	--	--	--
<u>AGE/CONDITION</u>	48/Fair	47/Poor	54/Fair	13/Good	48/Good
<u>ADJUSTMENT</u>	--	+20%	--	-50%	-50%
<u>ZONING</u>	C-1	C-1	C-2	C-1	C-1
<u>ADJUSTMENT</u>	--	--	--	--	--
<u>SIZE</u>	2,503 sf	2,165 sf	12,158 sf	1,600 sf	4,456
<u>ADJUSTMENT</u>	--	--	+10%	--	--
<u>UTILITIES</u>	Full	Full	Full	Full	Full
<u>ADJUSTMENT</u>	--	--	--	--	--
<u>QUALITY</u>	Average	Average	Average	Average	Good
<u>ADJUSTMENT</u>	--	--	--	--	-20%
<u>SITE</u>	10,650 sf	5,680 sf	45,171 sf	17,424 sf	10,650 sf
<u>ADJUSTMENT</u>	--	+10%	--	-10%	--
<u>TOTAL ADJUSTMENTS</u>	--	+40%/\$3.32	+10%/\$.98	-60%/\$20.62	-80%/\$33.75
<u>SQ. FT. VALUE</u>	--	\$11.63	\$10.85	\$13.75	\$8.44
<u>SUBJECT VALUE</u>	--	\$29,110	\$27,158	\$34,416	\$21,125

ANALYSIS OF THE SALES COMPARABLES

Comparable #1 is on the subject's street and shares similar location factors. This structure was built and occupied by ARKLA Gas in 1966 and like the subject has been vacant for several years.

Comparable #2 is located on the intersection of Malcolm Avenue and State Street. The structure was built in 1959 as the local Ford dealership. It is presently used as a flea market.

Comparable #3 is located in the Newport commercial area of the city but does not have good highway frontage. The building was built in 2000 and was first occupied by a beauty shop. The present owners have converted it to a woman's boutique.

Comparable #4 is located at the intersection of 3rd Street and Main Street. It is occupied by an abstract office and law office. The structure was built in 1965 and is of good quality and condition.

SALES COMPARISON APPROACH CONCLUSION

The subject's value is best set by Comparable #1. This comparable is closest to the subject's size and shares the subject's location.

Value indicated by Sales Comparison Approach is \$29,110.

Income Approach Value

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

INCOME APPROACH

The subject property has never been rented out, so there is no history of income. The subject's fair market rent is estimated at \$400 per month (\$4,800 annually).

OPERATING STATEMENT

Estimated market rent		
	\$400 per month - annual	\$4,800
	Less allowance collection	
	and vacancy @ 8%	<u>\$ 384</u>
		\$4,416
Less estimated expenses		
Taxes	\$ 400	
Insurance	\$ 450	
Allowance for repairs and replacement	\$ 400	
Management @ 4%	<u>\$ 176</u>	
	\$1,426	<u><\$1,426></u>
Estimated net income		\$2,990

CAPITALIZATION (property residual-straight line method)

- 1) Estimated annual net income: \$2,990;
- 2) Land value from market: \$6,000;
- 3) REL: 15 years. Recapture rate: $1/15 = .0666$;
- 4) Investment rate of return: 6%;
- 5) Capitalization rate: $.0666 + .06 = .1266$;
- 6) Capitalized income: $\$2,990 / .1266 = \$23,617$;
- 7) PW1 factor, .0666, 15 years: $.380169 \times \$6,000 = \$2,281$;
- 8) Total property value: Reversionary land - $\$2,281 + \text{Capitalized income} - \$23,617 = \$25,898$.

INCOME APPROACH VALUE CONCLUSION

Value indicated by Income Approach is \$25,898.

Final Conclusion of Value

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

CORRELATION OF VALUE

Cost Approach	\$37,067
Sales Comparison Approach	\$29,110
Income Approach	\$25,898

The subject value is best set by the Sales Comparison Approach. The Income Approach is based on the estimated market rent that the subject could demand which is adjusted and capitalized. As the subject's potential market rent must be estimated, this method is inferior to the Cost Approach.

FINAL CONCLUSION OF VALUE

Therefore, it is my opinion, that the fee simple, fair market value of the subject property is best set by the Sales Comparison Approach value as of May 7, 2013 for the indicated value of Twenty Nine Thousand, One Hundred Dollars (\$29,100).

Additional Information

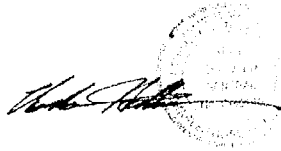
File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

CERTIFICATE OF APPRAISAL CERTIFICATION:

I hereby certify that I have no interest, present or contemplated in the property and that neither the employment to make the appraisal, nor the compensation, is contingent on the value of the property. I certify that I have personally inspected the property and that, according to my knowledge and belief, all statements and information in this report are true and correct, subject to the underlying assumptions and contingent conditions.

Based on information contained in this report and upon my general experience as an appraiser, it is my opinion that the market value as defined herein of this property, as of May 7, 2013 is **Twenty Nine Thousand, One Hundred Dollars (\$29,100).**



CHARLES HOLDEN
CERTIFIED GENERAL APPRAISER
STATE OF ARKANSAS #CG0140

ADDITIONAL INFORMATION

- 1) The purpose of this appraisal is to estimate fair market value of the subject property.
- 2) The full legal description was not furnished to appraiser.
- 3) The estimated reasonable marketing time for the subject is 6 - 8 months.
- 4) The effective date of the appraisal and the date of preparation are not the same.
- 6) There is no personal property included in this report.
- 7) A certification and statement of limiting conditions and a statement that my report conforms to the uniform standards of professional practice (USPAP) is included in this report.
- 8) I have completed an appraisal on the subject property in the prior three years as to the date of this report. (05/2010).

Additional Information

File No. 401 Walnut St

Borrower/Client	Arkansas Dept of Workforce Services				
Property Address	401 Walnut St				
City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

CERTIFICATION AND STATEMENT OF LIMITING CONDITIONS CERTIFICATION:**The Appraiser certifies and agrees that:**

1. The Appraiser has no present or contemplated future interest in the property appraised; and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property.
2. The Appraiser has no personal interest in or bias with respect to the subject matter of the appraisal report or the participants to the sale. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
3. The Appraiser has personally inspected the property. To the best of the Appraiser's knowledge and belief, all statements and information in this report are true and correct, and the Appraiser has not knowingly withheld any significant information.
4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in the report).
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraiser is affiliated.
6. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

CONTINGENT AND LIMITING CONDITIONS

The certification of the appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. Neither all, nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to National Association of Independent Fee Appraisers or the IFA designation. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.
9. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

ENVIRONMENTAL DISCLAIMER:

The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively unless otherwise stated in this report. It is possible that test and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

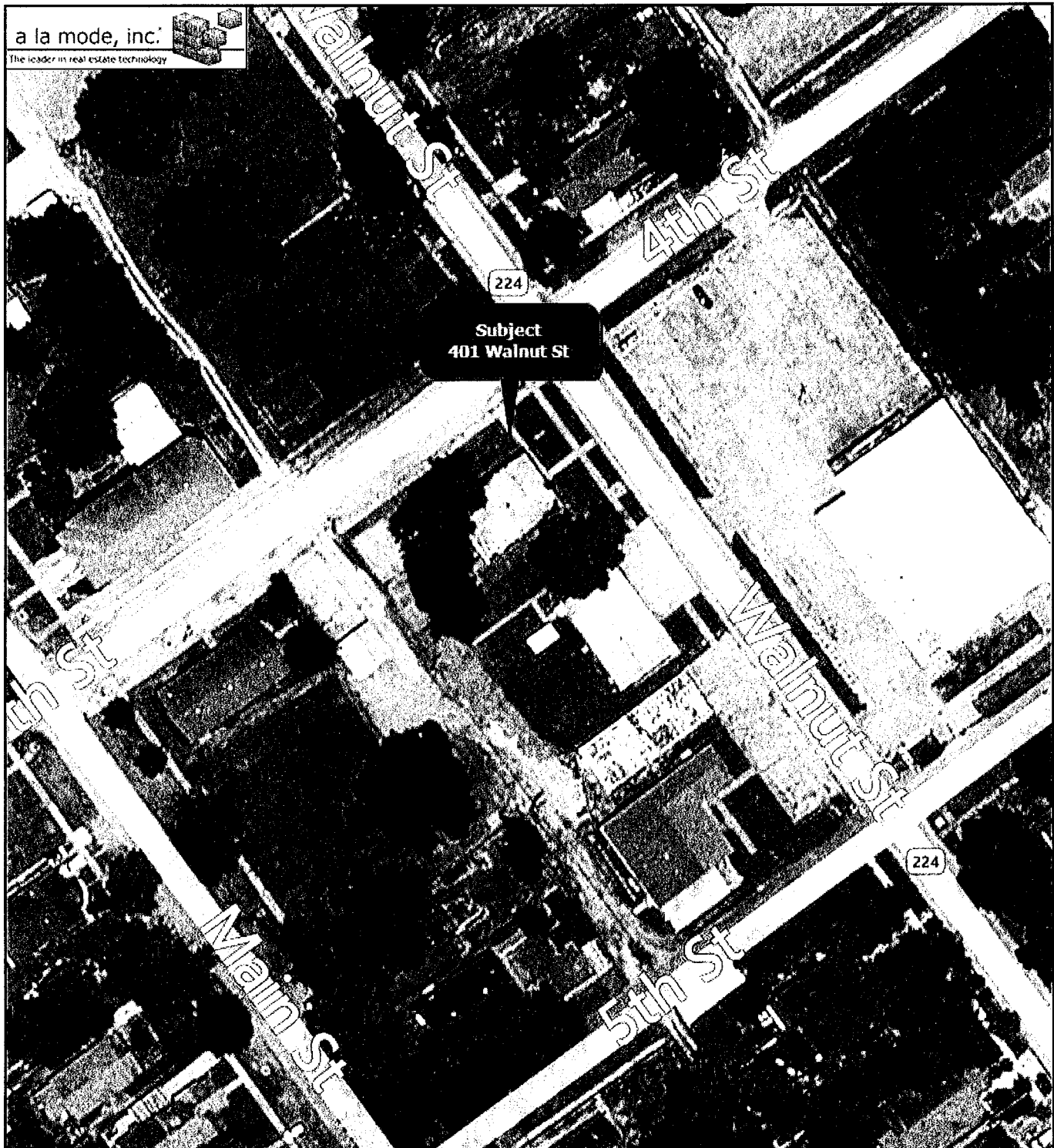
ADDITIONAL CERTIFICATION:

The Appraiser further certifies and agrees that:

1. This appraisal conforms to the Uniform Standards of Professional Practice (USPAP) adopted by the Appraisal Standards Board of The Appraisal Foundation, except that the Departure Provision of the USPAP does not apply.
2. Their compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

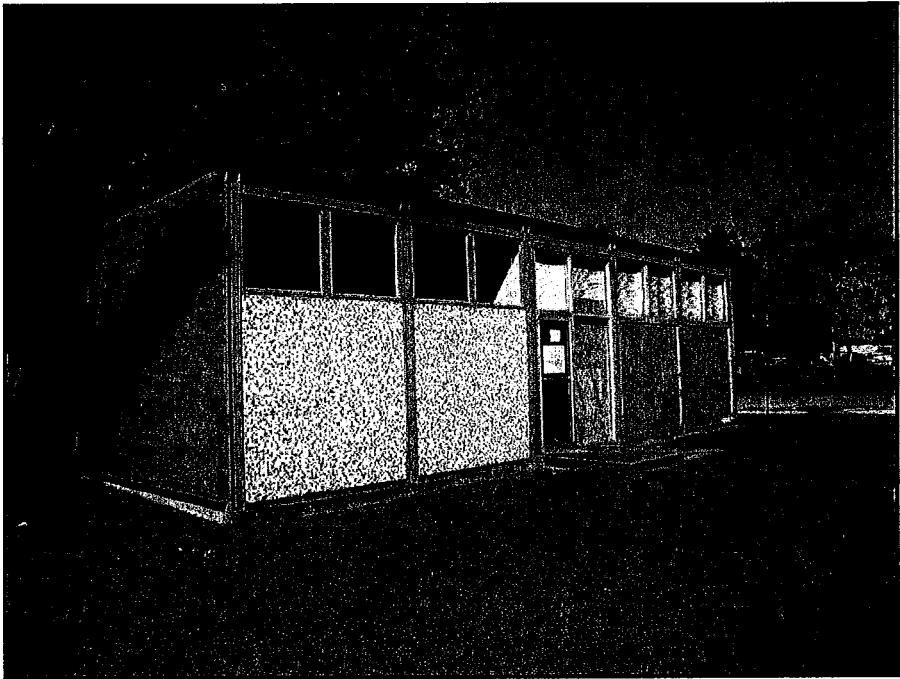
Aerial Photograph

Borrower/Client	Arkansas Dept of Workforce Services			
Property Address	401 Walnut St			
City	Newport	County	Jackson	State AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services			



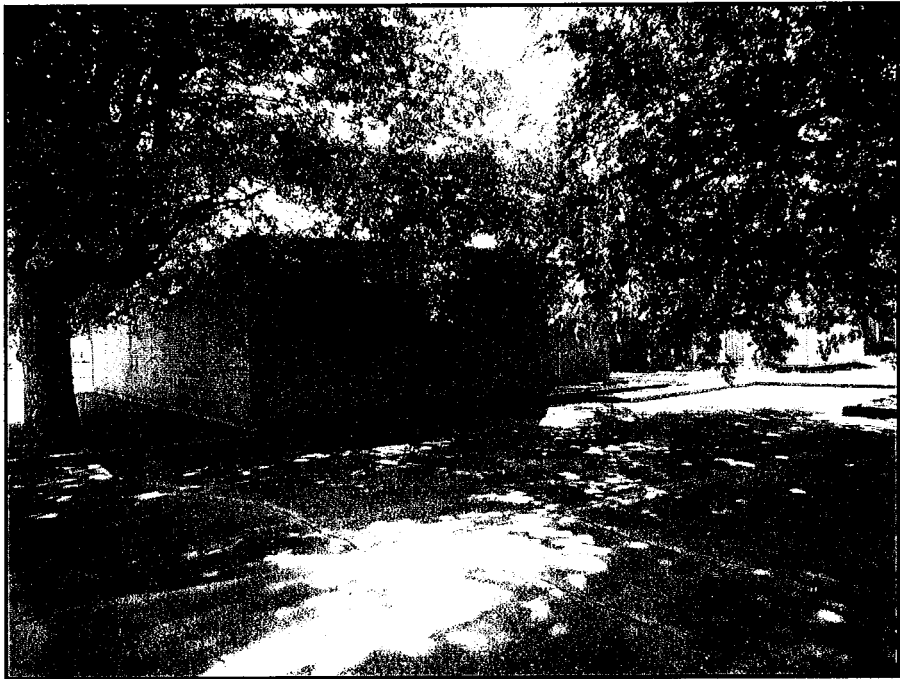
Subject Photo Page

Borrower/Client	Arkansas Dept of Workforce Services				
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City	Newport	County	Jackson	State	AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services				

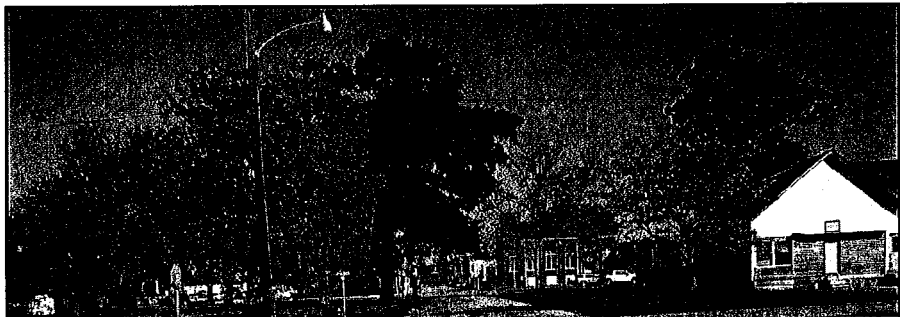


Subject Front

Sales Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age



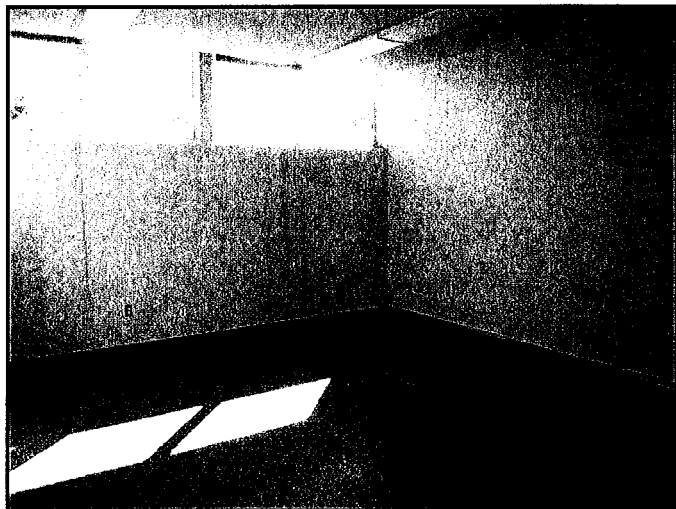
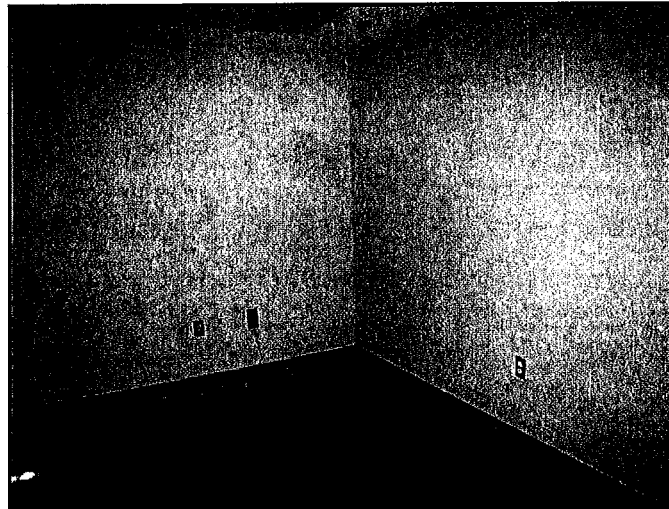
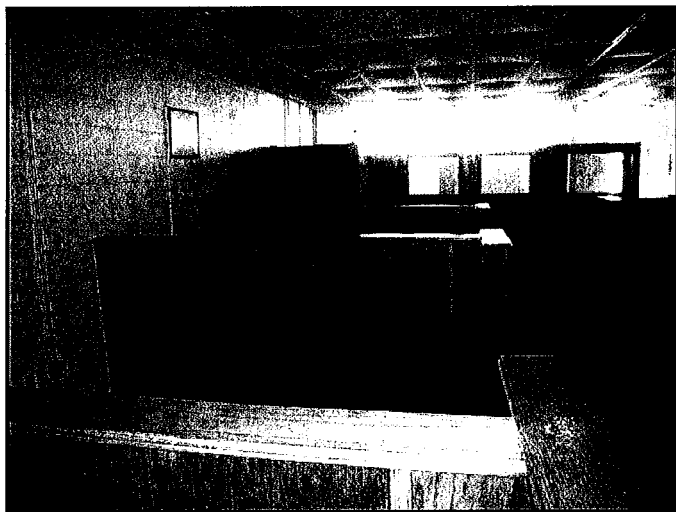
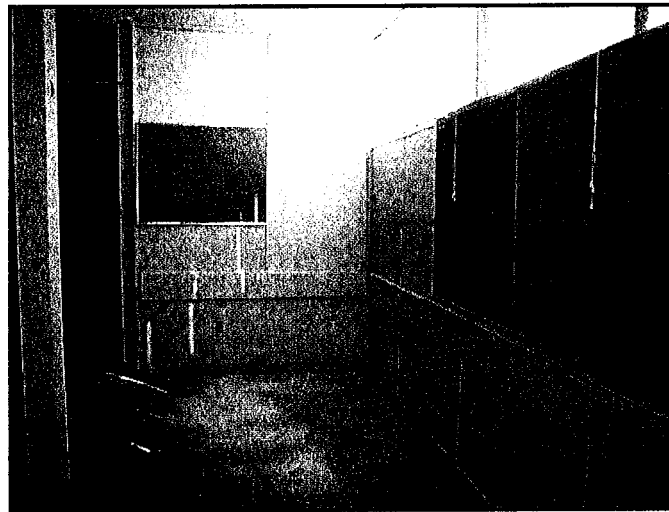
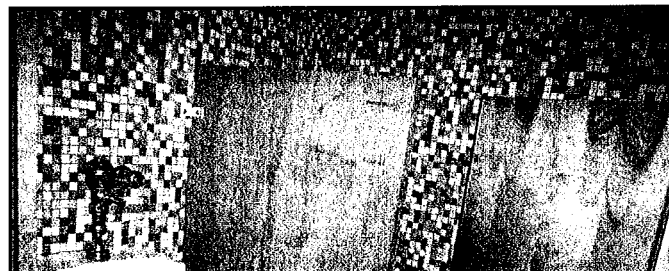
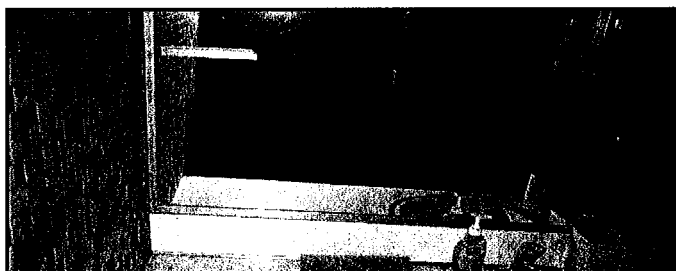
Subject Rear



Subject Street

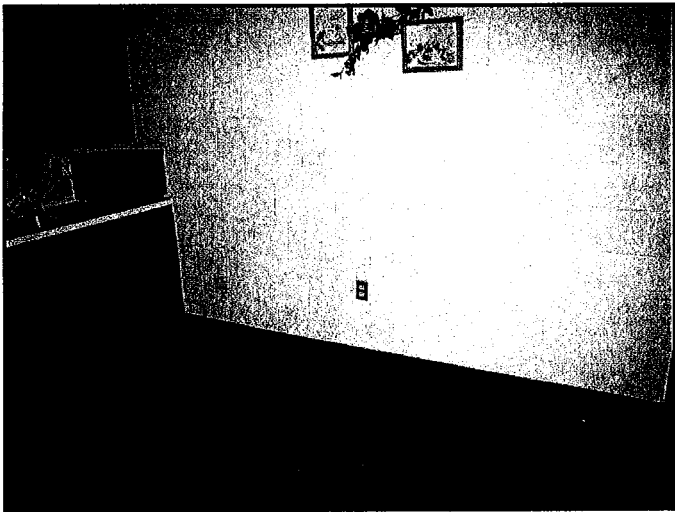
Interior Photos

Borrower/Client	Arkansas Dept of Workforce Services			
Property Address	401 Walnut St			
City	Newport	County	Jackson	State AR Zip Code 72112
Lender	Arkansas Dept of Workforce Services			

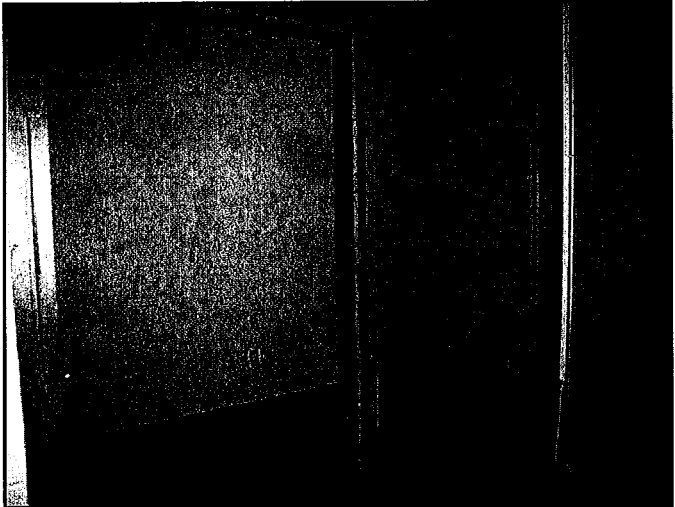
**Conference room****Private office****Work area****Reception area**

Interior Photos

Borrower/Client	Arkansas Dept of Workforce Services				
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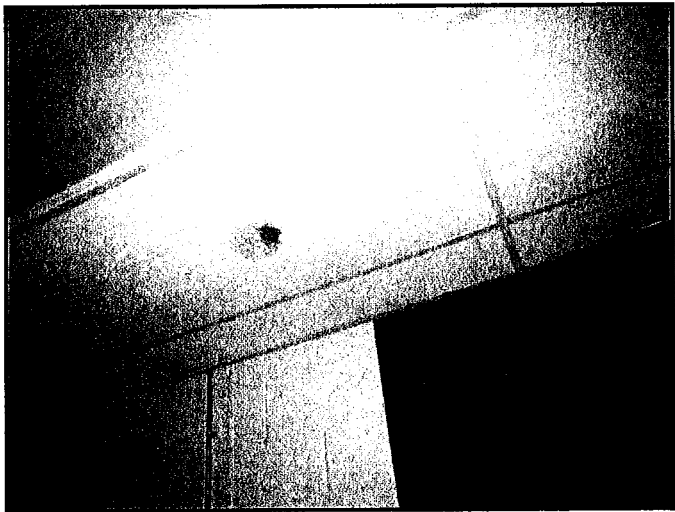
Breakroom



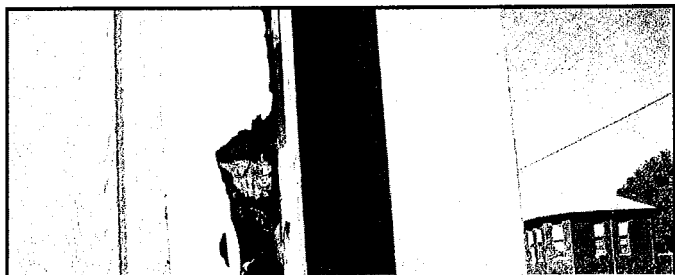
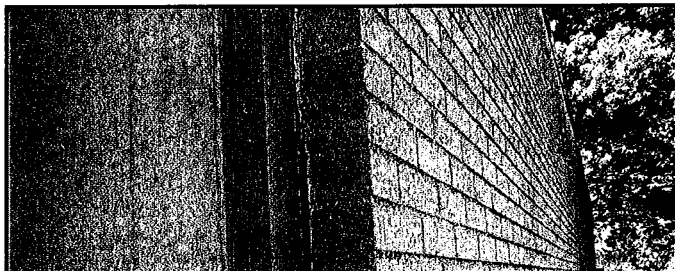
Office



Missing AC



Ceiling Damage



Appraiser License

ARKANSAS APPRAISER LICENSING & CERTIFICATION BOARD

This is to certify that
20718

CHARLES HOLDEN

License / Certificate Number
CG0140

has complied with the requirements of Arkansas Code Section 17-51-101 in reg-
ard of the renewal of a valid certificate. This card is for identity sake purposes only.
JUNE 30, 2013
Signature: *Charles Holden*
Expiration Date: *Arkansas*

STATE OF ARKANSAS

APPRAISER LICENSING & CERTIFICATION BOARD

STATE CERTIFIED GENERAL APPRAISER

Charles Holden

Appraiser Resume - Page 1

CHARLES HOLDEN, GRI
CERTIFIED GENERAL APPRAISER
P.O. Box 623
Newport, AR 72112
870-523-3325

RECORD OF PROFESSIONAL EXPERIENCE

EDUCATION

B.S. Degree in Business Administration, Arkansas State University

ADDITIONAL SCHOOLS ATTENDED

Principles of Real Estate, College of the Ozarks, 1978
Advanced Real Estate Principles, National School of Real Estate, 1978
GRI, Course I, Arkansas Realtors Assn., 1978
GRI, Course II, Arkansas Realtors Assn., 1978
GRI, Course III, Arkansas Realtors Assn., 1979
Income Tax Awareness for Real Estate Professionals, 1980
Introduction to Micro-Computers, Arkansas State University, 1983
Principles of Real Estate Appraisal, Arkansas College, 1986
Sales Comparison Approach, Arkansas Realtors Assn, Course III, 1991
Cost and Income Approach, Arkansas Realtors Assn, Course IV, 1991
Arkansas Assessment Valuation, Course I, State of Arkansas, 1990
Real Estate Taxation, Camp Real Estate School, Course CE-97-007, 1997

The following courses were taken through the NAIFA:

Principles of Real Estate Appraisal, Course 1.1, 1986
Farm, Ranch and Rural Appraisals, Course 3.1, 1987
Income Property Appraising, Course 1.A, 1987
Cash Rental Value Appraising, Course 3.3, 1987
HP12-C Financial Analysis, Course 6.6, 1988
Condemnation Appraising, Course 2.3, 1988
Narrative Report Writing, Course 4.3, 1988
Financial Analysis of Income Property, Course 2.0, 1991
Introduction to Income Property Appraising, Course 2.1, 1991
Market Data Analysis of Residential Real Estate Appraising, Course 1.2, 1991
Professional Standards of Practice, Course 5.0, 1991
Concepts, Terminology and Techniques, Residential, Course 9.0A, 1991
Concepts, Terminology and Techniques, Commercial, Course 9.0B, 1991
The New URAR, Course 4.5, 1993
Basic Residential HUD Appraisal Requirements, Course 4.7, 1994
Professional Standards of Practice, Course 5.0, 1996
Screening for Apparent Environmental Hazards, Course 10.1, 1997
Marshall & Swift Valuation Techniques, Course 4.0, 1998

Appraiser Resume - Page 2

CERTIFICATION

IFA, National Association of Independent Fee Appraisers 1987-2004
HUD, U.S. Department of Housing & Urban Development #2108 Since 1986
FmHA, Approved Appraiser Since 1986
FDIC Approved Appraiser Since 1983
Certified General Appraiser, State of Arkansas, #CG0140 Since 1991
Certified VA Appraiser, State of Arkansas Since 1993

EXPERIENCE

Real Estate Broker	33 years
Real Estate Fee Appraiser	32 years
Aluminum Rolling Mill Supervisor	2 years
Farm Manager	26 years
Restaurant Owner/Manager	2 years
Apartment Manager	2 years

OTHER PROFESSIONAL QUALIFICATIONS

COURT

Testified as expert witness in Jackson County Circuit Court
on Highway Condemnation Proceedings
Testified as expert witness in Federal District Court on
Bankruptcy Proceedings
Testified as expert witness in Jackson County Circuit Court
on Inheritance Tax Proceedings

RESIDENTIAL APPRAISALS

Over 7000 single family dwellings appraised in Northeast Arkansas since 1978
Apartments
Duplexes
Condominiums
Proposed Construction

FARMS

Large cash grain operations	Pecan Orchards
Family farms	Fish Farms
Pasture lands	Woodlands
Pecan Orchards	Wildlife lands

Appraiser Resume - Page 3

COMMERCIAL APPRAISALS

Appraisals of various commercial properties for local banks and federal agencies, these included commercial properties such as, but not limited to the following

Restaurants	Office Equipment Dealers	Bars
Banks	Franchised Food Drive-Ins	Appliance Stores
Dry Cleaners	Electronic Shops	Grocery Stores
Jewelry Stores	Liquor Stores	Beauty Colleges
Beauty Shops	Parts Stores	Variety Stores
Mobile Home Parks	Hardware Stores	Apartment Complexes
Service Stations	Chiropractic Clinics	Scrap Yards
Parking Lots	Automobile Dealerships	Insurance Companies
Record Shops	Subdivisions	Funeral Homes
Private Clubs	Day Care Centers	Churches
Private Schools	Flying Services	Furniture Stores
Truck Terminals	Pawn Shops	Water-Softener Company
Boat Docks	Medical Offices Complexes	Mini Warehouses
Industrial Sites	Signs	Motels
Beer Distributors	Liquor Distilleries	

INDUSTRIAL APPRAISALS

In addition to the aforementioned appraisals, a number of appraisals have been made for a variety of purposes which are related to tax considerations, mergers, structuring financial programs, partnership formations or dissolution's, insurance and determining the value of property. These include, but are not limited to large industrial installations such as:

Steel Mills	Industrial Warehouse Complexes
Aluminum Extrusion Factories	Saw Mill Complexes
Metal Fabricators	Sporting Goods Mfg. Companies
Grain Elevator Complexes	Hazardous Waste Processing Plants
Metal Finish Factories	Wood Product Plants
River Port Facilities	

PERSONAL PROPERTIES

Farm Equipment	Automobiles	Boats
Airplanes	Inventories	