



STATE OF ARKANSAS

**Department of Finance
and Administration**

DIVISION OF BUILDING AUTHORITY

501 Woodlane Street, Suite 101N
Little Rock, Arkansas 72201
Phone: (501) 682-1833
Fax: (501) 682-5589
www.aba.arkansas.gov

June 3, 2016

Marty Garrity, Director
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201

Re: Arkansas Legislative Council Review – Real Property Purchase
Capitol Place - 1610 – 1614 West Third Street, Little Rock, AR

Dear Ms. Garrity:

Pursuant to Ark. Code Ann. § 22-2-108, the Division of Building Authority (the Division) respectfully requests a review by the Arkansas Legislative Council for the June 17, 2016 meeting for the purchase of real property situated directly across the street from the State Capitol grounds at 1610-1614 West Third Street, known as the Capitol Place Building. The property consists of two structures totaling 12,189 square feet and situate on approximately one (1) acre with surface parking. I have included a site map for reference.

During the recent Fiscal Session, the Division received an appropriation for the current fiscal year and for FY17 for the proposed purchase of the property. An offer made by the Division in the amount of \$1,200,000 was accepted by the owner, Capitol Place Properties, LLC on June 1, 2016. A current appraisal of the property by Ferstl Valuation Services dated March 7, 2016 estimated the fee simple market value of the property to be \$1,030,000. The owner's asking price was \$1,200,000. Due to a pending offer of a greater amount, the owner agreed to honor its verbal agreement to sell the property to the State at its asking price.

The Division is in the process of conducting its due diligence on the property to ensure that the terms and conditions of the property are acceptable to the State. As such, I am requesting review by ALC before proceeding with the purchase. If approved, the closing will be completed by July 31, 2016 at which time the Division will begin managing the property consisting of three tenants generating monthly income of \$13,705. It is the intent of the Division to redevelop the property for state offices and to implement a framework and streetscape plan to create continuity between the property and the State Capitol Complex. The timeframe for these improvements will be FY18-19.

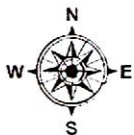
I will be more than happy to provide any additional information to your office or Council members for consideration of this request to proceed with the property purchase.

Sincerest regards,

A handwritten signature in blue ink, appearing to read "Anne W. Laidlaw". The signature is fluid and cursive, with a large initial "A" and "W".

Anne W. Laidlaw
Director

Cc: Senator Bill Sample, ALC Co-Chair
Representative David Branscum, ALC Co-Chair
Larry Walther, DFA Director



Union Station Neighborhood

Capitol Place Property

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Printed: Jun 03, 2016

SUMMARY OF CONCLUSIONS

LOCATION:	1610-1614 W 3rd St Little Rock, Arkansas 72201
SITE AREA:	±45,582 square feet, or ±1.05 acres.
PROPERTY TYPE:	Office
GBA:	±12,707 Square Feet
GBA:	±12,256 Square Feet
SITE COVERAGE:	22.32%
YEAR BUILT:	1957 & 1961
OWNERSHIP:	Capitol Place Building, LLC
FLOOD ZONE:	Flood Insurance Rate Map 05119C0456G, effective July 6, 2015, indicates the subject property is located in Flood Zone X.
ZONING:	CAP(C): Capitol Zoning District
EXPOSURE TIME:	12 months
MARKET TIME:	12 months
PERSONAL PROPERTY:	None
EXTRAORDINARY ASSUMPTIONS:	Yes (See Report)
HYPOTHETICAL CONDITIONS:	None
HIGHEST & BEST USE:	Office

INDICATIONS OF VALUE

LAND VALUE:	\$ 480,000
SALES COMPARISON APPROACH:	\$ 1,020,000
INCOME APPROACH – DIRECT CAPITALIZATION:	\$ 1,030,000
INCOME APPROACH – YIELD CAPITALIZATION:	\$ 1,030,000
FINAL VALUE ESTIMATE:	\$ 1,030,000

APPRAISERS:

J.T. Ferstl, J.D., MAI
AR Cert. CG 1750
TN Cert. CG 00004522
OK Cert. 12895CGA
LA Cert. CG G3032

Tom M. Ferstl, MAI, SRA
Life Member – Appraisal Institute
AR Cert. CG 0029
TX Cert. TX-132-8672-G
MO Cert. RA-003362
MS Cert. GA-652

Brad Tharp, SRA
AR Cert. CG 3734
Candidate for Designation

This appraisal report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

This analysis is based upon market indicated data, trends and values as of the date of this report. The appraisers cannot anticipate unforeseen future market variations and or a change including new competitive properties in the market area.

Based on our analysis, the "as is" fee simple market value for the subject property as of March 7, 2016, is estimated at:

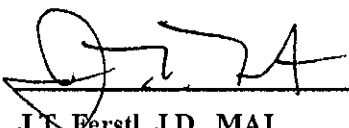
ONE MILLION THIRTY THOUSAND DOLLARS

\$ 1,030,000

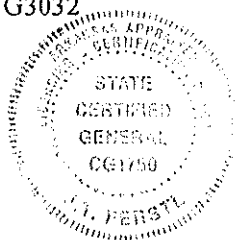
The conclusions contained in this appraisal report are contingent upon the results of a current and accurate ALTA survey/site plan by a certified, registered engineer that are not in conflict with the information contained in our report. This appraisal is also subject to the extraordinary assumptions and hypothetical conditions stated in this report.

We appreciate the opportunity to have been of service in this matter. If you have any questions, please do not hesitate to contact us.

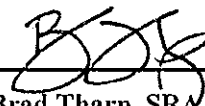
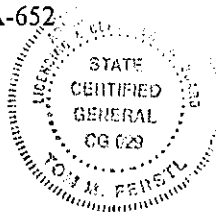
Respectfully submitted,



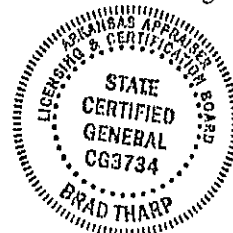
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PURCHASE OFFER

June 1, 2016

Jeff Hathaway
Coldwell Banker Hathaway Group
2100 Riverdale Road, Suite 100
Little Rock, Arkansas 72202
Via Hand Delivery

Re: Purchase Offer for Capitol Place Properties, LLC
1610 – 1618 West 3rd Street, Little Rock, Pulaski County, Arkansas

Dear Mr. Hathaway:

The **Division of Building Authority of the Department of Finance & Administration**, hereinafter referred to as "Buyer", herewith submits to the **Capitol Place Building, LLC**, hereinafter referred to as "Seller", this offer to purchase the below described Property for the sum of **One Million, Two Hundred Thousand Dollars (\$1,200,000.00)**, hereinafter referred to as "Purchase Price", subject to the approval of the Governor of Arkansas and Chief Fiscal Officer of the State (DFA), review of Arkansas Legislative Council/General Assembly, and the Seller, as well as the Arkansas Attorney General's Office approval of the title, and subject to the following terms and conditions:

1. Closing date will occur at a mutually acceptable date to be agreed upon by both parties, prior to July 31, 2016;
2. Seller shall allow the Buyer, or any of its agents, the right to enter upon the Property during the term of this Offer and Acceptance to make inspections of the Property. Buyer shall repair any damage made to the Property as a result of the inspections made. Buyer shall give reasonable notice to the Seller of its intent to enter upon the Property. Buyer shall have thirty (30) calendar days (review period) from date of Seller's Agreement to the Offer and Acceptance to conduct a feasibility analyses and to determine if the Property is suitable both physically and economically for redevelopment. If the Buyer determines that the Property is not suitable for any reason, or for no reason at all, and at the Buyer's sole and absolute discretion, then the Buyer has the absolute right to terminate this Contract. In the event that no notice to accept the Property is given to the Seller at the conclusion of the review period, then this Offer and Acceptance will be considered to be terminated. In the event that notice is given to accept the Property, such acceptance is conditioned upon approval, within ten (10) days after such acceptance, of the Governor of Arkansas and the Chief Fiscal Officer of the State, review of the Arkansas Legislative Council or the General Assembly and the Arkansas Attorney General's Office

approval of the title; with all of the aforementioned approvals and review to be completed and communicated in writing by Buyer to Seller no later than ten (10) days after Buyer gives Seller its notice to accept the Property.

3. a) Seller shall furnish to Buyer, at Seller's expense, a current commitment for owner title insurance policy of the described Property in an amount equal to the Purchase Price within thirty (30) calendar days after acceptance of this Offer and Acceptance. Seller shall have the actual title insurance policy delivered to Buyer as soon as possible after closing, and Seller shall pay the premium at closing. Seller shall deliver the commitment for the title insurance policy in enough time to meet the ten (10) day conditional approval as stated in #2 paragraph above to allow the Buyer to obtain an opinion from the Arkansas Attorney General's office regarding the policy.

b) Buyer shall have the right to inspect the title commitment. Written notice by Buyer that the title is unmerchantable or of any other unsatisfactory title condition shown by the title commitment shall be signed by or on behalf of Buyer and given to Seller within 10 days after Buyer give Seller its notice to accept the Property as provided for in Paragraph #2.

c) Seller shall deliver to Buyer within fourteen (14) calendar days acceptance of this Offer and Acceptance true copies of any and all leases(s) and survey(s) in Seller's possession pertaining to the Property and shall disclose to Buyer all easements, liens or other instruments not shown by the public records of which Seller has actual knowledge. Seller shall cooperate with the Buyer in obtaining permits, consents, easements, and other legal processes affecting the Property necessary for Buyer to purchase the Property. Buyer shall have the right to inspect the Property to determine if any third party(s) has any right in the Property not shown by the public records (such as an unrecorded easement, unrecorded lease, or boundary line discrepancy). Buyer shall rely solely upon its own feasibility analysis to determine if the Property is suitable for purchase, and Buyer certifies that Buyer has inspected or will inspect the property and is not relying upon warranties, representations or statements of any agent or Seller as to the condition of the Property.

d) If Seller receives notice that the title is unmerchantable or any other unsatisfactory title condition(s) as provided in the subsections above, Seller shall use immediate and reasonable effort to correct said unsatisfactory title conditions(s). Buyer may waive objection to said unsatisfactory title condition or Buyer may terminate this Contract.
4. Seller will deliver at closing a general warranty deed free and clear of all liens and encumbrance other than any such matters that have been disclosed in the title commitment and accepted by the Buyer. Seller hereby discloses that the Property is currently subject to a mortgage;
5. Seller and Buyer will pro-rate any applicable real property or other taxes due for the calendar year in which this transaction closes. Seller is responsible for all applicable real property or other taxes for the previous years;
6. Seller shall provide executed Estoppel Certificates for all existing leases on the Property prior to closing, in form approved in advance by Buyer.
7. Seller shall provide a current financial statement and rent roll for the Property, as well as provide all service contracts pertaining to the maintenance and operations of the Property within fourteen (14) calendar days after accepting this offer;

8. Seller and Buyer will be responsible for their shares of closing costs and each will be responsible for their own attorney's fees;
9. Seller will cause any of Seller's personal property now stored on the Property to be removed within ninety (90) calendar days of acceptance of this offer;
10. Buyer shall be entitled to possession of Property as of closing;
11. Seller assures that there are no existing legal impediments or issues relating to the Property and it is in sole and exclusive possession of the Property;
12. Seller assures that all liens against the Property and all money owed on the Property are the responsibility of Seller and any items not paid will be disclosed prior to closing;
13. Seller assures that there does not exist any unrecorded right of way for roadway, utilities or other matters;
14. Seller assures that there are no money judgments entered by a court against the Seller which constitute a lien on the Seller's real Property;
15. Seller assures that there are no unrecorded contracts of sale or options to purchase, or both, affecting title to the Property. Seller shall not without the prior written consent of Buyer enter into any new leases or occupancy agreements for the Property;
16. Seller will be responsible for all risk of loss and to provide fire and hazard insurance until delivery of the deed;
17. Seller will not terminate or enter into any renewal, extension, modification or replacement of any existing Service Contract(s) or enter into any new employment, maintenance, service, supply or other agreement relating to the Property that is not terminable on thirty (30) calendar days' notice or less without the express written permission of Buyer.
18. Seller will provide a copy of the most recent existing survey of the Property in Seller's possession;
19. Seller is not aware of any environmental hazards contained within or existing on the Property. Seller provided to Buyer on April 19, 2016 copies of a Phase I Environmental report and a limited Asbestos Survey for the Property, which are the only environmental reports on the Property in Seller's possession. Buyer shall rely solely on its own investigations and review of the information already provided by Seller to determine if the Property is acceptable, and Buyer certify that Buyer is not relying upon any warranties, presentations or statements of any agent or Seller as the environmental condition of the Property.
20. Seller has received no notice alleging or claiming any violation of zoning, health, environmental, or other laws, rules or regulations affecting the Property and Seller has no knowledge of any such violations and will promptly notify Buyer if prior to closing, Seller receives such notice.
21. The Property consists of two 2-story structures consisting approximately of 2,300 s.f. and 9,889 s.f. and an asphalt parking lot for approximately one (1) acre in area, all of which are located at 1610-1618 W. 3rd Street, Little Rock, Pulaski County, Arkansas and further described at Lots 4, 5, 6, 7, 8, and 9 of Block 5 of the Deaf Mute Addition situated on the northeast corner of South Bishop Street and West Third Street. See Map attached.

22. Seller shall provide the legal description to the Buyer within ten (10) calendar days of accepting this offer;
23. The sale includes all buildings and appurtenances on and below the described property, as well as all oil, gas and other mineral rights owned by the Seller;
24. Buyer and Seller hereby acknowledge that Coldwell Banker Hathaway Group is the Seller's agent in this transaction and that the Seller is solely responsible for any and all agent fees;
25. Any notice to be given by either party to this Agreement shall be in writing and shall either be delivered personally, or by telecopy or other commercial delivery service addressed as follows:

Seller: Jeff Hathaway
Coldwell Banker Hathaway Group
2100 Riverdale Road, Suite 100
Little Rock, AR 72202

Buyer: Anne W. Laidlaw, Director
DFA – Division of Building Authority
501 Woodlane, 501 Building, Suite 101N
Little Rock, AR 72201

Notice shall be deemed given on receipt, if delivered by hand or by telecopy, or when delivered to the carrier delivering same, delivery charges paid and properly wrapped, sealed and addressed. Any party hereto may change the address to which notices are to be sent by a written notice given to the other parties to this Agreement in the manner set forth above;

26. Failure to make any disclosure required by Governor's executive order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency;
27. Buyer and Seller agree that the tax imposed by Ark. Code Ann. § 26-60-102 does not apply to this transaction inasmuch as this transaction is specifically exempted by § 26-60-102(1) since this transaction involves a transfer to an agency of the State of Arkansas;
28. This Agreement embodies the entire contract between the parties hereto with respect to the Property and supersedes any and all prior agreements and understandings, written or oral, formal or informal. No extensions, changes, modifications or amendment made or claimed by Seller or Buyer shall have any force or effect whatsoever, unless the same is contained in writing and is fully executed by the party against who such matter is asserted;
29. This Agreement shall be governed by the laws of the State of Arkansas;
30. If any term or provision of this Agreement shall be held to be illegal, invalid, unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such remaining term and provision shall be valid and shall remain in full force and effect;

31. Nothing contained within this Agreement shall be construed to waive the Sovereign Immunity of the State of Arkansas or any entities thereof.

This offer shall terminate on June 3, 2016 at 5:00 p.m.

Sincerely,



Anne W. Laidlaw, Director

The foregoing offer is accepted this 1st day of June, 2016.

Capitol Place Building, LLC

Seller

by: John S. Bailey, Manager