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**Room 315, State Capitol Building
Little Rock, AR 72201**

David Ferguson
Executive Secretary

Tel: 501-682-1937
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May 26, 2011

Ms. Anne W. Laidlaw, Director
Arkansas Building Authority
501 Woodlane, Suite 101N
Little Rock, AR 72201

Dear Ms. Laidlaw:

The Legislative Council met on May 20, 2011 and reviewed the Monthly Report of the Arkansas Building Authority's activities for April 2011. During the discussion of the report, members asked for the following additional information:

- (1) Who are the principals of the companies listed as lessor in the report; and
- (2) When the monthly rental on a property is \$100,000.00 or more, would it be a cost-saving measure to purchase the property instead of renting it.

If you would please provide me with this information, I will send it to the members of the Legislative Council. Also, we are requesting that future monthly reports list the principals for the companies listed as lessors.

Please contact me if I may be of assistance with this request or with other matters.

Sincerely,

A handwritten signature in blue ink that reads "David Ferguson".

David Ferguson
Executive Secretary

DF:vjf

ARKANSAS BUILDING AUTHORITY

MIKE BEEBE, GOVERNOR

• ANNE W. LAIDLAW, DIRECTOR

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June 2, 2011

Mr. David Ferguson
Executive Secretary
Arkansas Legislative Council
Arkansas State Capitol, Room 315
Little Rock, Arkansas 72201

RE: Arkansas Legislative Council Meeting May 20, 2011 – Questions pertaining to the ABA
Monthly Report

Dear Mr. Ferguson:

Pursuant to your letter of May 26, 2011, I provide the following response to the two questions posed by members of the ALC on May 20th:

1) Who are the principals of the companies listed as Lessor in the report?

A Microsoft Access database is used to manage the data pertaining to each lease agreement of the State maintained by the Arkansas Building Authority (ABA). Currently the database does not record individual principals associated with the legal corporations or partnerships of the owner/Lessor for these leases. However, a corporation search is conducted for each legal entity recorded as Lessor at the time of lease preparation to insure the entity is in good standing with the Arkansas Secretary of State, and a hard copy of this record is placed in the lease file. In addition, a Contract and Grant Disclosure Form is received for all leases in excess of \$25,000 which requires any principal(s) to be listed if their ownership (interest) is 10% or greater and they have a "relationship" with the State.

With approximately 1100 leases being tracked in the database, listing each principal of a corporation would consume quite a bit of file space; but more concerning, is the size of the report should each principal of ownership be listed in the monthly report. However, in an effort to provide the requested information, the ABA is modifying its database to record a primary, or a single principal for each such entity; and furthermore, ABA will be more than happy to promptly provide a listing of all principals for specific leases upon request.

ABA will begin including the primary principal listing for the next reporting period (June 2011 Report).

2) When the monthly rental on a property is \$100,000 or more, would it be a cost-saving measure to purchase the property instead of renting it?

The ABA Leasing Database currently reflects only two (2) such leases with a monthly rental of at least \$100,000, but the two leases are for a single leased Premises as I will explain further. The two leases are for the Donaghey Complex which houses the administrative offices for the Department of Human Services in Little Rock, Pulaski County. The two leases recorded are the result of a bond issue done in 2004 by which the Department of Human Services utilized the State Agencies Facilities Acquisition Act to purchase the facility from the Donaghey Foundation. A requirement of the bond is that the ABA enter into a master lease with the Arkansas Development Finance Authority, as the bonding authority for the State; and in return, the ABA enters into an additional agreement to sublease the facility to the occupant, which in this case is the Department of Human Services (DHS). The master lease is only a lease of record and no funds actually transact between the two parties. The DHS makes monthly rent payment directly to the bond trustee (bank) on behalf of the ADFA to cover the debt service for the bond. At such time as the bonds are retired, both the master lease and sublease will terminate and the property will transfer to the Department of Human Services free and clear.

I hope that I have adequately responding to the questions, however if I may provide any additional information, please do not hesitate to contact me at 682-1833.

Respectfully,



Anne W. Laidlaw
Director