

## Questions Regarding the Agreement between City of Little Rock and Pankey Community Improvement Association, Inc.

1. Is cost of the rent per square foot on a finished basis comparable to other facilities available in the area? If so, based on what study? **No. It is based on current agreement that the City has regarding the Downtown Patrol Division located in the former Veterans Administration Hospital Building.**

### Section 2

1. The contract appears to lock in the design by Caradine Companies Architects. Was the selection of this firm competitively bid? **No. A condition of the association for entering into the long-term lease was that the original architectural firm that designed the building be the one to complete the project.** If not, why not? Please provide due diligence report on selection of the firm. **The Board of Directors approved an ordinance (No. 20,862 on April 1, 2014) to dispense with competitive bidding and enter into a sole-source contract with the Caradine firm because of the association's condition and because of the firm's unique position in already accomplishing part of the work on the building.**
- \*2. What functions will the architect perform to earn the 6% fee. Where are they detailed? **The scope of services is contained in an architectural services contract between the City and Caradine Companies. The services to be provided include to complete design development; prepare construction drawing and project manual for the bidding process; prepare information to bidders, the form of the contract with contractor, supplementary conditions and specifications; provide construction cost estimates; provide construction bidding and negotiation services; organize pre-bid conference; provide construction administration services, visiting site at intervals to determine progress and quality of construction work; review payment requests; prepare change orders, and determine dates of substantial and final completion, and other specified duties. See Architectural Services Agreement, Sec. 2.01.**
5. If the cost of the renovation exceeds \$1M, who is responsible for the cost overrun? **With close monitoring of all phases by the City and Architect, there should not be any overrun of construction costs. No additional funds are anticipated at this time for construction as the project has a contingency fund. Also see Architectural Services Agreement, Sec. 2.03.**
1. In 2.8. is the cost of insurance deductible as part of the \$1M cost? **No. The City, at the City's expense, is responsible for insurance for the building as long as the Agreement is in force.**
2. In 2.9, it states that the city is responsible for major repairs. Is the cost of the repairs part of the \$1M reimbursement? **No.**
3. Who is responsible for major repairs after the \$1M has been paid? **The City.**
4. In 2.9, how does each party ensure that timely and adequate maintenance is performed that does not impact the other party? **By coordination and communication between those who work at the facility and those who are responsible for the maintenance and security of the premises.**

5. In 2.10, what remedies are there if the \$500 maximum the association pays for utilities is in excess of 20%? I.e., what incentive does the association have to control its utilities' usage? **The Association does not pay for utilities. The \$500 per month is a cap on the amount of utility bills that are allowed to be applied to the rent calculations as a credit.**
6. For utilities during construction, is the city solely responsible? Is this deductible from the \$1M? **In most construction projects, the General Contractor is responsible for all utility costs as they are in his name for billing purposes. After the building is substantially completed and suitable for occupancy, then the Owner applies for utility connections in its name.**
7. After construction, what utilities are deductible from the \$1M? **Electricity, water, sewer, gas (if available in the building), and waste disposal service, up to \$500 per month or the actual utility costs whichever is less, are the utilities for which the City will receive credit against the rent.**
6. It is difficult to understand the distinction between one-time costs and ongoing costs, and which are part of the rent that is not to exceed \$1M. An explanation would be helpful. **After the completion of the building, rent, insurance and utilities would be ongoing costs to the City.**

### **General questions about the association and other miscellaneous topics**

\*If the city has already spent \$1M on the property, how practical is it that the association will remedy a breach of the contract? What leverage would the city have except litigation? **The City expects this lessor, as lessors typically do, will want to keep a good paying tenant, but the City is prepared to assert its contractual rights if it becomes necessary to do so. The lease with the association calls for notice of default to be provided and an opportunity to cure the problem. If the issue is not resolved, the parties are to resort to mediation. If that effort is unsuccessful, the parties have all remedies available under law. See lease agreement, Sec. 7.**

What due diligence has the city conducted on the association, given its historical problems, to ensure that it is a reasonable business partner? **We have entered into an agreement with the association and will monitor accordingly.**

\*Does the association collect dues? **Not that we are aware of.** Is the association a functioning entity? **Yes it is.** Does it have bylaws? **Yes.** Who are members of the association and do they support this agreement? **(Awaiting a response from the association for this information)**

\*4. What are the requirements to be a member of the association? **(Awaiting a response from the association for this information)**

Has the general contractor been selected? **The general contractor has not been selected as of this date. The contractor will be selected by competitive bids in accordance with state statutes for procurement.** Will the general contractor be competitively bid? **Yes**

2. Is installation of a stop light for the police substation part of the \$1m cost? **No.** Is it deductible for reimbursement? **No.**
3. What is the market value of the land on which the center sits? **We have not done an appraisal**
4. Does the use by the city conform to the original grant that was used to build the center? **The use of the property by the association for educational and community center purposes adheres to the deed requirements, so the City's use of a portion of the property for police substation requirements is merely an additional use and not contrary to the deed requirements.**
5. Are any taxes on the property current? **Yes**
8. What "skin in the game" does the Association have with this agreement? It appears that the city is paying for everything except for minor repairs and cleaning the community center. **For its part of the bargain, the association entered into a long-term lease agreement with the City to occupy a portion of the association's building, located on a major thoroughfare, and to allow a police substation there. The City will receive an offset against the rent it would otherwise have paid, equal to the amount the City pays to design and complete the building, fixtures and built-ins, landscaping and parking lot improvements and certain other costs.**