

SECTION FIVE REAL ESTATE SERVICES

5-100 PURPOSE

This manual has been compiled to provide every state agency, board or commission with written standards for the most economical and efficient utilization of space and with written procedures to be followed in leasing that space. Any reference to the words "the Section" within Section Five shall mean the Real Estate Services Section.

5-101 REAL ESTATE SERVICES RESPONSIBILITY

Pursuant to the Arkansas Building Authority Act (Ark. Code Ann. § 22-2-102 et seq.), the Real Estate Services Section of ABA is the leasing agency for all state agencies (agencies, boards, commissions and institutions of higher education).

(A) The Section has the responsibility to act as the leasing agent for all state agencies, and component parts thereof, acting either as Lessor or Lessee, including space in all private sector and public buildings.

(B) The Section shall with input from the agency, evaluate, determine and approve the needs of the Agency. The Section shall locate appropriate rental space, and act as the agent for the Agency in negotiation of the lease for such rental space.

(C) Pursuant to Ark. Code Ann. § 22-2-114 (a) (2), all state agencies shall execute and enter into leases with the Section when so requested for the leasing or renting of space and facilities in any public buildings.

(D) Any Agency or component thereof, making a request for lease space shall submit justification to the Section in written form with the signature of the agency's Director or an authorized designee thoroughly outlining information which includes but is not limited to the Agency division(s) to occupy the space, the date of the request and the date the space is needed, the name and phone number of the agency contact person, the type of space needed, location needs, special location factors, terms desired, budgeted amounts for rents, operational costs, and anticipated moving expenses, alterations or special requirements, and parking requirements. This written request shall be submitted ninety (90) days prior to the date the space is needed and shall contain the following additional information:

(1) List of positions to occupy the space and the functions of each position by state employment grade.

(2) List of special requirements such as telecommunications room, library, hearing room, conference room, etc. and the function of those requirements. List any other pertinent information that would affect the planning of the space needs and the efficient operation of the Agency, including special HVAC requirements, i.e. ventilation for specific areas.

(3) List of storage requirements.

Requests not containing this information shall be returned to the Agency without action. The Section shall locate appropriate space and negotiate a lease between the facility owner and the Agency. If space is available in a public building, the lease will be negotiated for placement in the public building. If space is not available in a public building, then the Section shall obtain adequate space in a privately owned facility. It is unlawful for agencies to enter into any lease negotiations with any building owner or manager without the approval of the Section (See Ark. Code Ann. § 22-2-114(a)(1) . If such negotiations take place, the lease shall not be ratified. If the Agency requests the lease document be ratified, the Agency shall be required to appear before the ABA Council at the next regular meeting to explain their actions and the reasons for ratification.

(E) Standards for the utilization of space and the allocation of space to state agencies have been adopted by the Council and are a part of these standards as found in Section 5-104. These standards shall be used as a basis for all planning, leasing of space, allocation of space, or advising state agencies on leasing considerations. When available, the Design Review Section may provide or assist in space planning services through the Section.

(F) The Council has adopted a standard lease form for leasing of privately owned facilities and a standard form for leasing of ABA owned properties. Copies of these forms are located at the end of this section.

(G) Preferences to leased property within a Central Business District shall be granted pursuant to Ark. Code Ann. § 22-2-114 (a)(5)(A). The Section shall grant preferences in accordance with applicable laws and in the following manner:

GUIDELINES FOR CONSIDERATION OF LEASE PROPERTIES:

(1) Establish a rating system for Evaluation:

- | | |
|--------------------|---|
| 5 – Excellent | “As is” condition meets applicable codes and compliance; premises can easily conform to state’s need and meets space criteria. |
| 4 – Very Good | Some modifications are necessary for occupancy but are reasonable and achievable; can conform to the state’s need and criteria. |
| 3 – Acceptable | Numerous modifications and building system replacement or upgrade are necessary to meet codes and compliance, but achievable. Some compromise may be necessary in space planning to satisfy need. |
| 2 – Fair | Extensive modifications required to meet criteria; space planning for maximum efficiency of space will be compromised; restricting flexibility |
| 1 – Not Acceptable | Modifications required far exceed the feasibility to conform. Structurally inferior and not adaptable to meet the space need and criteria. |

(2) Survey Area for Available Properties:

Upon receipt of space request, the Real Estate Section shall conduct a visual survey and consult the Available Space Database maintained by the Section for properties available for Lease. The Section may choose to advertise the space through the local newspaper or ABA website (www.aba.arkansas.gov) or both.

(3) Evaluate Property:

- (a) Survey all properties by visual inspection and assess condition of building systems;
- (b) Obtain plans or specifications from the property owner if available;
- (c) Determine property's ability to conform to space need;
- (d) Compile a summary of modifications required to conform to state needs.;

(4) Obtain Proposal:

- (a) Provide property owner a summary of observed modifications (additional modifications may be necessary with more extensive inspection);
- (b) Provide property owner a description of the space request and provide specifications and floor plan if available;
- (c) Obtain a lease proposal inclusive of the initial recommended modifications and lease criteria; and
- (d) Confirm terms with property owner/agent.

(5) *Rating Properties by Categories:*

- (a) Divide the available properties into one of two categories:
 - (1) Located within the Central Business District (CBD)
 - (2) Located outside the CBD (non-CBD)
- (b) Rate the properties according to the established rating system in 1.
- (c) The following factors should be taken into consideration:
 - (1) Cost-effectiveness by the State to meet the space criteria
 - (2) Level of compromise by the State to meet the need
 - (3) Restrictions or impairments in use or access
- (d) Determine the highest rated property for each category (CBD/non-CDB)

(6) *Comparison of Proposals*

The highest rated CBD and non-CBD properties will be compared. If the CBD property meets all criteria and does not restrict or impair the services for which the lease is intended or the rental rates are justified in a non-CBD location, the CBD property will be granted the preference.

Nothing in the above and foregoing section will prevent the State from leasing with a non-CBD property owner in accordance with Ark. Code Ann. § 22-2-114 (a)(5)(A).

(H) The Section may utilize a Request for Proposal (RFP) selection process when locating lease options in response to an Agency's request for lease space in excess of 5,000 square feet and for a

term up to ten (10) years. The Section will advertise through local newspapers and the ABA Website, such leasing needs; and will provide RFP packages to any property owners or managers interested in submitting a proposal in response to the RFP inquiry. This procedure awards based on selected criteria evaluation. Those proposals submitted with the proposed physical address found within the Central Business District (CBD) of the requested city shall earn the maximum weighted value for the "Location" criteria of the evaluation portion of the RFP selection process unless otherwise stated. The lease award shall be given to the proposal which, in the opinion of the Section and the Agency, serves the best interests of the State and is in accordance with applicable laws and regulations. Nothing in this section shall prohibit the Section from negotiating directly with a Lessor without utilizing the RFP process if it determines that it is in the State's best interest to do so.

(I) The Section may also utilize a formal bid procedure for the leasing of new construction (contract is between the private lessor and the prime contractor) when locating lease options in response to an Agency's request for lease space in excess of 10,000 square feet and for a term of fifteen (15) years. The bidding and award of contracts under the public works laws do not apply. The Section will advertise this request for formal bids through local newspapers and the ABA Website and will provide formal bid packages to any interested party. This is a two step process: (1) the site submittal(s) and approval(s); and (2) submission of a bid consisting of a price per square foot. Bidders who obtain an option to purchase of sites they propose in step #1 above, shall obtain ownership of the property pursuant to the time frame established within the bid criteria upon acceptance of their bid. The State reserves the right to reject any or all bids and to waive any formalities. At the public bid opening, the Section shall open and compare the bids and thereafter award the lease to the lowest responsible bidder, but only if it is the opinion of the Section and the Agency that the best interests of the State would be served thereby and in accordance with applicable laws and regulations. Nothing in this section shall prohibit the Section from negotiating directly with a Lessor without utilizing the bid process if it determines that it is in the State's best interest to do so.

(J) If determined by the Section to be in the State's best interest, the Section may enter into a negotiated lease for a lease term which longer than any of the terms stated in (H) or (I) should the Lessor provide the State or any entities, or both, an option(s) to purchase the premises. While the Lessor and the Section may negotiate additional lease terms and conditions within the lease or subsequent amendments, the standard terms/conditions contained within the promulgated lease form at the time of execution shall prevail should any conflict arise between any standard terms or conditions or both and any non-standard term(s) or condition(s) or both.

5-102 DETERMINATION BY ABA OF DESIRABILITY OF AVAILABLE SPACE

(A) Square Footage: A comparison of the square footage required to satisfy Agency needs with the square footage available in a given facility. Space leased shall be no more than 5% less nor 15% greater than stated Agency needs. Square footage required shall be determined according to the § 5-104 of this document.

(B) Analysis of Building Facilities: An analysis of the sustainable and energy-efficiency qualities and condition of building facilities, including mechanical systems, elevators, toilets, parking, public/common areas, building envelope (window wall, windows & doors), location relative to associated agencies, availability of storage and proximity to the other related offices of association.

(C) Operational cost of occupying the space for the term of the lease:

- (1) Annual square foot cost of the leased space;
 - (2) Cost of interior modifications or TI Allowance (tenant improvement) provided by Lessor;
 - (3) The availability of all utility services and their estimated cost, if not included in the lease through utility history, if available by the Lessor;
 - (4) Cost of janitorial services if not included in the lease;
 - (5) Any other factors which would affect the actual cost to the Agency, i.e. parking, additional electrical requirements, custom furniture and fixtures, etc.
- (D) Time factors affecting need for space.
- (E) Capacity to accommodate future need of the Agency for space and services.
- (F) Handicapped Accessibility and Special Accommodations: All buildings leased or rented in whole or in part for use by the state under any lease or rental agreement entered into shall be in accordance with the contractual terms and applicable accessibility guidelines. In all instances in which a Lessee employs an individual or individuals who require an emergency evacuation auxiliary aid to safely exit state-owned property during emergency situations, the Lessee is required to, and is solely responsible for obtaining, maintaining and training in the use of the said auxiliary aid. Any necessary installation of said device shall be coordinated with the approval of the Lessor.
- (G) All leases shall be made pursuant to the Governor's Executive Order 98-04. Disclosures shall be made pursuant to the order and all necessary forms shall be completed and sent to the Section.
- (1) All Lessors and Lessees shall be required to complete a disclosure certification form regarding their utilization of services of any real estate broker(s) for any and all lease negotiations.

5-103 ABA POLICY FOR LEASING

- (A) Pursuant to Ark. Code Ann. §22-2-114 (a)(1), no Agency, board, or commission may renew or negotiate a lease, the Section is the responsible leasing agent for all state agencies.
- (B) Requests for lease action (whether lease renewals or request for new or additional space) shall be submitted to the Section at least ninety (90) days prior to the effective date of the space request or change is needed. The Request shall be submitted to the Section and shall include the information indicated in paragraph 5-101(D) of this document. This information should be as complete and accurate as possible since it will be used to determine space allocation to the Agency.
- (C) All leases for real property, including but is not limited to offices, parking, storage, warehouses, land, antenna and towers must be approved by the Section and require a Lease Number assigned by the Section. The approved lease number must be used by all agencies.

The only exception shall be for short term use of facilities. Memorandums of Understanding or other type of agreements should be utilized. Examples of these types of agreements that are exempt from the Section approval are:

- (1) Classrooms (from 1-9 months)
- (2) Per Seat Fees
- (3) Per Semesters
- (4) School Years (9 months)
- (5) Short Term Specialty Classes
- (6) Golf, Bowling, Gyms, Spa's for classes
- (7) Conference/Meeting Rooms (from 1-10 days)
- (8) Workshop/Seminars
- (9) Fair Booths
- (10) Testings
- (11) Graduations
- (12) Ball Fields (including seasonal rentals)
- (13) Short-term Storage (less than 1 year)
- (14) Modular Units (less than 1 year)

(a) Memorandum of Understanding Exemption: Lease of modular units (portable buildings) for a period of 1 year or more shall be submitted to the Section in the same manner as traditional office space and shall require ABA approval. ABA recommends the lease of modular units should be planned on a temporary basis and not be utilized as a long term or permanent use of space. Examples of temporary use are as follows: utilization for disaster relief, while a facility is undergoing a capital improvement, temporary classroom space due to over-enrollment or temporary use for a site specific special program.

(D) Lease space will be provided to or negotiated for agencies on the basis of the Agency's submittal of the completed request for lease space with an authorizing signature and the Agency's justification for the existing need.

(E) Space in public buildings shall be negotiated pursuant to Ark. Code Ann. § 22-2-114. The number of moves will be kept to a minimum and efforts will be made that functional area remain as contiguous space.

(F) All leases may be terminated on thirty (30) days written notice to the Lessor if State or Federal appropriations of funds are insufficient for the Agency to continue the operations for which the leased premises are being used.

(G) When negotiating rental rates, the State will not exceed the rental rate prevailing in the community for comparable facilities. Annual square foot price limits will be based on current market conditions in a locality, and rental rates will vary from city to city in the state. State policy for rental rates will reflect the state's position as a prime tenant. New Leases shall be supported by documentation which will reflect the lease rates available for comparable facilities in the market at the time the new lease was negotiated.

(H) It is preferable for the private sector Lessor to furnish all utilities except telephone/data and to furnish janitorial service. Private sector Lessors shall be required to provide maintenance of the building and building systems in all circumstances. However, in those instances involving consideration in the nature of a public advantage, in which the lease is negotiated in favor of the State in such instances as a significant reduction in rent or an exchange-in-services arrangement, or both, the requirement that the private sector Lessor provide all maintenance for the building and building systems, or casualty insurance may be exempted if it is determined to be in the best interests of the State.

(I) All State Agencies must receive invoices submitted by the Lessor to process rental vouchers. While rent may be paid monthly or quarterly, prior ABA approval is required for annual payment(s) and shall be reflected in the lease.

(J) Rentable area shall be computed by the standard method of floor measurement as adopted by the Building Owners and Managers Association International (BOMA). ANSI/BOMA Z65.1-2010, as amended.

(K) Rental overlap, between the beginning date of a new lease for different premises and the last date of occupancy for existing premises, shall be held to a minimum and shall only occur when moving arrangements require an overlap.

(L) The Section will serve as contact between the Agency and Lessor or as the contact between the Agency and the tenant when the Agency is the Lessor in all matters pertaining to the lease prior to lease execution. Agencies shall be permitted to contact the Lessor for day-to-day issues, including but is not limited to invoices/payments, routine maintenance and repairs, and annual inspections. Agencies shall report any and all non-routine maintenance and repair issues to the Section. The Section shall act as the liaison between the two parties should lease interpretation and terms enforcement become necessary.

(M) Whenever possible, the Section shall lease space requiring only renovations necessary to accommodate the requesting Agency. Renovations shall always be held to the absolute minimum necessary to allow the Agency to function in the leased space. When renovation is necessary, the cost of such renovation shall be borne by the Lessor except when such renovation is to accommodate specific agency functions, which would be of no use or value to future tenants. It is the policy of the State to encourage the Lessor to provide any special alterations and improvements required to make the space suitable for the requesting agency, and to recapture this expenditure over the term of the lease as part of the rent. Lump sum payment by the State for improvements shall require prior approval of ABA. After the initial lease is in place and during the lease term, if the Agency requests tenant improvements, these guidelines must be adhered to:

(1) Request for Lease Action form containing information in 5-101(D);

(2) For work estimated under \$5,000.00, the requirements in (1) must be approved by the Section;

(3) For work whereby the agency contracts (outside of the Lease Agreement and payment is not made through rent) for the work directly with a Contractor and is estimated over \$5,000.00 but less than \$20,000.00, the requirements in (1) must be approved by the Section and the Agency must submit it to the Section along with: a bid tabulation of three (3) competitive bids in which all taxes, permit fees are inclusive in the bids; bid specifications and drawings; any disclosure forms required under Executive Order 98-04; any required bonds and the purchase order. Any required notice of legal advertising must be made in accordance with Arkansas laws and rules; and

(4) All work whereby the agency directly contracts (outside of the Lease Agreement and payment is not made through rent) for the work with a prime contractor and is estimated over \$20,000.00 must be formally bid in accordance with Arkansas laws and regulations including but not limited to the public works laws. The requirements found in (3) above apply and must be submitted to the ABA Construction Section.

(1) Through (4) only can occur after the lease has been amended to allow the State to make these alterations if the current lease does not authorize these type improvements. All of #1, #2, and #3 and #4 would apply when the State pays a lump sum for the work to a contractor, not to the Lessor. The State can contract directly with the Lessor only when the Lessor held that right in the State approved lease or in an amendment. In these circumstances, the Agency would use sole source purchasing procedures. This method is the least desirable. However, situations may occur where there is no other alternative.

(5) If the Lessor cannot or will not provide for design professional services, the selection of such professionals shall be the responsibility of the Agency. (See the selection process in Section Six). Plans and specifications shall be made pursuant to Ark. Code Ann. § 22-9-201, which requires observation by registered design professionals for certain levels of expenditures.

(N) Modular office space leased and occupied by state agencies for one (1) year or more are considered leased space. Requests for this type of temporary space should be processed in the same manner as requests for new or additional space. (See §5-103(C)(14)(A))

(O) Pass-through escalation clauses in which the State agrees to pay all increases in property taxes, services, and/or utilities shall not be negotiated, nor approved. Escalations shall be pre-determined and negotiated with the original lease agreement.

(P) Information concerning leases shall be released pursuant to the Arkansas Freedom of Information Act.

(Q) When space has been located which meets the requested criteria, the Section shall negotiate and prepare for signature the standard State lease agreement. The agreement shall be signed by Lessor, Lessee, and approved by ABA. No lease document is valid unless signed by the proper ABA authorities. The Section shall ensure distribution of lease copies to the Lessor and Lessee.

(R) Agencies may enter into leases for residential dwellings or apartment-type facilities for use as living quarters, no lease, except for use as living quarters, shall be entered into which the premises is located in residential dwellings or in apartment type dwellings. (Example: A room in a residence cannot be leased as office space.)

(S) All leased premises for agencies not located within a state-owned building must be identified with a separate address for each defined premises. Leased premises shall not be shared with any private entity or use, other than for official state or public purposes. The leased premises shall have a separate entrance from any other place of business unless the premises is supported by funding, such as grant programs, stipulated by an agreement with other entities which includes but is not limited to agencies and political subdivisions. All non-state Lessors or Sublessors shall state within the Lease Agreement their ownership or subletting rights of the leased premises.

(T) While lease agreements may reflect that office furnishings or equipment is being utilized or shared, the lease for such commodities may only be made with approval from the Department of Finance and Administration. Such reflections in the lease agreement for the premises must be identified through an itemized inventory and attached as a lease exhibit. Lease agreements, which combine the use of the premises and commodities, are discouraged and should only be done if it is in the best interest of the State. The use of separate lease agreements for such commodities is encouraged.

(U) Agencies entering into Memorandum of Understandings for the purpose of planning temporary space in the event of disasters shall submit the executed agreement to the Section even though ABA is not a party to the agreement. Agencies shall provide immediate notification to ABA upon activation of the agreement due for disaster relief.

5-104 ABA SPACE ALLOCATION STANDARDS FOR LEASE SPACE

(A) Private Offices	Area
(1) Commissioner or Department Director	240
(2) Deputy Commissioner or Deputy Director	200
(3) Departmental Division Director or Administrator	180
(4) Chief Departmental Fiscal or Personnel Officer	160
(5) Section Head	140
(6) Professional or Technical	120
(7) Line Staff positions requiring private office due to job function	100

(B) Reception and Public Areas	Area
(1) Receptionist + 4 Visitors	120
(2) Receptionist + 6 Visitors	160
(3) Receptionist + 8 Visitors	220
(4) Receptionist + 10 Visitors	240
(5) Public counter per work station	75

(C) Open Area Work Stations	Area
(1) Clerical	48
(2) Clerical with reference	60
(3) Clerical with side chair	64
(4) Clerical with reference and side chair	80

(D) Conference, Meeting and Hearing Rooms	Area
<i>Based on 20 s.f. per person</i>	
(1) Consultation or Interview (2 – 4 people)	80
(2) 14 to 16 people	300
(3) 18 to 20 people	375

- (4) 22 to 24 people 450
- (5) 36 to 38 people 600

(E) Auxiliary Space Area

- (1) File Room (per file cabinet) 10
- (2) Copier Room (per copier) 175
- (3) Information Technology Room (minimum) 32
- (4) Employee Break room (based on serving at the same time)
 - Up to 5 people 120
 - 6 to 10 people 180
 - 11 to 15 people 220

(F) Service Areas Area

- (1) Janitorial Closet 24
- (2) Electrical Closet (minimum clearance as required by building codes)
(3' clearance in front of equipment & 12' above)
- (3) Telecommunications Closet (minimum) 32
- (4) ADA Unisex Restroom (minimum dimensions) 7'6" x 6'
- (5) Mechanical space See below

(G) Circulation

Corridor and circulation space, toilet rooms, stairs, elevators and separate mechanical space should not exceed 25% of the total building area. Ratio of net leasable area to gross building area should result in a building efficiency of 75% - 85%.

5.105 ABA LEASE FORMS 1 & 2

Arkansas Building Authority
STATE OF ARKANSAS
COUNTY OF PULASKI
Standard Lease Form 1
Approved by Attorney General
<Month/Date/Year of Effective Date>

Lease Term:
Annual Rent: \$
Square Feet:
Rate:\$
Type: New -:
Worked By:
Agency: County:
Lease #:

STATE OF ARKANSAS LEASE AGREEMENT

This Lease is made this day of _____, 20____, by which Lessor leases the PREMISES to Lessee through ABA, Lessee's Leasing Agent.

For the purposes of this Lease Agreement the following definitions apply:

"LESSOR" means: <LESSOR'S NAME>, <individual, partnership or corporation>

"LESSEE" means: <STATE AGENCY AND PERMANENT ADDRESS>, an agency of the State of Arkansas.

"ABA" means the Real Estate Services Section of Arkansas Building Authority. By law ABA is the leasing agency for LESSEE. Arkansas Code Annotated §22-2-114. ABA is not an additional LESSEE and therefore shall not owe any rent.

"PREMISES" means the property which is the subject of this Lease which is further described in paragraph #1.

1. DESCRIPTION OF PREMISES:

Approximately 0,000 square feet of <type of space> located at <street address>; all situated in the City of <city name>, County of <county name>, Arkansas.

2. TERM:

The initial term will begin on _____ and end on _____. The LESSEE may elect to extend the term not more than ninety (90) days upon the same terms by written notice to LESSOR, not less than thirty (30) days before the end of the initial term.

3. RENT:

The LESSEE agrees to pay \$_____ per calendar month on or before the tenth (10) day of each such period, upon invoice from the LESSOR. If the Term commences on a day other than the first day of a calendar month, then the installment of the Rent for such month shall be prorated upon a daily basis at the rate of \$_____per day.

4. UTILITIES AND SERVICES:

The LESSOR will furnish the following utilities and services:

- | | |
|---|---|
| ___ - Electricity | _____ - Elevator Service |
| ___ - Gas | _____ - Trash Removal |
| ___ - Water and Sewer | _____ - Janitorial Services
and Supplies |
| ___ - Lamps, tubes, ballast
and replacements | |

5. MAINTENANCE, REPAIR AND REPLACEMENT:

The LESSOR shall maintain the leased PREMISES, including the building and all equipment, fixtures, and appurtenances furnished by the LESSOR under this Lease, in good repair and tenable condition, except in case of damages arising from the acts of the LESSEE'S agents or employees. For the purpose of so maintaining said PREMISES and property, the LESSOR may at reasonable times, and with the approval of the authorized LESSEE representative in charge, enter and inspect the same and make any necessary repairs hereto. The LESSOR shall be responsible for maintaining all structural supports and exterior walls of the building, including windows, doors, and passageways from the lobby, street and parking areas leading to the leased property, and the adjacent sidewalks and entrance lobby, in good order and repair, and free of snow, ice, rubbish and other obstructions. LESSOR shall provide lawn and plant maintenance and shall provide monthly pest control service. LESSOR shall maintain in good working order and repair all plumbing, toilet facilities and other fixtures and equipment installed for the general supply of hot and cold water, heat, air-conditioning (including monthly maintenance and filters).

6. FAILURE TO PERFORM:

The covenant to pay rent and the covenant to provide any service, utility, maintenance, or repair required under this Lease are dependent. If the LESSOR shall breach any of the conditions required to be performed by it under this Lease, LESSEE may cure such breach and deduct the cost thereof from rent subsequently becoming due hereunder. If LESSOR fails to correct a deficiency within thirty (30) days after written notice from ABA and LESSEE, or within an appropriate shorter period stated in the notice, in the event of a deficiency constituting a hazard to the health and safety of the LESSEE'S employees, property, or any other person, ABA and LESSEE may elect to terminate this Lease.

Nothing shall prohibit the LESSEE from extending the time periods stated above if LESSEE determines that it is in its best interest to do so and LESSEE determines that the LESSOR is diligently seeking to cure such failure or breach and the deficiency can be corrected within the extended time period in a manner that will ensure throughout the time period as well as upon completion, the safety of the LESSEE'S employees, property and other persons.

7. DAMAGE BY FIRE OR OTHER CASUALTY:

LESSOR shall bear the risk of loss by fire or other casualty and shall maintain fire and extended coverage insurance to the full replacement value of the PREMISES. If the PREMISES are destroyed by fire or other casualty, this Lease will immediately terminate. In case of partial destruction or damage, so as to render the PREMISES unsuitable for the purposes for which they are leased, as determined by LESSEE and ABA, the LESSEE, may terminate the Lease by giving written notice to the LESSOR through ABA, within fifteen (15) calendar days thereafter; if so terminated, no rent will accrue to the LESSOR after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage.

Nothing shall prohibit the LESSEE from extending the time periods stated above if LESSEE determines that it is in its best interest to do so and determines in addition that the LESSOR is diligently seeking to cure the partial destruction or damage and the partial destruction or damage can be corrected within the extended time period in a manner that will ensure throughout the time period as well as upon completion, the safety of the LESSEE'S employees, property and other persons.

8. ALTERATIONS:

The LESSEE may attach fixtures and install signs in or to the PREMISES with LESSOR'S approval, which shall not be unreasonably withheld. Such fixtures and signs shall remain the property of LESSEE and may be removed from the PREMISES within a reasonable time after the termination of this Lease provided the LESSEE shall restore the PREMISES to a condition as good as at the beginning of this Lease, ordinary wear and tear excepted.

ABA, acting as agent for LESSEE, may during the course of this Lease negotiate with LESSOR for other improvements to be made in the PREMISES. No additional cost or fee for services or work will be charged by LESSOR without the prior written authorization of ABA.

9. TERMINATION:

In addition to other remedies provided herein, the LESSEE may terminate this Lease by thirty (30) days written notice to LESSOR by ABA if the LESSEE'S funds are insufficient for it to continue the operations for which the PREMISES are being used.

10. SPECIAL PROVISIONS:

The parties agree that the terms and conditions of this Lease shall be read together and harmonized whenever possible; however in the event of a conflict between Section 10 or Section 11 and any other provisions elsewhere in this Lease Agreement, the provisions contained in Sections 1-10 (Special Provisions (a) through (e) and Section 11 (Miscellaneous (a) through (e) shall prevail.

(a) LESSOR shall be responsible that this facility conforms to the Arkansas Fire Prevention Code, as amended, Arkansas State Plumbing Code, The National Electrical Code, and any other state and local laws, codes, authorities, etc., applicable to the leased facility including the Arkansas adopted Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (ADAAG).

(b) 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 terms of this contract. Any LESSOR, 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 LESSEE.

(1) The LESSOR shall prior to assigning this Lease with any person or entity, for which the total consideration is greater than \$25,000, requires the assignee to complete a Contract and Grant Disclosure and Certification Form. The LESSOR shall ensure that any contract agreement, current or future between the LESSOR and an assignee for which the total consideration is greater than \$25,000 shall contain the following:

Failure to make any disclosure required by Governor Executive Order 98-04, or any violation of any rule, regulation or adopted pursuant to that Order, shall be a material breach of the term of this Sublease. The party who fails to make the required disclosure or who violates the rule, regulation, or policy shall be subject to all legal remedies available to the LESSEE.

(2) The LESSOR shall transmit to the agency a copy of the Contract and Grant Disclosure and Certification Form completed and signed by the assignee and a statement containing the dollar amount of the Sublease. The LESSOR shall transmit to ABA a copy of the disclosure form within ten (10) days of entering into any agreement with assignee.

(3) The terms and conditions regarding the failure to disclose and conditions which constitutes material breach of contract and rights of termination and remedies under the Executive Order 98-04 are hereby incorporated within.

(c) The LESSOR hereby acknowledges that <insert real estate broker firm or individual> <is/was> the LESSOR'S sole agent(s) for these lease negotiations and states that the named broker(s) <is/are> licensed by the State of Arkansas for such transactions.

(d) The State shall not be responsible for the payment of any taxes or assessments for the PREMISES.

(e) Lessor asserts that <he/she/it> <is/is not> the true owner of the PREMISES and the LESSOR'S rights to the PREMISES <are/are not> pursuant to a lease or sublease.

(f) ADD ADDITIONAL SPECIALIZED PROVISIONS HERE

11. MISCELLANEOUS:

(a) The Lease and any modifications or amendments to it will not be valid without the written approval of ABA.

(b) This Lease shall benefit and bind the parties hereto and their heirs, personal representatives, successors and assigns.

(c) The LESSEE may terminate this Lease by written notice from ABA to LESSOR upon the taking by eminent domain of any part of the PREMISES. This provision does not prevent the LESSEE from claiming or recovering from the condemning authority the value of LESSEE'S leasehold interests.

(d) Nothing in this Lease shall be construed to waive the sovereign immunity of the STATE OF ARKANSAS or any entities thereof.

(e) This Lease contains the entire agreement of the parties.

Executed by the parties who individually represent that each has the authority to enter into this Lease.

LESSOR

LESSEE

By: _____

By: _____

Date: _____

Date: _____

ARKANSAS BUILDING AUTHORITY
As Agent for

By: _____
<Name>, Administrator
of Real Estate Services

By: _____
<Name>, Director

Date: _____

Date: _____

Arkansas Building Authority
STATE OF ARKANSAS
COUNTY OF PULASKI
Standard Lease Form 2
Approved by Attorney General
Month/Date/Year of Effective Date

Lease Term:
Annual Rent: \$
Square Feet:
Rate: \$
Type: New
Worked By:
County: Agency:
Lease #:

STATE OF ARKANSAS LEASE AGREEMENT BETWEEN STATE AGENCIES

This Lease is made this day of _____, <year>, by which Lessor leases the PREMISES to Lessee.

For the purposes of this Lease Agreement the following definitions apply:

"LESSOR" means: ARKANSAS BUILDING AUTHORITY, <permanent address >, an agency of the State of Arkansas.

"LESSEE" means: <STATE AGENCY AND PERMANENT ADDRESS>, an agency of the State of Arkansas.

1. DESCRIPTION OF PREMISES:

Approximately _____ square feet of office space located in the _____ Building at _____; all situated in the City of <city name>, County of <county name>, Arkansas, further described as follows:

2. TERM:

The term of this Lease will begin on <date> and end on <date>, unless the term shall be sooner terminated as hereinafter provided.

3. RENT:

The LESSEE agrees to pay to LESSOR the sum of \$_____ per calendar annum, payable in monthly installments of \$_____, apportionable on a daily basis at \$_____. Such amount to be paid to LESSOR at: <address>, Little Rock, AR 72201.

This Lease will commence on the date which the LESSEE shall have commenced business operations upon the leased PREMISES. In the event that the term of the Lease shall commence on a day other than the first day of the calendar month, the LESSEE shall pay, upon the commencement date of the term, a portion of the fixed annual rental described in the foregoing provision, prorated on a daily basis.

4. UTILITIES AND SERVICES:

It is understood that the rental paid by the LESSEE is for the purposes of reimbursing the LESSOR for providing maintenance and repair of all mechanical and structural systems, janitorial service,

utilities, pest control, security, trash removal, grounds, including applicable parking areas, maintenance, insurance, and all other expenses normally associated with the maintenance and operation of the lease PREMISES. LESSOR may seek additional reimbursements from LESSEE for "after-hour call outs" of ABA Building Operations Personnel due to acts or omissions by LESSEE'S employees, representatives or invitees.

5. ALTERATIONS:

The LESSEE may attach fixtures and install signs in or to the PREMISES with LESSOR'S approval, which shall not be unreasonably withheld. Such fixtures and signs shall remain the property of LESSEE and may be removed from the PREMISES within a reasonable time after the termination of this Lease provided the LESSEE shall restore the PREMISES to a condition as good as at the beginning of this Lease, ordinary wear and tear excepted. Any subsequent requested space alterations, attaching fixtures, and erecting additions after the initial construction has been completed and accepted by the LESSEE shall be the responsibility of the LESSEE. No services or work will be performed for which an additional cost or fee will be charged by LESSOR without the prior written authorization of the LESSEE.

6. ADDITIONAL PROVISIONS:

LESSOR and LESSEE mutually agree that the following additional provisions are hereby added to become a part of this Lease Agreement:

- (a) LESSOR shall bear the risk of loss by fire or other casualty and shall maintain fire and extended coverage insurance to the full replacement value of the PREMISES. If the PREMISES are destroyed by fire or other casualty, this Lease will immediately terminate. In case of partial destruction or damage, so as to render the PREMISES unsuitable for the purposes for which they are leased, as determined by LESSOR, the LESSOR, may terminate the Lease by giving written notice to the LESSEE, within fifteen (15) calendar days thereafter; if so terminated, no rent will accrue to the LESSOR after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage.
- (b) LESSEE agrees to accept the lease PREMISES in "as is" condition. All modifications will be at the expense of the LESSEE.
<OR if alterations are made that are specific to the Lessee's operations conditional language can be added to state:
 - (1) Alterations shall remain the property of the LESSEE.
 - (2) Alterations shall be removed by LESSEE within thirty (30) days upon Lease termination or expiration, unless alterations are accepted in writing by ABA.
 - (3) LESSEE shall restore the PREMISES in a condition as good as at the beginning of the Lease term; ordinary wear and tear excepted.
- (c) This Lease shall benefit and bind the parties hereto and their heirs, personal representatives, successors and assigns.
- (d) Nothing in this Lease shall be construed to waive the sovereign immunity of the STATE OF ARKANSAS or any entities thereof.

- (e) In all instances in which a LESSEE employs an individual or individuals who require an emergency evacuation auxiliary aid to safely exit the PREMISES during an emergency situation, the LESSEE is required to, and is solely responsible for obtaining, maintaining, and training in the use of said auxiliary aid. Any necessary installation of said device shall be coordinated and approved by the LESSOR. This requirement shall apply in all instances regardless of whether the individual(s) with disabilities are employed at the time of the execution of this Lease, are hired and employed after execution of this Lease, or a current employee regardless of hire date becomes disabled so as to require an emergency evacuation auxiliary aid.
- (f) LESSEE shall not sublease nor assign this Lease without the written approval of the LESSOR.
- (g) This Lease contains the entire agreement of the parties.

7. BUILDING RULES:

The LESSEE agrees to cooperate with LESSOR in enforcing the Building Rules attached hereto and incorporated herein by reference as Exhibit "A". In the case that LESSEE is notified by LESSOR of Building Rule infractions committed by LESSEE'S employees or invitees, LESSEE agrees to take prompt and appropriate action to correct such violations.

8. RELOCATION

Nothing in this Lease shall be construed to prohibit or lessen LESSOR'S authority to relocate LESSEE, therefore when requested by LESSOR, LESSEE agrees to execute and enter into a lease or an amended lease with LESSOR or other public entity for the leasing of space in any public buildings as deemed by the LESSOR to be in the best interests of the State.

Executed by the parties who individually represent that each has the authority to enter into this Lease:

LESSOR:

LESSEE:

ARKANSAS BUILDING AUTHORITY

By: _____
 <Name>, Title, Real Estate
 Services Section

By: _____

Date: _____

Date: _____

By: _____
 <Name>, Director

Date: _____

