



Investments and Finance Sub-Committee

Thursday, June 6, 2024 at 9:00 a.m.

124 West Capitol Avenue, Suite 400, Little Rock 72201

Hybrid Meeting: Arkansas Public Employees' Retirement System Board Room and Video Conference

AGENDA

1. Call to Order – Chair Bassett
2. Presentation Sage Partners – One Cantrell Center Building
Ryan Gibson and Ken McRae
3. Division of Building Authority Study – Anne Laidlaw, Director
4. New Business
5. Old Business

PURCHASE PROPOSAL ONE CANTRELL CENTER

MAY 2024

PREPARED FOR:



TABLE OF CONTENTS

3	Sage Cover Letter
4	Executive Summary - APERS Purchase Proposal
5	Letter of Intent
9	Photos - Aerial, Interior, Exterior
11	Signage Opportunities
12	Existing Floor Plans - Stacking Plan
17	Building Summary
18	ALTA Survey
19	Parking Spaces
20	Building Historical Utilities
21	CAPEX Improvement
	• ACS Roof Report
	• Elevator KONE Contract Upgrade (provided via email)
	• HVAC Upgrade (provided via email)

CUSHMAN & WAKEFIELD | SAGE PARTNERS DISCLOSURE

Cushman & Wakefield | Sage Partners has been engaged by the owner of the Property to market it for sale. Information concerning the Property has been obtained from sources other than Sage Partners and we make no representations or warranties, express or implied, as to the accuracy or completeness of such information. Any references to age, square footage, income, expenses and any other Property specific information are approximate. Any opinions, assumptions, estimates, or financial information contained herein are projections only and are provided for illustrative purposes and may be based on assumptions or due diligence criteria different from that used by a purchaser. Buyers should conduct their own independent investigation and inspection of the Property in evaluating a possible purchase. The information contained herein is subject to change.

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

COVER LETTER

2800 Cantrell Road
Suite 201
Little Rock, AR 72202
501 716 5511
sagepartners.com



To: Arkansas Public Employees Retirement System (APERS) Board

We are pleased to present this proposal relating to the One Cantrell Center office building located at 2800 Cantrell Road. On behalf of the owners and ourselves, as the professional leasing and property management team, we are excited and hopeful that this proposal will meet the office needs of APERS. This proposal covers both the options to purchase and lease to purchase.

We are flexible if additional terms or changes are required. We look forward to working with you on this transaction.

Sincerely,

A handwritten signature in black ink that reads "Ryan Gibson".

Ryan Gibson
Managing Director

A handwritten signature in blue ink that reads "Rick O'Brien".

Rick O'Brien
Executive Broker, Central Arkansas

EXECUTIVE SUMMARY

2800 Cantrell Road
Suite 201
Little Rock, AR 72202
501 716 5511
sagepartners.com



EXECUTIVE SUMMARY

Purchase Proposal to APERS

One Cantrell Center – 2800 Cantrell Road

Little Rock, AR 72202

The following are salient points of the owners' purchase proposal to APERS for the purchase of One Cantrell Center, a 67,822 RSF office building, at 2800 Cantrell Road.

- DELIVERY OF OFFICE SPACE – One Cantrell Properties, the owner, will deliver 50,837 square feet in One Cantrell Center as follows:
 - I. 2nd Floor – 8,634 SF (Immediate)
 - 3rd Floor – 15,049 SF (Immediate)
 - 23,683 SF (Immediate)**
 - II. 4th Floor – 15,049 (By June 2025)
 - III. 5th Floor – 12,105 (No later than Dec. 2026)
 - 50,837 SF**
- PURCHASE OPTIONS
 - A. APERS can purchase entire 67,822 SF building for \$15,500,000 with an \$800,000 credit for APERS future Capex.
 - B. APERS can lease 35,788 – 50,837 SF for \$22.50/SF Full Service for 10 years increasing 3% annually. APERS will have a purchase option any time during the first five years of the lease term. Price to be \$15,500,000, which will increase annually at a rate of CPI on the anniversary of the lease execution.
- ON-SITE PROFESSIONAL COMMERCIAL REAL ESTATE MANAGEMENT – Sage Real Estate Solutions occupies Suite 201 and provides on-site professional management and maintenance. If agreeable to APERS, Sage would like to continue to professionally manage the building,
- FUTURE CAPEX EXPENDITURES – \$300,000 elevator upgrades and \$500,000 HVAC upgrades will be escrowed for APERS. Copies of Pettit & Pettit HVAC report and KONE elevator report attached.
- CONDITION OF OFFICE SPACE – All office spaces have current first class finish out.
- BUILDING OPERATING SYSTEMS – HVAC and elevator professionally maintained with maintenance contracts with ASO for HVAC and KONE for elevators. Roof maintained by ACS, commercial roofer.
- ON-SITE PARKING – Adjacent and on-site well-lit parking for 265 spaces.
- ADDITIONAL RENTAL INCOME TO APERS – The sum of the gross revenues from the existing long-term tenants' on the first and second floors annual rental income available to APERS is approximately \$412,000.
- INVESTMENT LOCATION – Proven location for long-term real estate investment within the Riverdale market.
- FLEXIBLE SIZE OFFICE LAYOUTS – 67,822 RSF allows expandable options for future growth.
- NEW CONSTRUCTION PRICE VS. EXISTING BUILDING PRICE – Acquisition price per square foot for an existing building allows almost twice as much space to be owned versus new construction

LETTER OF INTENT

2800 Cantrell Road
Suite 201
Little Rock, AR 72202
501 716 5511
sagepartners.com



May 9, 2024

Arkansas Public Employees Retirement System (APERS)

Amy Fecher, Executive Director

124 W. Capitol, Suite 400

Little Rock, AR 72201

LETTER OF INTENT

Dear Amy,

This Letter of Intent is to confirm the intent of Arkansas Public Employees Retirement System ("Purchaser") and/or assigns to enter into a Real Estate Purchase Agreement with One Cantrell Properties, LLC ("Seller") regarding the property referenced below. The terms and conditions of this Letter of Intent are as follows:

1. PROPERTY: The parcel depicted in red in Exhibit A, as well as the use of an adjacent lot for supplemental parking.

2. PURCHASE OPTIONS:

A. OUTRIGHT PURCHASE

100% Fee Simple at \$15,500,000 with an \$800,000 credit for APERS to complete \$300,000 elevator and \$500,000 HVAC upgrades.

OR

B. LEASE WITH PURCHASE OPTION

APERS can lease 35,788 – 50,837 SF for \$22.50/SF Full Service for 10 years increasing 3% annually. APERS will have a purchase option any time during the first five years of the lease term. Price to be \$15,500,000, which will increase annually at a rate of CPI on the anniversary of the lease execution.

3. TITLE COMMITMENT: Seller shall provide a preliminary title commitment within 14 days of accepted Purchase Agreement. All costs associated with the title search and Owner's Policy to be paid by Seller.

LETTER OF INTENT



4. **SURVEY:** Seller shall provide a new ALTA-certified Survey to Purchaser within thirty (30) days of an accepted Purchase Agreement, at Seller's sole cost & expense.

6. **INVESTIGATION:** Purchaser shall have sixty (60) days from the date of a fully-executed Purchase Agreement (referred to as the "Investigation Period") to conduct such examinations of the property, studies, tests and any other inspections as Purchaser shall deem necessary.

7. **CLOSING:** Closing shall occur within fifteen (15) days following expiration of the Investigation Period, unless such requirement is waived in writing by both parties and a new date substituted. Possession shall be delivered at closing.

8. **SELLER DELIVERIES:** Not later than five (5) days after this Letter of Intent, to the extent they are reasonably within Seller's possession or control, Seller will deliver to Purchaser copies of the following materials that pertain to the Property: (1) the most recent survey, (2) all documents relating to the environmental or geotechnical condition of the Property including assessments, reports, notices, test results, and closure letters, (3) all agreements (recorded and unrecorded) affecting the Property (which shall survive the closing) including easement, operating, and service agreements, any covenants, conditions, and restrictions; (4) all lease agreements related to the Property; and (5) Tenant financial statements.

9. **CONTRACT FORM:** Seller will prepare an initial draft of a purchase and sale agreement (the "**Contract**"), and will forward the initial draft to APERS for review and comment. APERS and Seller shall each use their best efforts to execute the Contract within 30 days after the execution of the Letter of Intent.

10. **REPRESENTATION:** Seller to pay all Real Estate fees.

THIS PURCHASE PROPOSAL AND ITS EXECUTION BY BOTH PURCHASER AND SELLER: (1) WILL NOT BE BINDING ON THE PARTIES; AND (2) DOES NOT CONSTITUTE A CONTRACT NOR CONTAIN ALL NECESSARY OR ESSENTIAL TERMS OF A CONTRACT. NO PARTY WILL BE LEGALLY BOUND TO THE OTHER IN ANY WAY UNTIL A CONTRACT HAS BEEN EXECUTED AND DELIVERED BY BOTH PARTIES.

Sincerely,

ACKNOWLEDGED & AGREED:

LETTER OF INTENT



SELLER:

By: Mark Lee

Name: MARK A. LEE

Date: MAY 21, 2024

BUYER:

By: _____

Name: _____

Date: _____

LETTER OF INTENT



Exhibit A



PHOTOS

Aerial



Exterior



Exterior



Exterior



Exterior



Exterior



PHOTOS

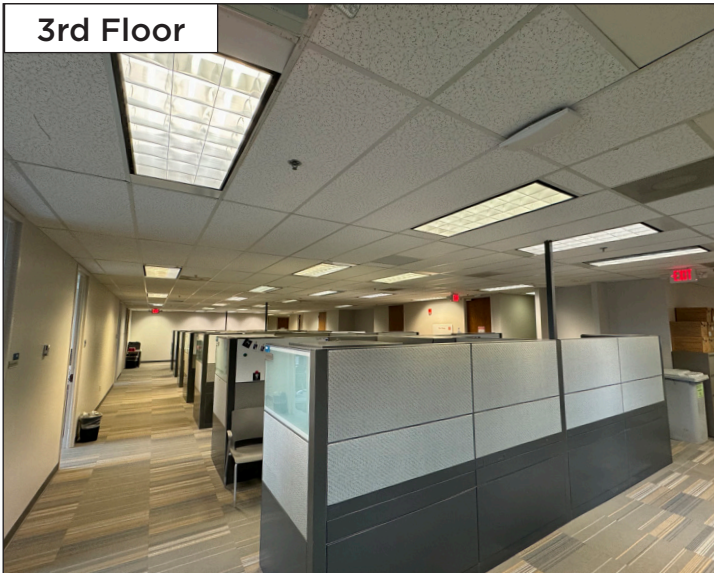
1st Floor Lobby



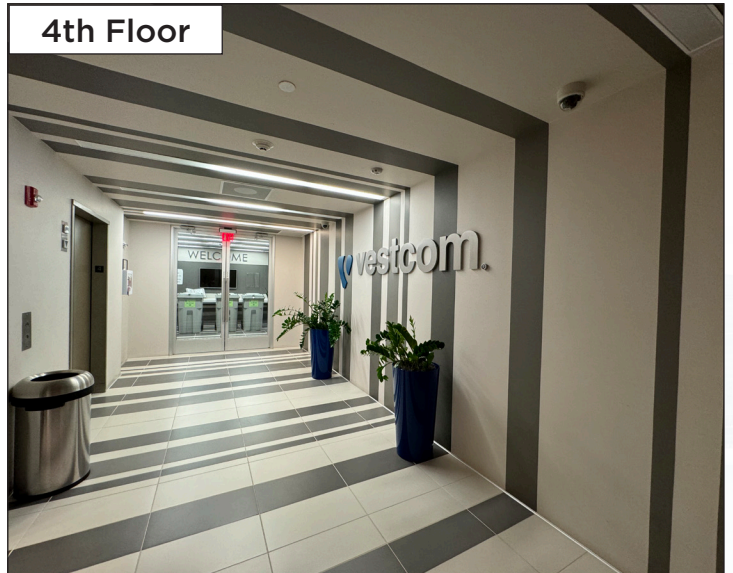
2nd Floor (Ste 201)



3rd Floor



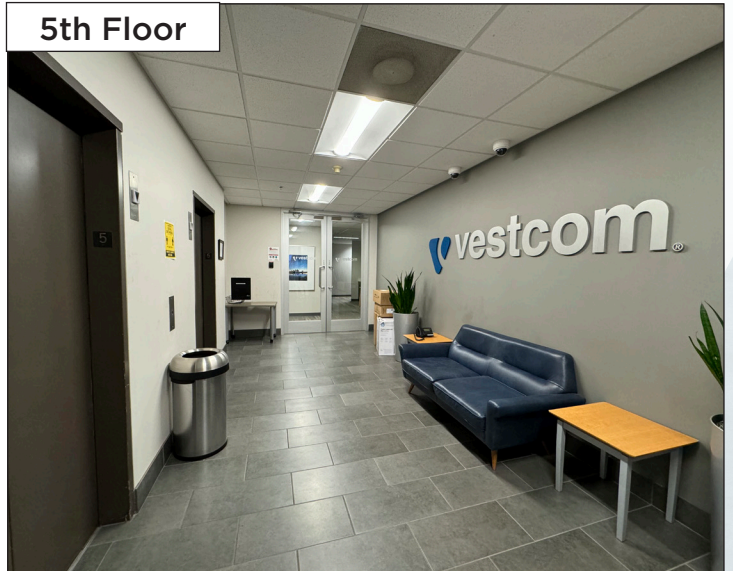
4th Floor



5th Floor



5th Floor

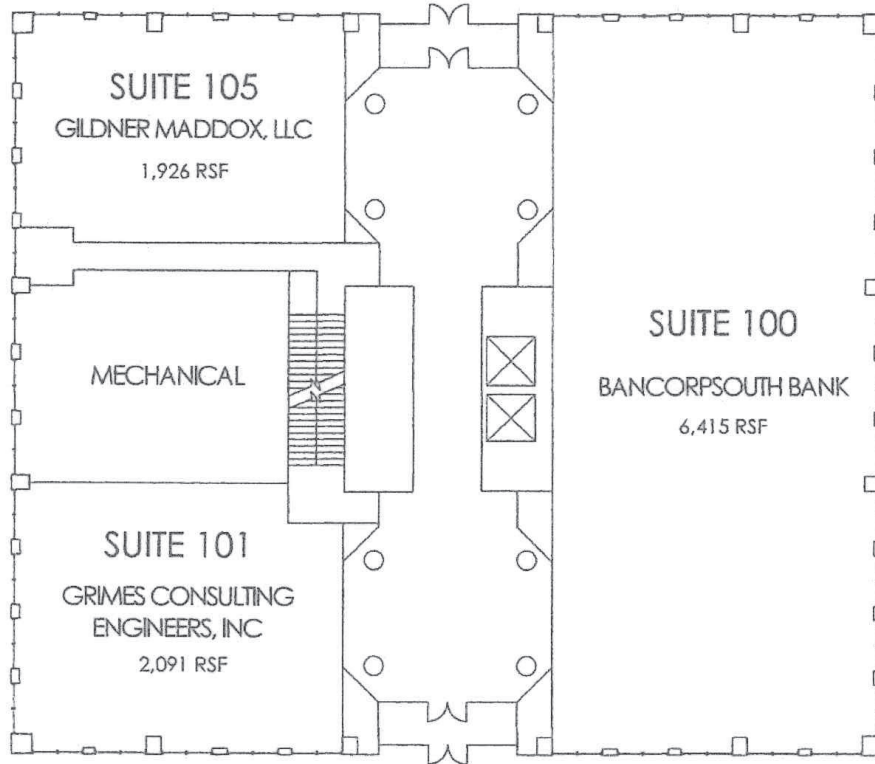


SIGNAGE OPPORTUNITIES



EXISTING FLOOR PLANS

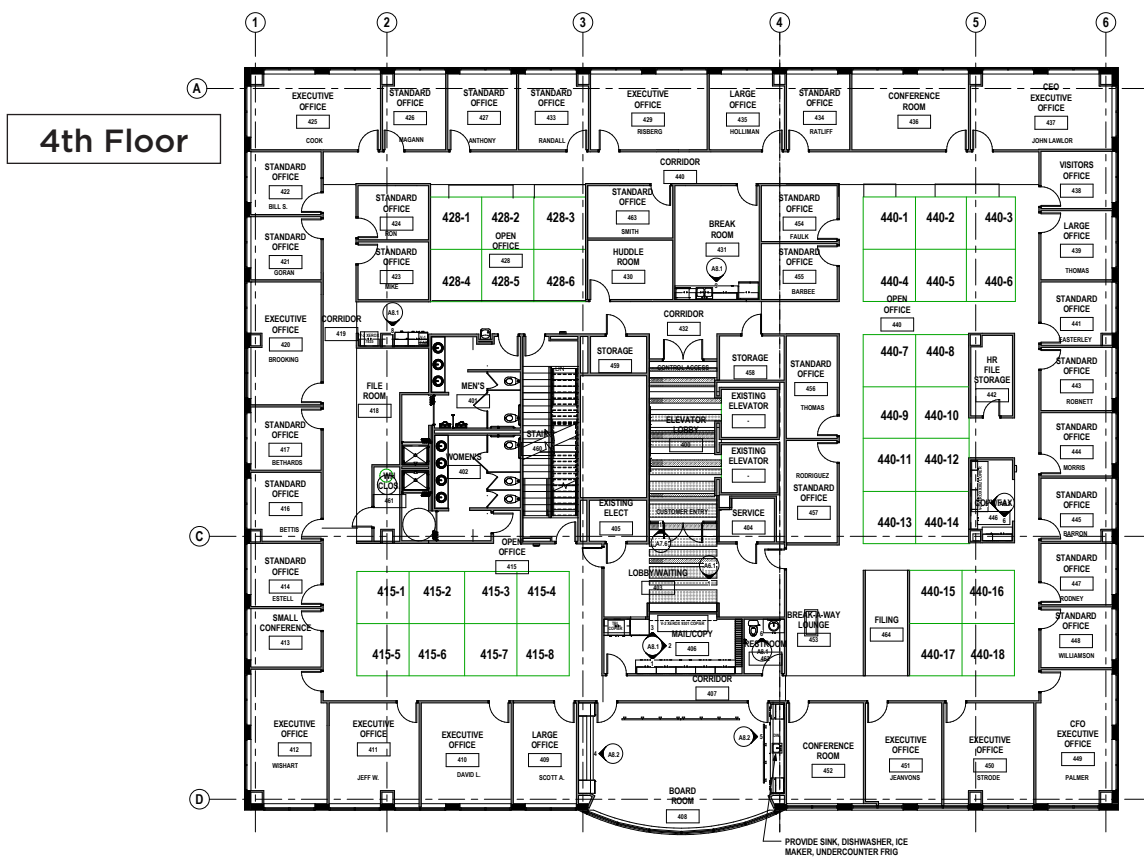
1st Floor



2nd Floor

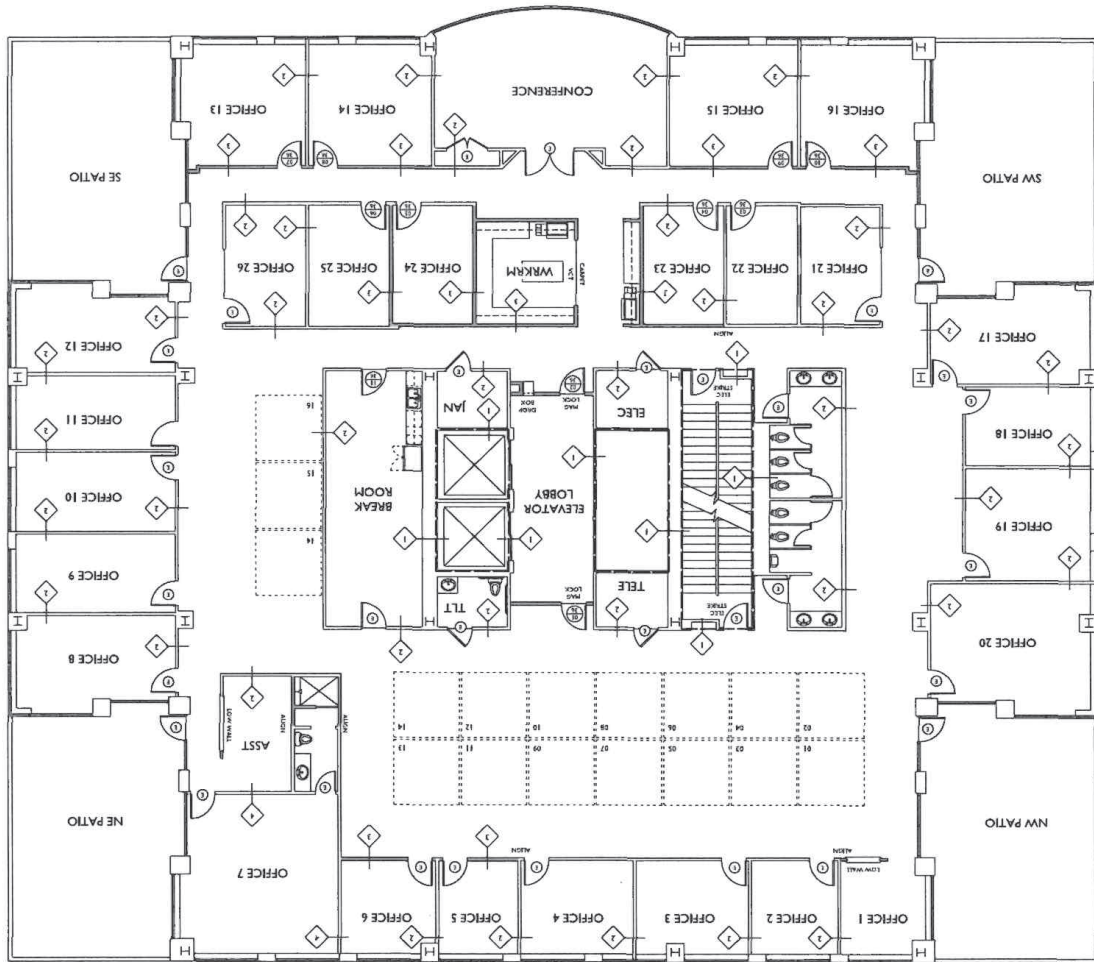


EXISTING FLOOR PLANS



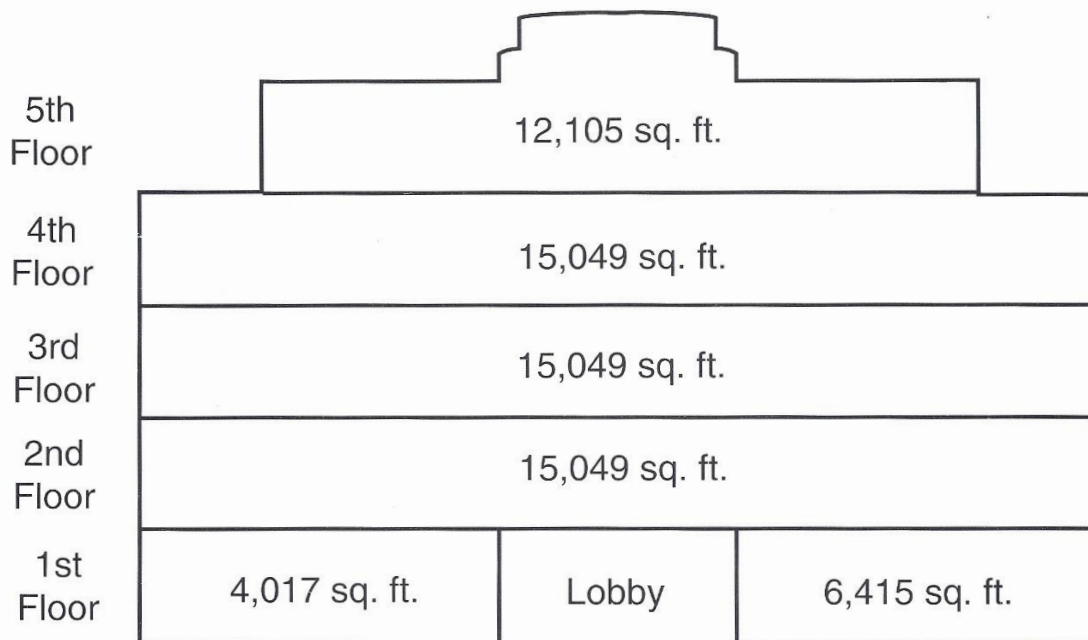
EXISTING FLOOR PLANS

5th Floor



Building Information

Property Name:	One Cantrell Center
Property Address:	2800 Cantrell Road Little Rock, Arkansas 72202
Net Rentable Area:	67,682
Gross Building Area:	71,342
Number of Floors:	5
Number of Elevators:	2
Number of Buildings:	1
Typical Floor Plate Size:	15,049
Site Area:	3.2 Acres
Parking Spaces:	265
Year Completed:	1986
Property Class:	Class "A" Office High Rise



67,682 Rentable Square Feet

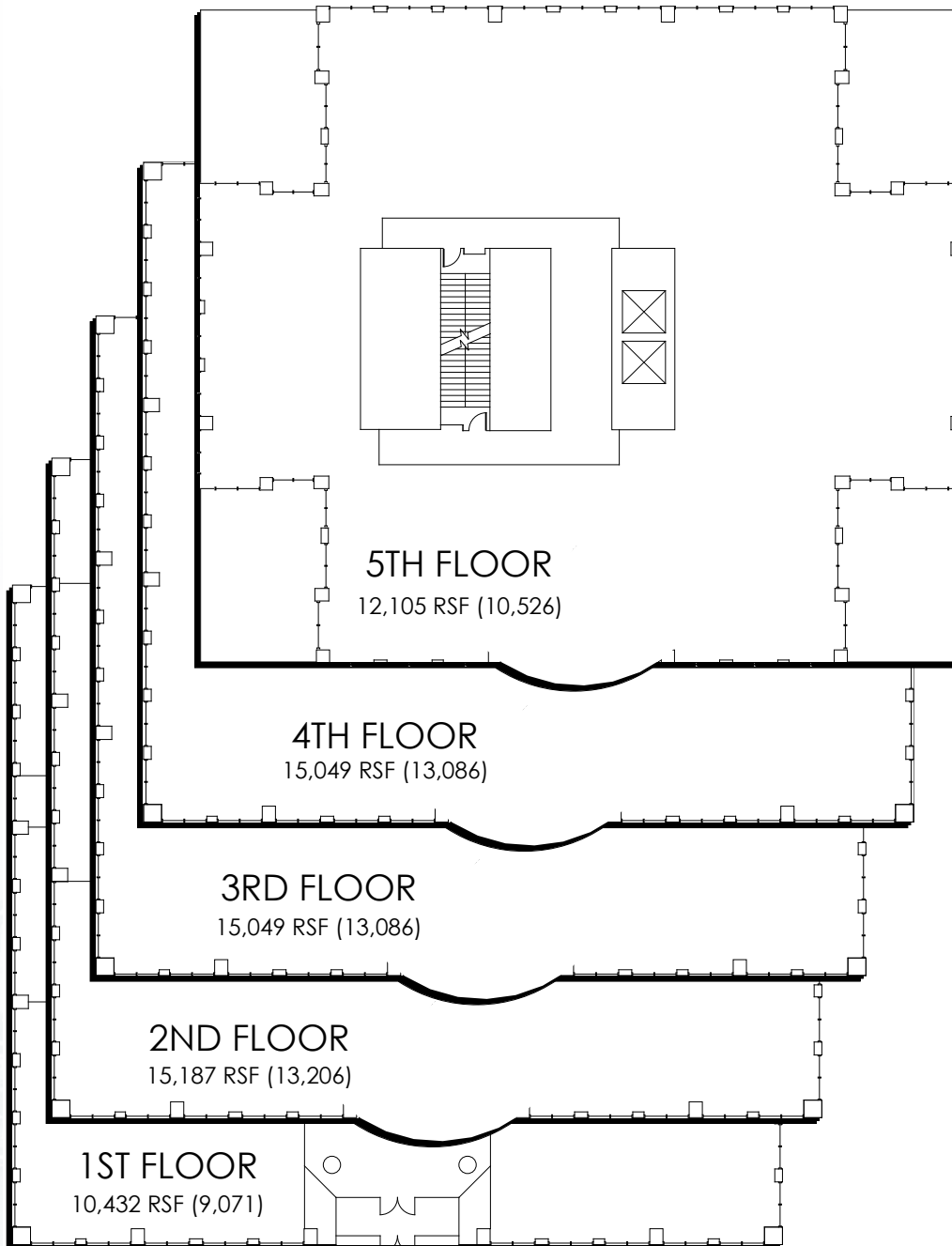


STACKING PLAN

ONE CANTRELL CENTER

2600 CANTRELL ROAD, LITTLE ROCK ARKANSAS

AUGUST 2, 2012



AREA SUMMARY

SUITE 500	12,105 RSF (10,526)
SUITE 400	15,049 RSF (13,086)
SUITE 300	15,049 RSF (13,086)
SUITE 200	4,796 RSF (4,170)
SUITE 201	6,553 RSF (5,698)
SUITE 202	1,528 RSF (1,329)
SUITE 204	2,310 RSF (2,009)
SUITE 100	6,415 RSF (5,578)
SUITE 101	2,091 RSF (1,818)
SUITE 105	1,926 RSF (1,675)
BUILDING TOTAL	67,882 RSF (58,975)

BUILDING SUMMARY

2800 Cantrell Road
Suite 201
Little Rock, AR 72202
501 716 5511
sagepartners.com

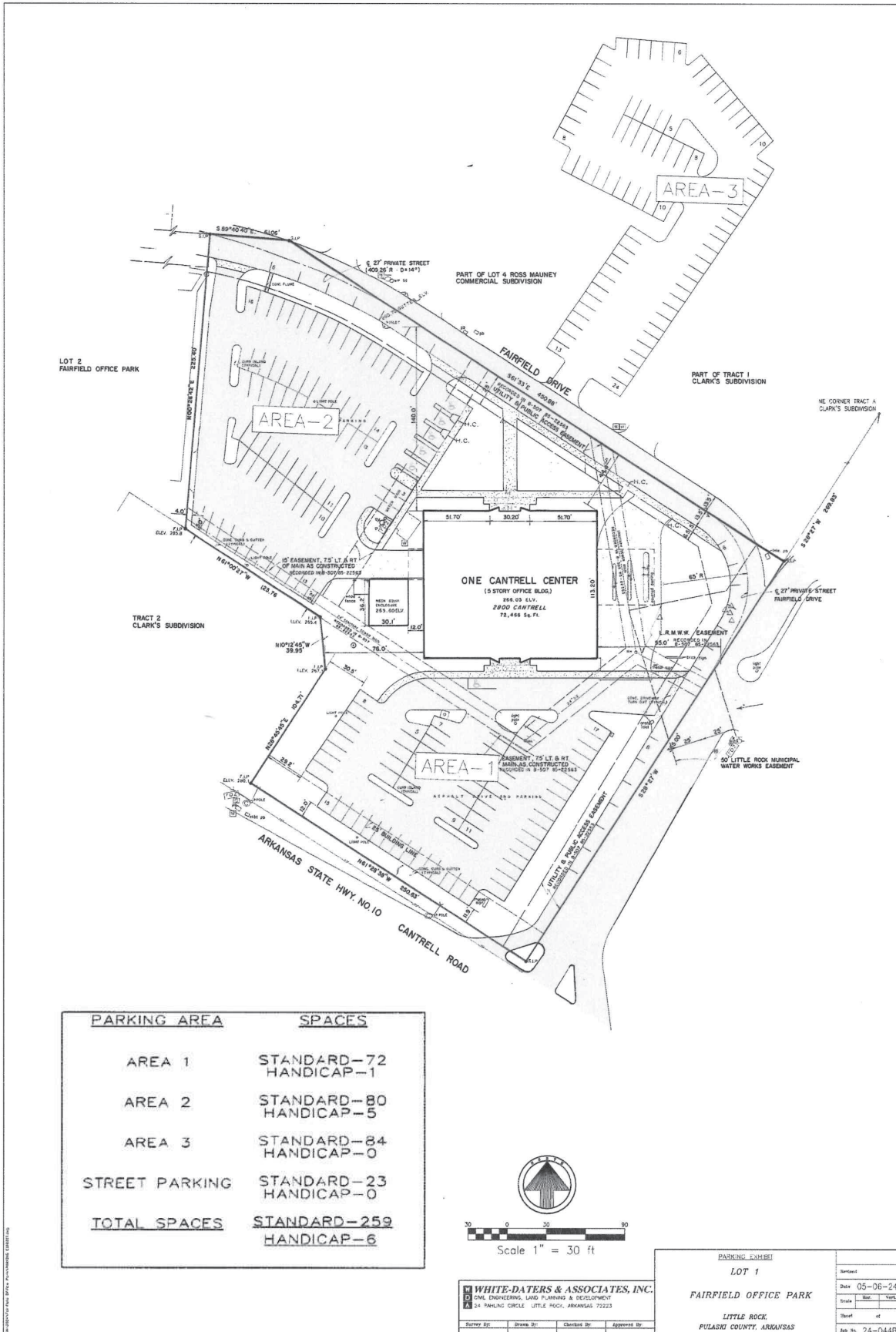


**ONE CANTRELL CENTER
71,342 SQUARE FEET
2800 CANTRELL ROAD
LITTLE ROCK, ARKANSAS**

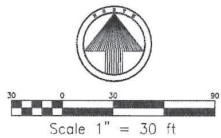
EXECUTIVE SUMMARY

PROJECT NAME:	One Cantrell Center
PROPERTY LOCATION:	2800 Cantrell Road Riverdale Area Little Rock, Arkansas
PROPERTY TYPE:	Class A Suburban Office Space
PROPERTY SIZE:	3.18 Acres
BUILDING SIZE:	71,342 Gross Sq. Ft. 67,882 Net Rentable Sq. Ft.
AGE OF PROPERTY:	Built 1986
NO. OF PARKING SPACES:	265
TYPE AND QUALITY OF CONSTRUCTION:	Brick Veneer, Steel Columns & Beams, Double Insulated Windows,
MAJOR ROADWAY ACCESS:	Cantrell Road - East & West Highway 10
BRIEF LOCATION DESCRIPTION:	Riverdale Area, Near Arkansas River, ADFA, Department of Commerce, Dillard's & Stephens Group Headquarters; High Income Residential
PERCENT LEASED:	100%

PARKING SPACES



PARKING AREA	SPACES
AREA 1	STANDARD-72 HANDICAP-1
AREA 2	STANDARD-80 HANDICAP-5
AREA 3	STANDARD-84 HANDICAP-0
STREET PARKING	STANDARD-23 HANDICAP-0
TOTAL SPACES	STANDARD-259 HANDICAP-6



WHITE-DATERS & ASSOCIATES, INC.
 ONE ENGINEERING, LAND PLANNING & DEVELOPMENT
 24 PAMUNG CIRCLE, LITTLE ROCK, ARKANSAS 72223

PARKING EXHIBIT	
LOT 1	
FAIRFIELD OFFICE PARK	
LITTLE ROCK, PULASKI COUNTY, ARKANSAS	
Sheet	05-06-24
Scale	1" = 30'
Drawn	et
Job No.	24-044B

BUILDING HISTORICAL UTILITIES

One Cantrell Properties

67,822 SF

	2022		2023		YTD 2024	
	TOTAL COSTS	Per SF	TOTAL COSTS	Per SF	TOTAL COSTS	Per SF
Electricity	\$66,460.69	\$0.98	\$64,292.40	\$0.95	\$17,222.96	\$0.25
Water/Sewer	\$3,896.26	\$0.06	\$5,356.90	\$0.08	\$1,608.19	\$0.02
Water/Irrigation	\$1,655.25		\$1,301.43		\$11.91	

Electricity

Period	Amount
01-2022	5,625.77
02-2022	3,925.13
03-2022	3,991.75
04-2022	4,348.19
05-2022	6,179.49
06-2022	6,793.30
07-2022	8,730.96
08-2022	7,777.49
09-2022	6,423.10
10-2022	5,476.99
11-2022	2,716.82
12-2022	4,471.70
Total	66,460.69

Electricity

Period	Amount
01-2023	3,916.59
02-2023	4,407.25
03-2023	4,345.83
04-2023	4,569.69
05-2023	5,679.77
06-2023	7,102.94
07-2023	7,539.66
08-2023	7,129.21
09-2023	6,752.59
10-2023	4,759.33
11-2023	3,556.79
12-2023	4,532.75
Total	64,292.40

Electricity

Period	Amount
01-2024	4,455.15
02-2024	4,752.23
03-2024	4,646.77
04-2024	3,368.81
Total	17,222.96

Water

Period	Amount
01-2022	810.74
02-2022	-110.63
03-2022	289.67
04-2022	274.98
05-2022	274.87
06-2022	293.16
07-2022	577.92
08-2022	629.09
09-2022	370.10
10-2022	248.22
11-2022	0.48
12-2022	237.66
Total	3,896.26

Water

Period	Amount
01-2023	744.86
02-2023	310.27
03-2023	352.05
04-2023	301.60
05-2023	480.50
06-2023	85.56
07-2023	984.58
08-2023	61.32
09-2023	358.38
10-2023	294.64
11-2023	2,391.29
12-2023	-1,008.15
Total	5,356.90

Water

Period	Amount
01-2024	956.01
02-2024	145.21
03-2024	251.45
04-2024	255.52
Total	1,608.19

CAPEX IMPROVEMENT



4523 Hoffman Road
Little Rock, AR 72209
(501) 568-7607 office
(501) 568-7628 fax

Prepared for:

One Cantrell Properties LLC
(Attn: Ken McRae)

Roof Report

One Cantrell Center
2800 Cantrell RD

On 5/13/2024 we performed a visual roof investigation on the above mentioned address. Our observations, opinions, and recommendations are based on thirty-five (35) years of experience with low slope, metal roofing systems and building envelope consulting.



The Findings are as follows:

The existing roof system is a granulated APP modified bitumen. This roof was found to be in good repair with regular semi annual maintenance the roof should perform depending on weather conditions and foot traffic approximately 5 years.

Debris was found on main roof.

Holes in wall at base wall flashing from deleted electrical conduits.

All 4 of the patio roofs could not be inspected due to wooden decking.

3 scuppers were found to be detaching from top of metal scupper.

Temporary repairs have been made at newer HVAC units.

Recommendations:

Clean and remove all debris from entire roof surface.

Repair base flashing where deleted conduits were found.

Re-flash 3 scuppers as needed.

Permanently repair areas around HVAC units.

*Recommended repairs and maintenance are in the process of being completed.

Approximate cost to make above repairs and general maintenance - \$ 2,500.00

Feel free to give me a call if you have any questions or concerns about these findings.

Thank you!!

Curtis Kerns
Sales
ACS Roof Maintenance, Inc.

Date: 5/13/2024
AR License No. 0160770324



May 23, 2024

Amy Fecher, Executive Director
Arkansas Public Employees Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

RE: One Cantrell Center (Cadence Bank) – Cost Evaluation/Summary for Ownership

Dear Mrs. Fecher:

As requested by the APERS Investment Finance Subcommittee, I have collected information pertaining to the cost associated with the purchase of One Cantrell Center located at 2800 Cantrell Road, Little Rock, Arkansas. The information found within this report was provided by the owner's agent, Ryan Gibson, Managing Director for Cushman & Wakefield/Sage Partners, in addition to operating estimates from DBA's building portfolio.

Following is a summary of my meeting with Mr. Gibson, Mark Saviers, and Ken McRae of Sage Partners and Ted Dickey of Lighthouse Asset Advisors on May 9th.

Building Information:

Net Rentable Area:	67,682 (maximum sf for rent revenue)
Gross Building Area:	71,342
Number of Floors:	5 with typical floor plate of 15,049 rsf (floor plans provided)
Site Area:	3.2 acres
Parking:	265 spaces
Building Age/Class:	38 yrs (1986) Class A Office High Rise

Purchase Options:

\$15,500,000 – Fee Simple
➤ Includes \$800,000 escrow for capital upgrades*

Lease with Purchase Option – lease up to 50,837 rsf at \$22.50/sf with 3% annual escalators (up to 10 yrs).

- Purchase Option any time within first 5 years at price above with annual CPI increase after year one.
- Due diligence period 60 days from Purchase Agreement with 15-days for closing thereafter.

Closing costs – not included

Capital Outlay with Purchase: *\$800,000 escrowed at purchase by Seller

- Mechanical: Upgrades due in first year - \$500,000*
Upgrades within 10 years - \$2,500,000
- Elevators: Modernization - \$350,000* + tax (needed now)
- Roof: TPO roofing installed within last 5 years – under warranty
- Building Exterior: No waterproofing for brick or windows has been performed, but no issues have been noted.
Building Signage – Cadence Bank signage will remain prominent on the building façade, but APERS can be added to façade on each side of the current signage.
APERS name can be added on the current monument sign facing Cantrell at the building’s entrance drive.
- Parking Lot: Currently in good condition
- Interiors: Office upgrades for occupancy – Evo product to convert some modular areas to collaborative work areas with hybrid work solutions:
 - 4th floor (available Jun 2025) - \$150,000
 - 5th floor (available Dec 2025) - \$ 50,000Restroom finish upgrades within 5 years
 - \$250K x 4 floors – 1,250,000

Summary of Capital - \$1,050,000 (1st year)
\$3,750,000 + (years 5-10)

Operating Cost Projections:

- Utilities: Based on Utility History for 2022 & 2023
Estimate at \$1.05/sf = \$72,000/annually
- Insurance: Arkansas Insurance AMAIT (property insurance)for FY24
Projected annual cost for comparable - \$20,000/annually
- Service Contracts: Estimated at \$5.25/sf = approximately \$375,000/annually
 - Based on DBA’s building data/FY23 costs

Summary of O&M - \$467,000/annually = \$6.90/sf

As I receive additional information from the ownership, I will provide an update to this cost summary. I will be happy to schedule a time at your convenience to discuss this information in more detail.

Sincerely,



Anne W. Laidlaw, Director
Division of Building Authority