

A Letter to the Taxpayers of Mississippi

To the Editor:

In March of 2011, news leaked out that the Department of Revenue (formerly the State Tax Commission), was planning on constructing a \$50 million dollar edifice in pristine, wooded state owned property on Lakeland Drive. The new building would have been funded through a state backed bond issue. Public outcry resulted in a reevaluation of not only this location, but the entire process involved regarding state owned and leased office properties. A law was passed creating a specific website listing any leasing opportunities which has resulted in more transparency and fewer surprises in the procurement process.

Additionally, the State then entered into a contract with Cushman and Wakefield (C&W), an internationally renowned real estate consulting firm from Atlanta, Georgia. C&W was hired to evaluate all potential properties in the Jackson area and to recommend the best location for the Department of Revenue (DOR) to the Department of Finance and Administration (DFA). After an exhaustive process, the top 4 choices were: 1. Landmark Center- lease (Downtown) 2. Landmark Center (purchase) 3. Regions Plaza- lease (Downtown) and 4. South Pointe- leases (Clinton).

Shortly after these findings, Kevin Upchurch, the Executive Director of the DFA, sent a letter to then Governor Barbour recommending that the state go forward with either leasing or purchasing the Landmark Center Downtown for the new offices of the DOR. Governor Barbour then wrote the legislature recommending this location as well. The vote to approve was 52-0 in the Senate. However, the Speaker did not allow a vote on the bill so it died in the House. Politics had reared its head, and the "site reset button" was pushed.

Since that time, the purchase price of the Landmark Center had dropped from \$14.1mm to \$7.4mm. Realizing that (and realizing the purchase of the building was number 2 in the C&W study) and ascertaining what impact this would have on the prior study, Downtown Jackson Partners entered into a contract with Millsaps College's Else School of Management for further analysis. This second study clearly indicated that purchasing the Landmark Center was the best use of taxpayer dollars and would save the State of Mississippi \$30mm over the next 20 years.

Additionally, the Millsaps study was broader in scope than the C&W report, as it illuminated the abundance of office space the State leases per employee. Compared to the GSA federal standards (218 rentable square feet per employee) and to the states of Texas (225 rsf per employee) and Virginia (222 rsf per employee), the state of Mississippi averages 323 rsf per employee which is almost 50% more than GSA, Texas and Virginia. Reducing the square footage of office lease space to the standards used by our federal government and these two states would result in an additional \$5mm in annual savings.

Of course each city presenting a proposal would love to welcome the DOR as its new neighbors. Downtown certainly would, and relocating downtown would certainly help our challenged market. The real issue for all the taxpayers of the State, however, is prudent expenditure of our tax dollars. Two separate studies by two separate, reputable organizations, whose integrity cannot be challenged, have concluded the same thing. The Landmark Center Downtown is the clear choice. This is an important issue that doesn't need to be determined by lobbyists or political favor.

All of the above can be verified on the Downtown Jackson Partners website under "Articles of Interest".

Sincerely,

Jim Barksdale

John Palmer

Leland Speed