



Sam Houston State University

A Member of The Texas State University System

OFFICE OF THE PRESIDENT

Dana L. Gibson

For more than 130 years, Sam Houston State University and Huntsville have worked together as partners, building a great institution of higher education and a great city. Our futures are intertwined and based on a spirit of collaboration, trust and mutual respect.

On behalf of Sam Houston, I want to clarify some of the speculation and misinformation surrounding our interest in purchasing the Army Reserve Building in the hope that we all can strengthen relationships and work together for better communication.

Sam Houston State University became interested in the Army Reserve property approximately a year ago as we updated the Campus Master Plan. We submitted the revised plan to the Texas State University System at the end of 2012, and the Board of Regents approved it on February 15. Initially, we voiced our interest in the Army Reserve property during a conversation on land acquisitions with Mayor Mac Woodward and Mayor *Pro Tem* Don Johnson. Vice President for Finance Al Hooten met with City Manager Matt Benoit and Aron Kulhavey, Director of Community and Economic Development, on March 12 to review the updated plan. Our interest in purchasing the Army Reserve property was again mentioned during the meeting.

After learning the property was going up for sale, Mr. Hooten contacted the Mayor on June 5 regarding pricing and terms. The Mayor responded, giving us the appraised value and offering to send the details. On June 6, Mayor Woodward sent another email to Mr. Hooten letting him know that Mr. Benoit had been asked to check if there could be any flexibility on pricing and terms if selling to another public entity.

We waited for the additional information and any details regarding the property. When no one responded by June 20, we asked about the sale of the property again. At that time we discovered the city had conducted a bid process and the bid deadline of June 17 had passed.

The bid process had not arisen in any conversations we conducted with the city regarding the sale of the property until after the deadline. We have been portrayed as “arrogant,” and the *Item* has stated on two occasions that “SHSU officials expected city officials to contact them personally when the bid process opened on the city-owned land.” We did not expect “special treatment,” as the *Item* stated in “Our View” on August 18, or anything other than a response to our inquiries. We believed that our sincere expressions of interest in purchasing the property and our ongoing dialog about the sale would have prompted communication from the city about their requirements.

Out of respect and sensitivity toward the parties involved, Mr. Hooten’s presentation at the July 2 City Council meeting and subsequent request to set aside the lone bid did not convey any of the above information on prior conversations and lack of responses. Instead, we chose to focus on the university’s intended use of the property and the

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benefits this use would provide our veterans (students and non-students), the military science program, the city and community.

As the sole participant in a competitive bid process, Mr. Tarek Maalouf was awarded the property. As reported in the *Item*, at a gathering on August 21, at Jaidyn's bar, which Mr. Maalouf owns, he stated, "If the university had just come to me to work something out, we probably would have." The *Item* also reported on August 23 that since the university's Board of Regents meeting on August 16, "Maalouf said, there has been no attempt to contact him or his attorney Lanny Ray regarding a purchase." At the City Council meeting on August 20, Mr. Maalouf invited "Dr. Gibson to pick up the phone and call him."

In fact, the university had reached out to Mr. Maalouf and his attorney on several occasions. The Texas State University System sent notification to Mr. Maalouf of our preference to acquire the property through purchase in a letter dated August 5. On August 6, an email was sent to Mr. Maalouf from my office requesting a call or a convenient meeting time and phone number to reach him in order to discuss the property. I received no response.

Mr. Ray was contacted on August 7 by the Office of the Attorney General on behalf of SHSU, notifying Mr. Ray that prior to the property closing, the university was willing to offer \$32,500, a return of 5%, to Mr. Maalouf to assign the right to purchase the Army Reserve Building to the university, as well as reimburse Mr. Maalouf for any earnest money which he had tendered pursuant to the contract.

An impartial third party volunteered to intercede between the university and Mr. Maalouf in the hopes of opening up a dialogue; unfortunately, those efforts over the last several weeks also proved unsuccessful.

We have remained steadfast and open in our intentions with both the city and Mr. Maalouf regarding our desire to purchase the property. Mr. Maalouf has not disclosed the type of business he intends to locate on the property. Whatever he places there, could it be more useful to the community than the university's plan to support our ROTC program and the more than 1,800 veterans and veteran dependents enrolled at SHSU as well as those living in the community?

Several individuals and groups have voiced concerns over the impact on property tax should Sam Houston own the land. This property had been owned by the city since 1937 and has not generated any property tax revenue in that nearly three-quarters of a century. Mr. Maalouf has made statements that his ownership would generate \$20,000 in tax revenue, 0.3% of the total 2014 property tax revenue estimated by the city.

It is an undisputed fact that the students and employees of Sam Houston State are a source of revenue and economic value to the community. We purchase goods and services from area businesses, we rent or purchase housing, we pay for utilities and city services, and our events bring thousands to Huntsville, contributing to the hotel

occupancy tax and further consumer spending. According to an economic impact study conducted in 2010, our university was responsible for over \$108.5 million in direct and indirect spending to the city.

As we grow, so will the city's economy. To attract and retain a larger enrollment, the university will have to increase the campus footprint to accommodate new and expanded academic programs, housing, student services, and offices to support a larger faculty and staff. This will, in turn, provide great economic, cultural, and social benefits to Huntsville.

We regret any misconceptions that have been created within our community. We earnestly desire open lines of communication between ourselves and Mr. Maalouf to bring this matter to a mutually beneficial close. Sam Houston State plans to continue to be an active partner and positive influence with the city and a supportive neighbor to local business and the community.

Sincerely,

A handwritten signature in black ink, appearing to read "Dana L. Gibson". The signature is written in a cursive, flowing style.

Dana L. Gibson
President