



the Campbell Building Era is Coming to an End



The complete case for leaving Campbell,
the current offer on the table, and
a sketch of what could lie ahead



A Tale of Two Buildings



South wing – built 1922

North wing – built 1972



A Tale of Two Buildings

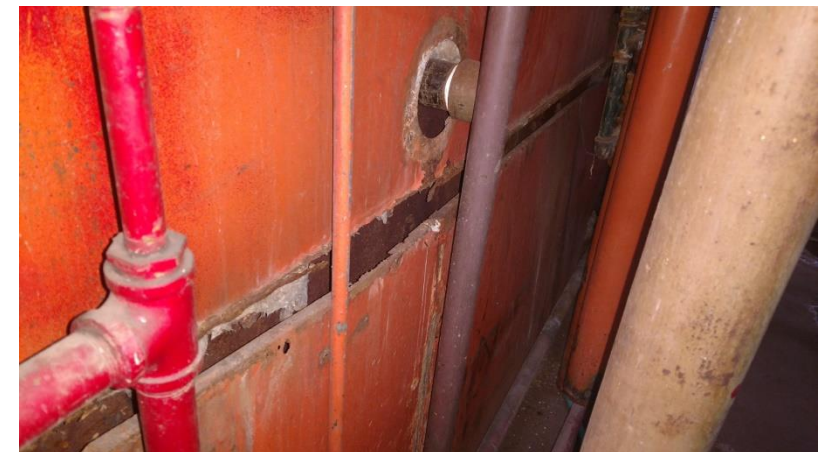


Facts on Campbell Building

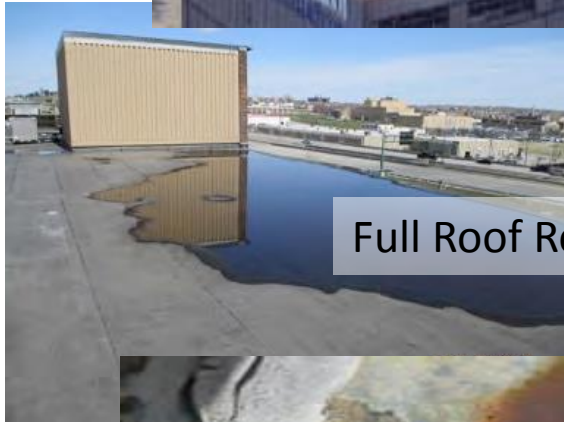


- Air conditioning & Air Handlers
 - Average life – 12 – 18 yrs
 - 14 Units – Average Age: 28yrs
 - 2 are non-operational
 - 5 year repair estimate - \$100k
 - Replace those currently needing replacement - \$350k

- Boiler system
 - Average life – 20 – 30 yrs (main boiler)
 - Age – 42 years



Facts on Campbell Building



Full Roof Replacement - \$150k



Facts on Campbell Building

- The structure on the south side will require extensive reinforcement (again)



Facts on Campbell Building



- Not even addressing:
 - Layout
 - World's slowest (and small) elevator
 - Lead paint on 2S
 - ???

It's not Mmm Mmm Good

Facts on Campbell Building



- It's biggest asset – location
 - Convenient to employer partners
 - Easily accessible by bus
 - Highly visible to high volume traffic on 71 Hwy
 - But... this is what people see... further reinforcing negative perceptions of Goodwill

Facts on Campbell Building

- No matter who buys it (or if we stay) – the likelihood of this building being demised is very high
 - Ugly – eventually there will be pressure to address what will appear to be a blighted building. Because the north side was constructed as it appears, the ability to reveal and restore brick doesn't exist.
 - Structural – to support more robust tenancy, significant structural work would need to be done on the south side.
 - Overall condition – There is no major system in this building that is in salvageable condition (HVAC, roof, windows, elevator).
 - The motivator to do the kind of restoration this building requires is usually historic tax credits, for which this building is not eligible.

Timeline of a Deal

(to date)

Oct 2016

- Gina Anderson (former Board Member, broker with CBRE) and Dirk Schafer (President of JE Dunn) tour the facility. They engage Helix Architecture + Design to evaluate the feasibility of renovating the Campbell building into workforce housing (\$1.00 /sf/month rent). Goal was to get drawings to allow proforma to be developed.

Nov 2016

- Feasibility seems unlikely with current building. Rebuild will make \$1 rent unattainable. Initial group steps out.
- Gina begins to seek other developers interest in the site, but cannot get them to agree to workforce housing.

Jan 2017

- Gina delivers a non-binding Letter of Intent (LOI), with Doug Price as her unnamed partner in the deal. The offer is \$1.4mm. Stefany returns the signed LOI without agreeing on a price but allowing the due diligence period to begin for initial findings on both sides.
- Stefany begins discussions with Lewis Rice (law firm), John Cruz (attorney) about the firm representing Goodwill in negotiation of terms and transaction should it go to contract.

Feb - Mar
2017

- Doug Price steps out. Gina pursues Dale Schulte (well-known local developer of low income housing). Thoughts are it may be feasible with low income housing and historic preservation credits.
- Gina engages Cyd Millstein to perform a Historic Preservation Tax Credit Eligibility Assessment ("EA"). Property does not meet qualifications due to 1970s addition and other lesser factors.
- Project is deemed not feasible for \$1 rents.

Apr 2017

- Gina partnered with Tim Ronan with Stanton Road Capital to develop moderately affordable workforce housing. (Rental rates below other newly constructed units in downtown and Crossroads - < \$1.90 ~ 2.35)
- Goodwill met with Councilman Quinton Lucas. Receiving city excitement around the project will be easy. Funding is very possible from the Shared Success Fund, as well as other economic development related pockets. Amounts mentioned were \$500k - \$2mm.
- Gina advises Stefany that she would like to take the deal to contract.

May 2017

- Gina's team met with Councilman Lucas, receiving enthusiastic support and a clearly articulated desire to accelerate the timeline.
- Stefany presented the bones of the situation to the Executive Committee. Advice was provided to move it to the board agenda, with additional information requested on value of the property and legal support.
- Stefany contacts the appraisal firm from 2010 to update the internal appraisal.
- Stefany begins making phone calls to capital campaign firms.
- Stefany meets with the billboard lessee.
- Stefany meets with a broker with specialty in Crossroads through 18th & Vine to begin exploring possibilities.
- Purchase & Sale Agreement (PSA) was submitted to Goodwill on 5/19.
- The item is on the board agenda for 5/25.

What's Next?

- Legal Counsel to review, Goodwill to counter
 - Counter to include:
 - Price: Current offer is \$1.4mm, recommend countering at \$1.55mm (recommend we accept \$1.45mm or more)

Land Value Indication

1.519 acres	x	\$21.50 psf	=	\$1,420,000
		Less Demolition Costs :		<u>\$330,000</u>
				\$1,090,000

What's Next?

- What the buyers group will be doing during due diligence:
 - Environmental to evaluate
 - Any changes with underground storage tanks
 - Any issues related to lead paint, asbestos or other that are unexpected
 - Determining what can be done to work with / around the MGE easement
 - Designing and pricing / tentative city approval of plan
 - Street level retail + workforce housing
 - Additional tax incentives
 - Proforma
- Items with the highest risk to derail the deal:
 - Billboard (its existence prevents tax abatement – a part of making the deal workable)
 - MGE Easement
 - Environmental

Let's Pause

Gina Anderson is available today via phone to answer any questions regarding the buyers' side of the transaction.

What's Next?

- Pretty much everything... the easy part is done... the work starts now.
- What originally was thought to be a “leisurely stroll” is going to be on the clock
 - Interest rate uncertainty makes the deal more lucrative for the buyer to close sooner
 - Closing sooner exposes us to an additional \$40k per year in carrying costs in a leaseback scenario
 - Two conversations with Councilman Lucas and the pressure is already on to make this happen – and quickly

What's Next?

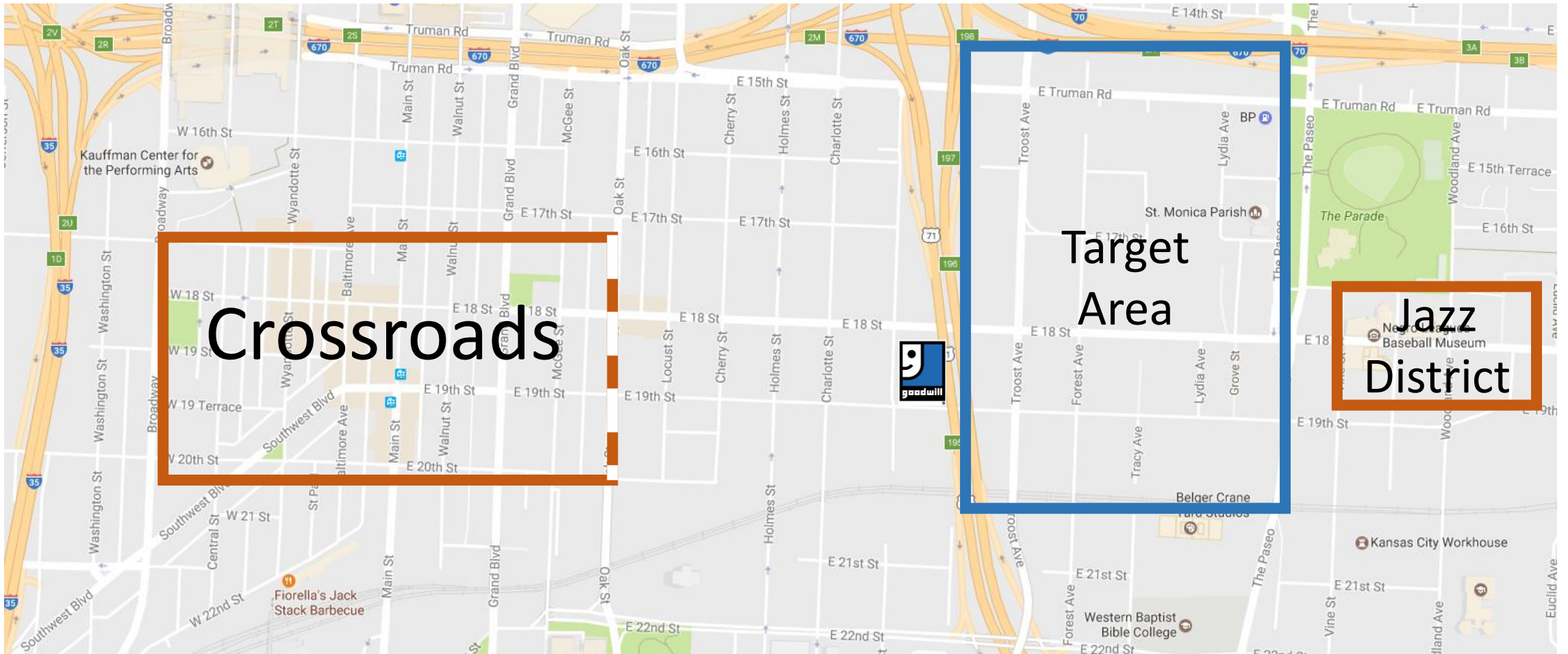
Goodwill Due Diligence (known as of 2017.05.22)

<u>Next Space</u>	<u>Funding</u>	<u>Other</u>
Space planning	Funds from sale (once received) go in board restricted CD for allocation toward new facility (or directly to acquisition of new facility, dependent upon timing)	Billboard
Rendering	Pin down city funding and other city support (LCRA, etc.)	
Parcel identification & pursuit	Engage Capital Campaign firm	
Architect	Explore public / private partnerships and other vehicles to maximize funding (target partner – developer; target methods – NMTC, TIF, other tax incentives)	
Out to bid for construction / development		

What's Next?

- We need a space for the next phase of Goodwill
 - Education focused rather than warehousing focused.
 - The easements restrict our ability to reconfigure, whereas in a multi-level parking situation, etc. it would not be the same barrier
- We need a space that is comfortable and inviting for a wide variety of users:
 - Our employees
 - Our employer partners
 - Our volunteers
 - As well as approachable and uplifting for our clients
- Cheaper to tear down a 1 – 2 story building than a 4 story building
 - The same remediation issues that exist east of here (lead based paint, asbestos) are already present in this building – and we would be demising less of it.
 - Great if there is no elevator to tear out.

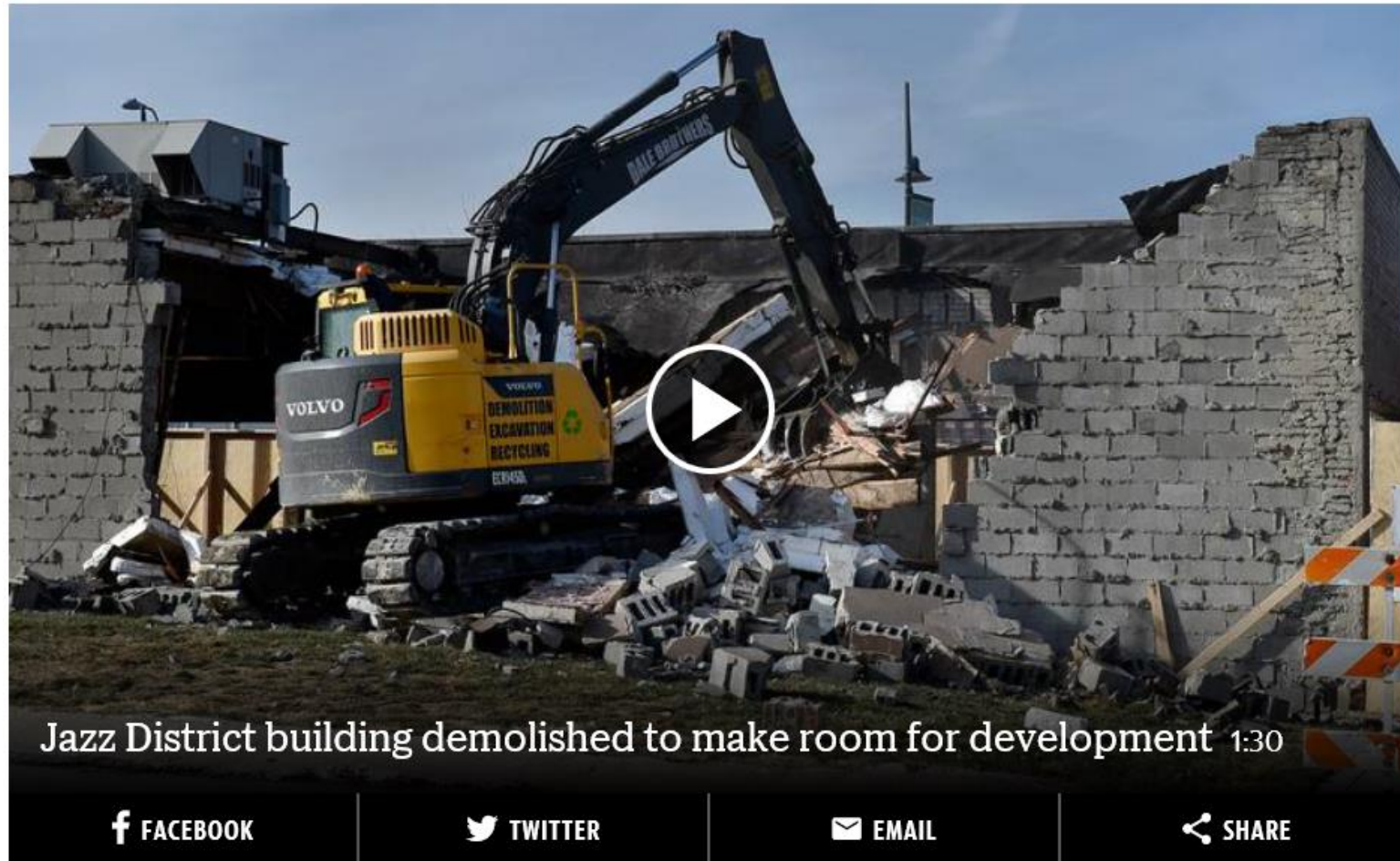
Head East, young man!





18th and Vine District joins First Fridays celebration

POSTED 12:34 PM, MAY 6, 2016, BY [KATHY QUINN](#), UPDATED AT 12:35PM, MAY 6, 2016



City Manager Troy Schulte discussed plans Monday for improvements to the 18th & Vine Historic Jazz District. The Black Chamber building, which is not historic, is being demolished at the corner of 18th and The Paseo to make room for new development. **Jill Toyoshiba** - The Kansas City Star

GOVERNMENT & POLITICS


DECEMBER 12, 2016 1:34 PM

Demolitions herald start of more improvements to 18th and Vine

Transit-oriented projects aim to catalyze 18th Street, East Village

Feb 6, 2017, 12:47pm CST

INDUSTRIES & TAGS [Commercial Real Estate](#), [Government & Regulations](#), [Transportation](#), [Construction](#), [CRE Developers](#), [Local Transit](#)

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Rob Roberts

Reporter
*Kansas City
Business Journal*



The [Kansas City Area Transportation Authority](#), which has been working on its first transit-oriented development project in the River Market, is considering two more that would make major impacts on Downtown and a key stretch of 18th Street.

New ways to get notice



the Goodwill Enterprise Campus



Becoming a developer in this area will hopefully start the rescue and restoration of a heavily blighted, (politically) high interest area

- Make friends in important places
- Raise our profile in the community
- More and more easily available funding to support our project
- The architectural equivalent of our mission / vision

- Starting as close to 71 Hwy as possible and moving East
 - Proximity to commerce
 - Proximity to bus line and distressed populations
- What would go in an enterprise campus?
 - Existing programs
 - Future programs
 - Excel Center
 - Training programs
 - Social enterprises
 - Hoteling for Partnerships
 - Admin facilities
- Where would we start?
 - Primary building
 - Existing programs + 3-5 years of workforce development programs
 - Admin facilities
 - Excel Center building
- What's after that?
 - 3 years out – additional social enterprise businesses
 - Hoteling for partnerships to provide easy proximity to wrap around service for clients
 - Imagination, need, time and capital are our only limits



Building for Our Future

