

For Board Consideration - the Sale of Campbell

The Goodwill building on Campbell has lived its life. The question is what comes next and when and how do we get there. This document covers the highlights of:

- The current offer on the table,
- The current and near-future cost of operation of Campbell,
- The infrastructure needs of Campbell,
- The "worst case scenario" if at the end of the relocation period (3 1/2 years) we have not met our objective,
- The New Building plan in the early stages of development, including projected cost of operation,
- The Funding sources (as known today) that will be used to fund the new building.

Choosing not to move forward with this sale does not change the path we have begun - a key piece of our strategic plan - that this building no longer meets our needs and alternatives need to be cultivated. Should the board chose not to move forward with this sale, staff will continue to develop plans for future consideration regarding a new space. Supporting documents can be accessed at www.mokangoodwill.org/Campbell with the actual Purchase and Sale Agreement being posted mid-week with an email notifying members of its availability.

Main points of the sale

- ◇ Price = \$1,475,000
- ◇ Goodwill (& buyer) can cancel sale in next 6 mos
- ◇ "As is, where is" - no remaining liability after close of transaction
- ◇ Closing costs estimated at \$20,000 (heavy)
- ◇ Date to relocate ~ January 2021 or sooner
- ◇ Property tax absorbed by buyer during leaseback

Most likely deal breakers

Buyer:

- ◇ Billboard
- ◇ MGE Easement
- ◇ Plans for Berkley property west of building

Seller:

- ◇ Capital Campaign Feasibility Study - ETA Dec 2017
- ◇ Remaining funding plan - Work underway & ongoing

Major Systems - Investment to Replace

This investment is before any reconfiguration or remodeling to make the space more conducive to our evolving business and mission models. This is just to bring the major systems of the building in order to sustain long-term occupancy.

◇ Roof (age unknown)	150,000
◇ HVAC - boiler/radiators (45 yrs)	217,000
◇ HVAC - AC (avg 27 yrs) *	387,000
◇ Passenger Elevator (45 yrs)	161,656
◇ Freight Elevator (45 yrs)	347,570
◇ Windows (minimum 1980s)	216,670
◇ Structure (last update 1980s)	1,000,000
	2,479,896

*does not include three units in fair or good condition

Operating & Capital Expenses



Given the age and condition of our major systems, both operating and capital expenses are expected to rise significantly over the next five years.

*see website for comparative operating expenses across scenarios

Lease information - worst case scenario

In the event that our new space is not ready at the end of the three year period after closing and we had to lease, this is how the information compares to our current costs.

Cost to move (calc'd for 2 moves)	200,000
Annual lease, 25,000sf @ \$15.00	375,000

This estimate is based on spaces currently available on the market - some in buildings with significant amounts of long-term vacant space as provided by our retail broker at Copaken Brooks and coaberrated by market information from our MSC broker at Aron Real Estate and Gina Anderson (buyer) with CBRE. Buildings have excellent access to transportation and proximity to downtown. All utilities are included in most office leases. The largest variable is parking. Some spaces in our price range have parking included, some do not.

New Building Plan

Target area - access to bus route, proximity to downtown, visibility and access to major thoroughfare. Land to expand footprint (keeping stories down) and to expand with future endeavors. Preferred - the space between Crossroads and the Jazz District. Open to looking at other locations that meet all major criteria.

I have met with three design firms in the last three weeks.



www.eldo.us/



www.i-a-a.com/



www.pendulumkc.com/

Selection of a design firm will allow us to complete space planning for a solid estimate on square footage and land needs - which in turn will allow us to estimate the total dollar amount necessary to build.

Target selection date: August 1, 2017

Target design date: February 1, 2018

Projected Operating & Capital Expenses

Capital expenses will be negligent in the first 10 years. Operating expenses are expected to drop by 60%, due to smaller operating space and more efficient systems.

	<u>2017 - 2021 Avg</u>	<u>Est Annual</u>
OpEx	198,923	79,569
CapEx	75,000	99,000
IntEx	-	120,000
Total Ex	273,923	298,569

*based on today's electrical & gas rates, including debt service @ 4% on \$3mm.

Very rough estimates at this time put us at 40,000 square feet @ \$275 / square foot. With fees, \$14mm. This is for the mission services and administration needs only. We will pursue conversations on the Excel Center as part of these discussions, but it is not currently part of this estimate and may not ultimately be a part of this initial campaign. Land acquisition for future development may, however, be considered now in planning for a campus concept.

Funding the Future

Source of Funding

Sale proceeds	
City funds	
◇ Shared Success Fund	
◇ PIAC Funds	
◇ Tax incentives (with developer partnership)	
Capital Campaign	



<http://fundraisingjba.com/>

◇ Preparation services & feasibility study	
◇ Cost to raise	
◇ Large foundations / local & national	

Target selection date: August 1, 2017

NMTC

Other

 ◇ Some design firms and other partners along the way should be able to point us to other opportunities

Bond or Bank Debt

Notes

\$1,455,000 (after closing costs)
 Second meeting w/ Councilman Lucas 7/14 (first was 4/21)
 Amount unknown and uncertain
 Amount unknown, but more certain
 Speculative, more a form of financing than contribution
 Byrne (6/2, 7/7); Hartsook (7/6)



www.hartsookcompanies.com

\$30 - \$60k to complete; ETA Dec 15, 2017 to Jan 15, 2018
 Firm fees + Director of Capital Campaign on staff
 Mabee and many more to approach, too many to list here

Target feasibility study date: January 1, 2017

Gap filler; Columbia Capital (7/6) - partner with YMCA KC



<http://columbiacapital.com/>

Bonds also discussed with Columbia Capital

What will this project represent from a board commitment perspective?

In this kind of effort, everyone's commitment increases, including the board. With an affirmative vote on July 17, we will need to form additional committees for various parts of the project - including the capital campaign. There will be a number of ways board members can contribute through various skills or connections can participate. Some will be asked to serve on ad hoc committees, some will be asked to schedule or attend meetings in the community to advocate for the project, others will be asked to support work toward the design and construction of the building.