



DATE: October 16, 2018

TO: Board of Directors

FROM: Kimberly McKinney, CEO

RE: Outparcel Discussion and Recommendations **CONFIDENTIAL**

Per the discussion at the September meeting of the Board of Directors (see minutes excerpt below). Both the Facility Needs Taskforce and Finance Committee discussed elements regarding the sale of the outparcel. Those discussions and recommendations follow below –

Facility Needs Taskforce (*10/9/18: Marc Hirshman, Nat Walsh, Bob West, Brad Beggs, Natasha Das, Amy Berg, Pattye Taylor Phillips*)

Following a discussion about applicable zoning, parking and the opportunity/desire for shared parking from the end buyer, and how certain uses can lessen the value of surrounding real estate, the taskforce prioritized the uses as (1) beneficial to community (i.e. something like Family Care Health Center, Aspen Dental, etc.), (2) restaurant including fast food, (3) office or other use that would consider a shared parking arrangement (4) gas station/convenience store. This information will be shared with NGZ as our broker. Additionally, the taskforce requested a marketing flier be provided to all members of the Board for distribution to personal contacts who may have an interest in developing the property. Flier attached.

Since the taskforce meeting noted above, I spoke with Alderman Shane Cohn who noted that he would be reluctant to provide a conditional use permit which would be required for the property to be developed as a gas station/convenience store. Additionally, a meeting was held with Family Care Health Center and that information will be shared at the board meeting.

Finance Committee (*10/16/18: Stephen Westbrooks, Bob West, John Castagno, Lisa Blamy, Mike Giger, Rob Anderson, Andy Weissler, Roger Brown, Bob Frank, Rick Sullivan, and Chris Roetheli (by phone)*).

For the sake of conversation, the Finance Committee discussion avoided a specific dollar amount and instead focused on the division of any funds that would be realized from the sale of the outparcel. Following much conversation related to the paydown of debt (long term and/or accounts payable) and/or strengthening the cash position, the committee on a motion from Rick Sullivan and seconded by Bob West recommends:

- At least 50% of proceeds be applied to paydown the \$800k Royal Bank line of credit (1% over prime, interest paid through September 30, 2018 = \$35,078) and for this amount to be considered a permanent payoff but for expenses as approved within the annual budget and/or by the Board of Directors.
- 20% or an amount not to exceed \$100,000 for cash reserves within the two organizational operating accounts.
- The remaining 30% to be applied to debt, either in the form of additional payoff to Royal and/or to vendor accounts payable based on highest need at the time proceeds are received.

Excerpt from September Board of Directors meeting minutes:

Kimberly recently received two offers from NGZ (our Real Estate Broker) for the outparcel lot adjacent to the Headquarters and ReStore. Both offers represent buyers who want to build gas stations and/or convenience stores. With the receipt and the review of these offers, Kimberly asked the Habitat Board for recommendations.

Board Members posed several questions about Habitat's needs:

- 1. Does Habitat Saint Louis need (for financial reasons) or want to sell this property now?*
- 2. What kind of business/function does the organization want to sell to (and be a neighbor with)?*
- 3. Does Habitat want community input on the type of business that should occupy the space?*
- 4. Initial considerations include: traffic, parking, safety for employees and customers*
- 5. Are there restrictions that Habitat Saint Louis wants to impose on the use of the property? On the design of the structure?*
- 6. From a Finance Committee perspective: If the property is sold, how does Habitat-STL want to use the proceeds?*
- 7. Several Board members stated that increased restrictions on use of the out lot can decrease developer interest and reduce the offer price (depending on use). The question to be answered is: "What are the priorities for Habitat Saint Louis?"*

A motion was made to ask the Facility Needs Taskforce to reconvene to discuss uses for the outparcel. The motion was made by Bob West, seconded by Nat Walsh, and approved by the Board. Board Members are invited to attend the Facilities Task Force meeting. Amy Berg will be added to the Facilities Task Force. Additionally, the Finance Committee was asked to discuss the use of proceeds at their next meeting. Both recommendations will then be presented to the Board at the October meeting.

SOUTH CITY REDEVELOPMENT
HABITAT FOR HUMANITY OUTLOT FOR SALE

NOW OPEN

Habitat for Humanity
ReStore

Habitat
for Humanity

CHIPPEWA ST.

UP TO 1.20 ACRES
+/- AVAILABLE



30,000+ VPD

S. GRAND BLVD.

3830 S. GRAND BLVD.
SAINT LOUIS, MO 63118

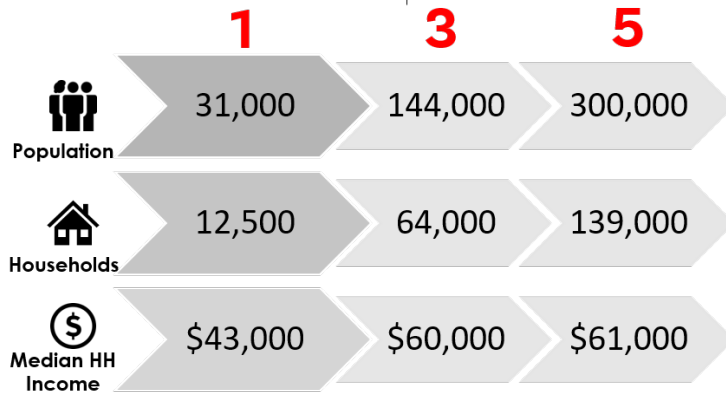
UP TO 1.20 ACRES +/- AVAILABLE FOR SALE
SALE PRICE: \$18.00 PSF

 **Newmark Grubb**
Zimmer



AREA DEMOGRAPHICS

Radius In Miles



Mission: Habitat for Humanity brings people together to build homes, communities and hope.

- Global civic organization, established local chapter in 1986
- 40 full time staff, 3,500+ annual volunteers



Mission: Provides additional financial support for the St. Louis affiliate of Habitat for Humanity, offers a lower-cost alternative to a traditional hardware store and facilitates reuse and waste reduction by diverting construction and household materials from landfills.

28,000 annual customers

7,400 generous donors

7,600 volunteer hours

42 deconstructions



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