

MINUTES OF EXECUTIVE COMMITTEE MEETING

Tuesday October 16, 2018

Meeting was convened at SWBC Corporate Office, with Board Chair Jacqui Peace presiding and the following other Executive Committee members present: Scott Gruendler, Connie Gilbert, Bobby Rios, Curtis Ruder, Rose Mary Fry, and Jimmie Keenen (Gen. Keenan by Conference line). Purpose of the meeting was to further assess the opportunity to purchase property at 215 W. Olmos. Staff present: Marian Sokol and Blair Thompson.

- 1. A Brief Overview: State of the Organization and Management Recommendation Related to 215 West Olmos Property** was presented by Marian. She highlighted advances in perceived sustainability at each of the three additional Centers that have been established over the past few years. The Rio Grande Valley CBC has gained new strength with 3 additional board members and seems to be thriving with leadership of Interim Director Randy Baker. A \$50,000 grant to the Valley Center has been awarded by the Meadows Foundation of Dallas; and a pledge of \$25,000 by an individual donor. Plans are underway to increase public contributions with a special event in spring.

Blair provided insight into the future direction of Wonders & Worries, after meeting this week with CEO Alex Gabbi. The Austin based program has a goal of independently operating that Center after 2019 and partnering with CBC for referrals and potentially even leasing/co-housing if we have space available by that time.

Paloma Place client volumes are quickly increasing, and funds from the Governor's office are available through the present VOCA grant to increase to meet demand. After the present VOCA grant ends next September, there should be an additional two- year contract awarded. The partnership with UTSA is functioning very well. An additional therapist has just been hired.

*Recommendation: It is the recommendation of staff to the Executive Committee that the building be purchased and minimal update be done, funded by a major gift campaign of approx. \$1.2 million accomplished in the 2019. In 2020, a capital campaign will be launched for major renovations for client counseling and administrative use and that campaign be concluded in 2022, for the 25th Anniversary Year.
- 2. Due Diligence Status on Building and Legal Documents-** Connie Gilbert provided a summary of facilities inspections and Facilities Committee consensus that the 215 W. Olmos property has no major unknown deficits. This is after inspections of structural, electrical, asbestos assessment and more. One additional assessment will be made for termites. There are also apparently no legal issues that cannot be easily resolved to transfer title. Attorneys Andrew Sherwood, Ryan Sullivan and Lauren Ferrero have been tracking the timeline for legal due diligence.
- 3. Financial Analysis and Evaluation of Purchase Options vs. Lease Elsewhere-** Blair has send RFP letters to numerous area banks, and has meetings planned with each regarding most favorable terms.
- 4. Long Term Strategies Related to Staffing and Resource Development-** The hiring of Finance and Development staff is an essential component of the plan. Marian and Blair have informally been interviewing potential senior level candidates for those positions, with goal of strengthening infrastructure. Resource Development Committee is also supportive of this plan, with Chair Scott Gruendler emphasizing that he prefers hiring committed staff vs. contracting with an accounting firm.
- 5. Consideration of Consultant Engagement if Decision Made to Purchase and Launch Capital Campaign-** this item was discussed, and consensus is that for this initial phase of the campaign to acquire and update the building that Bert Pfiester be engaged as the lead. The Board has great confidence in his ability to strategize and guide the Board to its goal.
- 6. Detail Regarding the Summary Recommendation and Next Steps are attached on the following page.**

Marian Sokol 10/18/2018

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PURPOSE/GOALS FOR ADDITIONAL SPACE:

GOAL 1: Provide office space for displaced Administrative Staff

GOAL 2: Provide additional space to facilitate increased program participation

FOUR (4) MODELS/FUNDING SCENARIOS:

		20-Year Mortgage Scenario		
	Lease	No Renovation	Limited Renovation	Total Renovation
Additional Square Footage	2,000	-	2,700	5,400
Building Purchase Contract	-	685,000	685,000	685,000
Remediation & Repairs	-	60,000	-	-
Renovation (\$90 per sqft)	-	-	243,000	486,000
Furniture, Fixtures, Equipment (\$20 per sqft)	40,000	-	54,000	108,000
Total Cost to Acquire & Equip Space	40,000	745,000	982,000	1,279,000
Lease Cost (@ \$25 NNN)	50,000	-	-	-
20-YEAR MORTGAGE @ 5.5%	-	62,000	82,000	104,000
Operating Costs (Tax, Util, R&M)	14,000	17,000	24,000	37,000
TOTAL COST OF OCCUPANCY	64,000	79,000	106,000	141,000
		Interest Only (Bridge Loan) Scenario		
		No Renovation	Limited Renovation	Total Renovation
Lease Cost (@ \$25 NNN)	50,000	-	-	-
INTEREST ONLY @ 5.5%	-	40,800	54,000	70,800
Operating Costs (Tax, Util, R&M)	14,000	17,000	24,000	37,000
TOTAL COST OF OCCUPANCY	64,000	57,800	78,000	107,800

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STAFF RECOMMENDATION TO BOARD OF DIRECTORS

The recommendation of executive staff is as follows:

- Execute the existing contract for purchase the property 215 W. Olmos Dr.
- Secure Bridge Loan from 1 of 5 respondents to RFP (Proposals are due Nov. 1 from BB&T Bank, Broadway Bank, Frost Bank, Jefferson Bank, and Plains Capital Bank)
- Move forward with plan for **LIMITED RENOVATION** of 215 W. Olmos Dr.
- Immediately engage in a Major Gifts Campaign to raise approximately \$1.2MM
 - Pay-off Bridge Loan (\$982,000)
 - 2-Years increased Operating Expenses (\$250,000) related to expansion

- 2020 – 2021, Conduct full-scale (est. \$4MM - \$5MM) Capital Campaign to accomplish the following:
 - fully integrate and equip both buildings
 - expand parking
 - establish facility endowment
 - secure additional operating revenue to support further expansion

- Target 2022 to “cut ribbon” on new facility in coordination with CBCST 25th Anniversary