

MEMO

Attachment D



Date: May 18, 2018
To: Board of Directors
From: Roni Luckenbill, CEO
Subject: Girl Scouts Lake Pointe Property Office Building – Decision Requested

Background: In April 2011, the Board of Directors authorized the purchase of two office buildings (11,000 square feet and 6,000 square feet) next door to the Administrative/Cincinnati Service Center. The decision was based on the following:

1. Recently merged, the council was moving toward centralizing its “back office” operations, including the finance, human resources, and some business operations in the Cincinnati office, which was believed to require additional space.
2. Limited parking and volunteer and girl meeting space were major challenges for the Cincinnati office, which provided support to 40% of the council’s membership.
3. The previous CEO felt that the negotiated price was reasonable and provided confidence that it was a good investment in a very stable business location.

How the property has been used since 2011: The original plan to renovate the 11,000 square foot building for Girl Scouts use and to continue to lease out the 6,000 square foot building was delayed. Initially this was based on economic conditions, but after a few years, was based on uncertainty about the need for additional office space. We are currently leasing 1,500 square feet of the smaller building to one tenant. On the larger building, we have made minimal improvements and used the building primarily for storage and for isolated staff and volunteer projects.

What has changed? In the past seven years since the purchase, we have experienced a shift in the way that we work, which has led us to reconsider the need to expand operations to another building. The impact of digital communication has changed the way we operate and communicate at all levels. This includes:

1. More opportunities for staff to work in the communities where members work and live; less need for office space. We have shifted our “face-time” to our communities.
2. Staff who have ties to an office can work from any city and location, using laptops, cell phones, conference calls, and webinars.
3. Less emphasis on large meeting spaces; volunteers and staff would often rather dial into an online meeting or webinar, allowing Girl Scout volunteers the time to more easily fit into their busy schedules.
4. Changes in storage needs – volunteers and parent documents are now primarily digital.
5. Recent work by the Department of Labor to change its processes led to changes in our own staff patterns, so staff are prioritizing time spent with parents and volunteers and minimizing time spent on travel and for in-person meetings.

Work to Date:

- April 2011 – Board of Directors authorized the purchase of the property for \$825,000
- September 2016 – Board motion to authorize the CEO to sign a six month agreement to work with a realtor to market and sell the Lake Pointe property at a cost that is no less than 5% over the appraised value with a minimum of \$600,000
- December 2016 – Real estate broker hired to market and sell property – no real offers received
- December 2017 – New real estate broker hired to market and sell property
- May 2018 – Offer received from developer – initial offer of \$475,000, countered with \$725,000. Buyer has communicated a final offer of \$550,000.

Recommendation: Based on the comparable sales in the Blue Ash community, we believe that this is a fair offer at this time.

1. Local real estate experts report an abundance of commercial property in Blue Ash. With the recent development of the Blue Ash airport into commercial property, as well as the sale of the P&G Blue Ash campus, sales have slowed considerably.
2. Trends show that the value of the property is in the land, not the buildings. It is likely that any buyer will demolish the buildings and rebuild on the land.
3. We have avoided any major investments in the property since purchasing it, but the requirements for capital improvements in increasing. We believe that the cost of repair and renovation could be better applied to future growth areas, including customer service and digital communication infrastructure.

Motion: That the board authorizes Roni Luckenbill, CEO, to sell the Lake Pointe property at a price of no less than \$500,000.

