

Questions and answers regarding 711 Hillsborough Street

On June 29, 2007, the Junior League of Raleigh Inc. purchased a building at 711 Hillsborough Street in downtown Raleigh to serve as its new Center for Community Leadership. The following are questions and answers regarding this purchase:

- 1) What prompted the Junior League of Raleigh (JLR) to purchase the property at 711 Hillsborough Street?

The JLR membership voted five years ago to pursue a facility that would offer additional meeting space for the organization's administrative offices, as well as training and meeting space for the JLR's community partners. The JLR hopes the Center for Community Leadership (CCL) will serve as a crossroads where community members and leaders come together to problem solve and spark change. The CCL will serve as a gift to the community, providing much needed space and services to the many organizations that, like the JLR, are making a difference in the community.

- 2) How did the JLR reach a decision to make the purchase?

The JLR conducted a feasibility study in 2001 with many of its members and community partners. Based on their feedback and suggestions, members developed specific criteria for a new facility.

At the 2007 JLR May General Membership Meeting, members learned that the JLR had entered into a purchase agreement on the property. The agreement provided for a due diligence period to allow the JLR leadership to determine if the purchase would be financially responsible.

An experienced due diligence team reviewed both the physical and fiscal dynamics of the property. The JLR's leadership is very conscious of the importance of preserving the JLR's financial assets as well as continuing to be good stewards of donor contributions. Many measures were taken to ensure a good match for the space requirements and financial capacity.

- 3) How much did the new CCL building cost?

- The cost was \$4.2 million. The property was listed at \$4.4 million. The two-story building contains approximately 28,000 square feet, including a 4,800-square foot basement with a portion set aside for mechanical and storage use.

4) Can the JLR afford this purchase?

Yes. Since 2002, the JLR has pursued the perfect location for the new CCL. That search has taken the JLR into several purchase agreements that were later concluded not to be in the best interest of the organization. Over the years, the JLR leadership has been faced with the reality that the commercial real estate market has continued to inflate. However, the property at 711 Hillsborough Street presented an attractive revenue opportunity and therefore garnered attention.

Capitol Broadcasting Co. (CBC-WRAL 101.5) currently leases approximately 19,100 square feet on the second floor and in the basement. CBC's lease was recently extended to March 13, 2009, with an option to extend for an additional year. We do not anticipate that CBC would continue to lease space at 711 Hillsborough Street for more than two to five years.

CBC's current lease will offset approximately 93 percent of the JLR's mortgage payments in the short term while allowing the League to raise the additional monies needed to finish the capital campaign.

After CBC vacates the building, the JLR could either lease or sell the 12,000 square feet on the second floor, leaving approximately 16,000 square feet for League use.

To date, the JLR has approximately \$1.83 million in resources to contribute to this investment, which includes contributions made to date to the capital campaign, expected proceeds from the future sale of the current 4,000-square-foot Headquarters and building reserves. The JLR will continue its fundraising with support from corporations, foundations and individuals.

In addition, an endowment was established several years ago to offset additional operating costs associated with a larger property necessary to run the CCL. The current balance of this endowment is \$356,000. The estimated annual income from this current balance is about \$17,000. However, this balance will grow as the JLR continues to contribute 5 percent of the net proceeds from A Shopping SPREE! and from future corporate solicitations.

The Showcase of Kitchens, which kicked off in 2007, was created to raise additional funds for the CCL, supporting additional operating costs of a larger facility.

Real estate professionals have indicated that the Hillsborough Street property will continue to appreciate in value in the short term and long term. Therefore, this is a prudent investment for the League.

- 5) If the majority of the space in this facility is leased, will the JLR have enough square feet to meet its needs?

Yes. In the short term, approximately 5,000 square feet is available to the JLR. This is 1,000 more square feet than the JLR's current Headquarters. Therefore, the JLR could feasibly move its operations to this new facility immediately, if desired. Several thousand square feet is being subleased that could become available to the league before the expiration of the Capitol Broadcasting lease.

Even though there is only 5,000 square feet available at this time, the JLR is working with an architect to determine a floor plan for the entire first floor that will meet membership criteria as well as the overall needs of the CCL. The JLR could decide to move forward with specific renovations after reviewing the design. The renovation could be staged, allowing the JLR to continue to benefit from the lease revenue.

- 6) How will this facility answer the community's needs?

The CCL will not only be the JLR's new home, but will also extend its existing networks with community nonprofits by sharing facility space and resources.

The JLR conducted research in 2001 with 15 area not-for-profit organizations (NPOs) through written and telephone interviews to evaluate the need for a new training/ meeting facility. These agencies were:

SafeChild

The Salvation Army

Prevent Child Abuse NC

Resource Intercession Ministry Inc.

House of Hope of NC

The NC Theatre

Urban Ministries of Wake County

Healthy Mothers, Healthy Babies of Wake County

Moveable Feast

Triangle Down Syndrome Network

United Cerebral Palsy (UCP) of NC Inc.

Girls on the Run of the Triangle

United Arts Council of Raleigh and Wake County

YWCA

Boys and Girls Club of Wake County

These nonprofit organizations confirmed that affordable, quality meeting and training space was needed for board meetings, staff training and retreats, volunteer training, special events, and other seminar-type programming. Many of these organizations do not have adequate space in their offices to accommodate these needs.

Currently, the JLR not only provides trained volunteers to community agencies, but also offers a variety of trainings for agencies' staffs and boards. The agencies interviewed expressed a desire to receive further training, but the JLR is restricted to small numbers for these types of training because of meeting space limitations in the current facility. The JLR could meet the needs of the overwhelming numbers for participation with expanded space.

7) What is the capital campaign's new goal?

Once the final architectural design has been approved, the JLR leadership will have a better idea of the total costs. At that point, they will be able to determine the new capital campaign goal. The plan is to finalize the building design as soon as possible, but taking the time to make sure that it meets the needs of the membership and community.

8) Will there be naming opportunities?

Yes. Once the building renderings have been created by the architect, the JLR will finalize the naming opportunities. In the meantime, the JLR is tracking gifts and pledges along with the gift/pledge date(s) so that when the naming opportunities are finalized, they can be offered to donors on a first-come, first-serve basis.

9) Whom can I contact if I have questions or concerns regarding the new CCL?

We welcome any and all feedback and suggestions regarding this building! JLR President Linda Brown Douglas-or President-elect Virginia Yopp are available to discuss your questions or concerns. Their contact information is listed below. In addition, we are currently restructuring our capital campaign committee and will communicate the new structure to you once it has been finalized.

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