

Motion to the Presbytery from the Administration Commission:

That the Presbytery purchase the Urban Village building located at 201 S 1st St, Nicholasville, KY 40356, pending an appraisal, for the price of \$315,000 (or a value not more than 10% less than \$315,000).

The bulk of the funds for the purchase price would come from money on deposit in our restricted fund which currently sits at \$316,000. We expect significant additional funds in the next couple of months from the sale of Frenchburg, Pineville, Perryville, Normal, Mays Lick and Cranks.

Urban Village Building Options

When we dreamed of Urban Village, we knew we would need space. Jeff spent a considerable amount of time searching for a place that would fit the needs of the future business and faith community but also put us amid those we were seeking to serve. Jeff was able to contact the owner, who lives in San Francisco but owned the old Post Office building in downtown Nicholasville with her brother and sister. After many conversations and negotiations, the owner agreed to lease us the building with the intent to purchase it. See the lease :

**Tenant at Will Agreement for 201 S. First St. Nicholasville, KY 40356
BACKGROUND:**

This document made August 1st, 2021, is an agreement to lease, with the intent to purchase, 201 S. First St. Nicholasville, KY 40356, and is between Urban Village/ Presbytery of Transylvania and 2 owners, [REDACTED]

Rent and Terms of Leasing Agreement

The basic terms are as follows:

- Tenant will move in by October 1st, 2021, having honored previous occupants 60-day agreement to move out vintage antiques.
- Tenant will assume a 2-year lease fixed rate at \$2000/month with the intent to purchase during or at the end of 2 year period for 315k.
- Tenant will pay initial Security Deposit of \$2,000 (1 month's rent) which will span the 2-year agreement. If building is in satisfactory condition, after the 2-year period, the security deposit will be credited back to tenant.
- With intent to purchase building, tenant will assume a type of "triple net lease." While owners will resume responsibility for building insurance and property tax, tenant will be financially responsible for general maintenance, repair, and beautification of the building/property in a professional manner, without bringing harm to the value of the building/property.

Technically, the lease ended on October 1. During our recent visit by our business coach, the heat was out and a discussion ensued about the cost needed to replace it (We have since got it working but it's unstable). As you see above, this is a triple net lease which means we are the

ones who hold the risk for any mechanical work that needs to be done. Given the potential cost to replace the heat was going to be in the \$40-50,000 range, we began asking some different questions. What would it look like if we bought the building? It was in that discussion that we discovered the language in the original lease which ended this month but tied us to a purchase price of \$315,000. Philip called the realtor who is helping us with the Frenchburg property and consulted with us on some exploration in Nicholasville. He pulled some comps and suggested that a price of around \$350,000 would be a fair price. Philip has also been in contact with the banker at First National in Nicholasville that the owner has as a contact. Unfortunately, the owner is unavailable right now due to an injury she suffered. Philip will be in contact as soon as possible.

Urban Village is making good moves in the community. Our recent block party was a resounding success and we have some income! We are also working on a plan with Wilmore PC to share Beth's work. We don't see ending Urban Village anytime soon.

That means we will need a building. We would prefer staying in the current one given all the work we've done on the building, it's location to those we feel called to reach and the ease of getting people to the building. However, if this particular deal doesn't work out, we would need to begin to find another location as soon as possible.

Below are the options the Administration commission considered:

Do nothing:

If we do nothing, the lease will be up and since there are a few others who might be interested in the building, it's likely the building would be sold and we would need to move out.

Re-Lease:

We can approach the owner and see if she would be willing to lease to us for another term. I don't know if the cost of the lease would increase or if we could negotiate some investment on her part to fix/stabilize the HVAC. I'm doubtful she will invest any money into the building. If we go with this option, we may have to upgrade the HVAC at some point soon. So far those estimates are around \$50,000. Given the interest in the building, I'm doubtful this is an option.

Buying the Building (Multiple similar Options):

- A. Presbytery buys the building for \$315,000- Presbytery uses proceeds from sale of church properties. The Presbytery would see this as an investment in Urban Village (UV). Using cash from sale of buildings to invest in another building is a good and ethical use of those funds. The Presbytery would then "loan" UV \$350,000 (approx.). This would allow UV to make some cosmetic, security, insulation, mechanical and other small modifications that need to be done. They would pay the Presbytery back \$2000/month for a period of 20 years. At 4% interest, this would yield the Presbytery roughly \$150,000 in interest. Less than what the market would provide but we'd be investing in

ourselves. Of course, this can be modified in several different ways depending on what the Presbytery decides is fair.

- B. Presbytery buys the building for \$315,000- Presbytery sifts some of its investments to investment in this property. (same plan as above just uses a different source of funds.)
- C. Presbytery buys the building for \$315,000- Presbytery secures a loan from a bank, preferably First National in Nicholasville, using some of our funds for a down payment. This would mean a loan in the 8-9% range for something in the \$315-350 range. It would be a loan we would want to have the option of paying it back without penalty.