

**Properties Recommendations Approved by the IBSA Board
March 4, 2008**

Recommendation #1

The Resource Development Committee recommends the excess farmland and pasture (approximately 271 acres) surrounding the Streator Baptist Camp be listed for sale with the intent that the proceeds be placed in a designated fund to be used for renovation or development of the IBSA Baptist Building and/or relocation to a different location by purchase or lease and/or strategic development of the Streator Baptist Camp.

Recommendation #2

a. The Resource Development Committee recommends the IBSA Executive Director work with staff and outside professionals to develop a multi-tiered plan for renovating the Baptist Building:

- the first tier focusing on upgrades in areas most likely to increase the value and marketability of the property or address urgent maintenance needs,
- the second tier focusing on improvements designed to make the Building more workable and strategically useful for IBSA staff and/or attractive to prospective tenants, and
- the third tier focusing on renovations designed to make the property more energy efficient, attractive and professionally suited to IBSA's mission and needs for the long term.

b. The Committee further recommends the IBSA Executive Director work with staff and outside professionals to investigate the availability and price of alternate locations to the Baptist Building, for purchase or lease, that are well situated, more up-to-date, and better suited to the unique needs of IBSA staff and ministries for the future.

c. The Committee further recommends that the IBSA Executive Director pursue necessary "first tier" improvements to the Baptist Building, within the parameters of budgeted and designated funds, while also pursuing sale and relocation options, with the goal of bringing a proposal to the IBSA Board for longer-term renovation or relocation based on specific offers, findings, cost estimates and strategic direction.

Recommendation #3

The Resource Development Committee recommends that the Advisory Committee of the IBSA Board be empowered to work with the Executive Director in evaluating any offers for either the excess Streator farmland or the Springfield Baptist Building meriting consideration by the full IBSA Board, and that if necessary those offers be presented to the full IBSA Board (per article VII, section 9 of the IBSA Constitution), in special session if required, and called with a minimum of seven days advance notice to Board members, allowing phone conference participation and voting by Board members unable to attend.

Background Information

Streator Property

- In 1969 Illinois Baptists purchased 436 acres of farmland, pasture and woodlands near Streator, IL for \$135,000. The Streator Baptist Camp has been built on and utilizes 165 acres for the camp buildings and programs. This includes more than 100 acres of woodlands between the buildings and the Vermillion River. The remaining 271 acres, consisting primarily of farmland (193 acres) and pasture, are not used for Camp programs, or even for hunting, but are rented to area farmers generating about \$17,000 per year after taxes.
- The 165 acre site of the Streator Baptist Camp, including the buildings and the woodlands east to the river, provides sufficient space for the Camp programs now and in the foreseeable future. 57% of the 2,150 campers who utilized the facilities in 2007 represented 28 IBSA churches while 43% were not affiliated with IBSA.
- The excess farmland and pasture, divided into three parcels, has been appraised at a combined value totaling \$1.38 million. One Realtor in the Streator area estimated the property would take “anywhere from a week to 4-5 months” to sell. Another estimated 6 months.

Springfield Property (The “Baptist Building”)

- For more than 36 years, the Baptist Building in Springfield, which cost \$1.9 million to construct, has served well as offices for the Illinois Baptist State Association. However, the building has had little upgrading of vital systems that affect staff and tenants on a daily basis. The building still operates with the original heating and air conditioning systems, single pane window glass that is inefficient in today’s expensive energy environment, and the original electrical system strains to meet the needs of modern computers and technology. Because only necessary maintenance has been addressed, the building now faces the need for major upgrades to meet modern safety, security, and building codes.
- Initial assessments of the building’s condition indicate renovation could cost \$3 million to \$4 million. Renovation exceeding 15% of 49,000 sq. ft. the building’s replacement value of approximately \$8.5 to \$10 million introduces the need to “bring the existing facility into code compliance.”
- An alternative to renovation would be to sell the building and relocate IBSA offices to another facility in the Springfield area, either a new building or an existing building that could be either purchased or leased. Initial estimates for building a new, smaller building sized only for IBSA’s needs (no tenants) range from \$4.7 million to more than \$7 million. (A building the size of the current Baptist Building would cost approximately \$8.5 to \$10 million to build today.)
- Eleven tenants in the Baptist Building currently pay a total of about \$180,000 per year before taxes, utilities and other overhead costs.
- A January, 2008 appraisal of the facility placed the value of the Baptist Building at \$2.25 million. However that appraisal is \$100,000 less than a 2006 appraisal and \$600,000 less than an

appraisal in 2002 – a loss in value of \$100,000 per year, and a depreciation of 21% over six years.

- The company that appraised the Baptist Building estimated that it might take 12 to 18 months to market and sell the Baptist Building.

Finances

- Year-end 2007 financial reports show income over expenses of around \$439,000. The Resource Development Committee proposes that about \$120,000 of that go into the “Emergency Fund” (requiring both Executive Director and Board Chair approval to access), bringing it up to just over \$200,000, and that the remaining amount be moved into the Executive Director’s “Strategic Initiative” designated account, to leave it flexible for both unexpected ministry opportunities and emergencies, and/or for needs related to properties and facilities.

- Because the 2006 Illinois Mission Offering was designated primarily for church planting, but the 2007 Offering was received in support of the overall 2008 budget, there are “double resources” available in 2008 for church planting – the approximately \$470,000 in the designated fund and about that much in the 2008 budget. IBSA staff’s plan is to spend the designated funds first in 2008, and so, if expenses are limited to the budgeted plan, there may be approximately a \$470,000 “planned underspend” in the 2008 budget that could be available for properties needs in early 2009.

- This would provide almost \$600,000 to use for properties needs throughout 2008, with an additional \$470,000 or more possibly coming available in early 2009. This amount, along with the equity in the current properties (\$1,383,600 Streator farmland and \$2,250,000 Springfield building) would provide a total resource pool of around \$4.7 million with which to make this renovation/relocation decision, and to consider possible improvements to the Streator property.