

Negotiations

Messiah's determination of "Market Rate" for office space rent in Auburn was \$16.00 to \$18.00 per square feet on an annual basis. It tips toward the higher number when utilities are included.

Messiah's current estimated cost per square foot in 2018 is \$11.55 per square foot on an annual basis.

Messiah initially offered 2025 square feet at \$18.00 per square foot, prorated to a ten-month lease. (2025 x \$18.00 = \$36,450.00 x .833 = \$30,363.00 annual cost to the Auburn School District (ASD))

Based on previous experience with Northwest Family Church, the ASD offered \$8.88 per square foot annually, for 2025 square feet, prorated to a ten-month lease. (2025 x \$8.88 = \$17,982.00 x .833 = \$14,979.01 annual cost to the ASD)

After consulting with the Executive Team, I offered the ASD \$14.00 per square foot, pending council approval. (2025 x \$14.00 = \$28,350.00 x .833 = \$23,616.00)

I met with Cindi Blansfield and her team today. After a good conversation, I believe we might be able to move forward with a yearly step approach over 5 years:

Year 1: \$12.00 per square foot / Annual ASD Cost = \$20,242.00

Year 2: \$12.50 / \$21,085.00

Year 3: \$13.00 / \$21,929.00

Year 4: \$13.50 / \$22,772.00

Year 5: \$14.00 / \$23,616.00

Year 6 and beyond: small, percentage increase to cover cost increases.

Included in the annual, ASD cost:

Use, Monday through Friday, 7:30am to 4:30pm of Classrooms A, B, C, D, & F

Classroom F (Office) will always be unavailable to us. Classrooms A, B, C, and D available for Messiah use on weekends, and all of July and August.

Use of north and east hallways

Use of bathroom connected to classrooms A & B and bathrooms near Gathering Space

All utilities and janitorial service, except for phone.

ASD can open the gate, during the school day, on the east side of our property, for bus access.

ASD can add a window and door between classrooms A & B and C & D

Playground will not be substantially changed. ASD will bring in toys that are age appropriate.

Thoughts:

Our Lease Team has a strong lease template. It is being updated. I recommend that the template be legally reviewed soon, before the ASD & Seventh Day Adventists sign and before New Covenant renews.

Our staff understands the parameters of what the ASD needs. There will be some challenges and growing pains. However, there will not be obstacles that cannot be overcome. It will take patience and flexibility on the part of all parties, but it's an exciting move forward for Messiah.

The ASD truly understands this as a partnership, one in which they are seeking sustainability, even beyond the 5-year, initial term. They will speak to our Auburn community about the benefits of this partnership. However, during these 5 years, we as Messiah can explore if we are called into a new mission / ministry with kids. Our conversations internally will affect what we do after 5 years.

I recommend that we move forward by offering the cost concept, outlined above, to the ASD and enter into partnership with them.