

Date: April 14, 2021

To: SCLS Board of Trustees

From: The Building Needs Assessment Workgroup

Re: Request to increase the approved building project budget

Devin Flanigan, our project manager from Keller, informed us on Monday, April 12th that he had consulted with other professionals in the construction industry about our project to get the most accurate cost estimates possible before we move any further into the process. With the pandemic, construction materials have been harder to access, but the demand has stayed high, causing the cost for materials to increase. There's a possibility that costs could come back down next year, when we're ready to build, but we can't count on that.

After Devin's consultations, as well as factoring in costs for furnishings, MUFN fiber, technology contingency, he estimates the projected cost for our building project to be an additional \$500,000. Our options at this point are to increase our budget an additional \$500,000 or to reduce the size of our building 2,500 square feet. We have already cut and/or refined all areas of our building to reduce it to 35,000 square feet. To reduce it further would drastically affect the functionality of the building. For example, to cut another 2,500 square feet would be equal to removing 20 offices; or removing all of our meeting spaces. These are not viable options.

The group then explored the cost to add an additional \$500,000 to our loan with the Wisconsin Board of Commissioners of Public Lands (BCPL). Running a simple mortgage calculator at 4% interest over the 20 year life of the loan, it would add an additional \$3,000/month to the mortgage payments, or a total of \$33,000/month. Currently we pay \$31,000 per month in rent. Our lease agreements have annual escalators built into them and we calculated that by 2023, our rent will have increased to \$33,000/month. Therefore we feel that increasing our building loan budget to \$5,500,000, plus the approved use of \$500,000 of general contingency funds, will meet the budgetary requirements of our building project while maintaining the size and functionality of the building design.

BCPL has been consulted on the possible increase in our loan request to a total of \$5,500,000. Richard Sneider, their Chief Investment Officer presented our project to the BCPL Investment Committee on Tuesday of this week and reported back to us that the news of our loan was positively received by the committee that it all looks good and they look forward to working with us. Therefore, we would like to ask the SCLS Board of Trustees to approve an additional \$500,000 at the April 2021 Board Meeting for the SCLS building project budget.

Thank you.