



SAME Executive Committee Meeting Minutes

0700 – 0800, November 20, 2019

Kay Bailey Hutchison Convention Center, Dallas, TX

Attendance

X	President	Wendell	Barnes	X	Chair, Young Member COI	Victoria	Mechtly
X	Chair, Enlisted COI	Adam	Boubede	X	Chair, Foundation*	John	Mogge
X	Elected Director	Michael	Darrow	X	Elected Director	Charles	Perham
	Past President	Marvin	Fisher	X	Counsel*	Harold	Rosen
X	Vice President	Mark	Handley	X	President-Elect	Heather	Wishart-Smith
X	Reg Vice President	Anthony	Higdon		Vice President	Neal	Wright
X	Chair, Energy & Sustainability COI	Dave	Howe	X	Executive Director*	Joe	Schroedel
X	Vice President	Robert	Keyser	X	Governance/Secretary*	Kathy	Off
	Treasurer*	Rich	Khalil	X	Finance*	Will	Hoffman
X	Reg Vice President	Sharon	Krock	X	Office Manager*	Natasha	Rocheleau
	Reg Vice President	Miro	Kurka				

* Non-Voting

Meeting started at 0700 with a quorum.

Meeting Intent: The specific intent of this special meeting was threefold:

- Approve relocation of the National Office in principle.
- Approve the issuance of a letter of intent to NSPE to finalize negotiations for the relocation of the SAME National Office Staff to 1420 King Street (Washington Engineering Center, owned by NSPE).
- Determine the manner in which the XC desires to oversee the negotiations from this point forward to decision.

Discussion: SAME Executive Director, Joe Schroedel, gave an overview of negotiations to date, along with data on the state of the building, historical data, and other pertinent information (Encl 1). XC members agreed on many things:

- Everybody agreed with the analysis on the state of the building and the need to find more suitable space.
- All agreed that the Century House was purchased as an investment and now is the time to leverage the investment to serve the Society’s needs.
- The general consensus is that capital assets are only one indication of the permanence of an organization. The XC then agreed that the right approach now is to sell the Century House to leverage the investment (it is a hot seller's market); then rent until (or if) the time is right to purchase (Best option: NSPE has agreed in principle with including a provision in our rental agreement for the future sale of the space we intend to initially rent).
- All agreed that an asset analysis should be completed for the next 25 years. The XC suggested approaching a sustaining member for pro-bono work. Additionally, this gives Joe and his staff time to ensure a proper fit and evaluate the market for the best time to buy. Subsequently, Joe tasked Will Hoffman to ask our financial consultant for an estimated cost of doing the analysis.
- NSPE and SAME have synergy that can be expanded with the co-location.
- While there are no emotional ties to the Century House for the staff, it is important to remain in the same general location to retain accessibility.
- No XC members were concerned with member or sustaining member ties to the building. In fact, at the follow-on Foundation meeting, Lt Gen (R) Gene Lupia described his role in securing the Century House and how his work helped him get his Fellowship and the Sverdrup Medal. He was perfectly fine with selling it. One member noted the importance of outreach to mitigate any concerns.

- No members were concerned with the size (NSPE property is bigger than Century House) and in fact, noted the trend towards teleworking as a means to grow the staff (if desired) without requiring more space.
- The group agreed that all decisions need to serve the Society's purpose.

Decision: The SAME XC approved the relocation and issuance of the letter of intent to NSPE. They felt that decisions should be made with a "stage gate" process; Joe will inform the XC of major milestones with the final decision made by the Board of Direction.

Next Steps:

- Joe will issue the letter of intent to NSPE.
- The National Office will conduct the asset assessment as requested.
- The National Office will provide a detailed milestone list for the XC use in determining points of engagement in the process. The XC decided not to form a panel for subsequent updates. Instead, the XC desires to keep the entire XC engaged throughout the process.
- The National Office will provide an update at the December 12 XC virtual budget meeting.



BG Joseph Schroedel, P.E., F.SAME, USA (Ret.)
Executive Director

Encl 1: XC Slides

ENCLOSURE 1



Proposed Relocation of the SAME National Office

20 November 2019

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RECOMMEND: That the XC:

- approve the relocation of the National Office in principle;

- approve the issuance of a letter of intent to NSPE to finalize negotiations for the relocation of the SAME National Office Staff to 1420 King Street ("Washington Engineering Center"; owned by NSPE);

- appoint a *leadership panel* to oversee and review the final relocation plan and negotiations with NSPE; then report to the XC for final decision.

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Why are we located at 607 Prince Street?

"Simply stated, we were priced out (of our DC office) the same way AUSA, ADPA, TROA, and other D.C.-based societies were. Alexandria offers a professional environment; it is close proximity to all key military engineering offices, the airport and the capitol – ideally meeting all location criteria. ... and an excellent business venture. Since we are 75% 'dues dependent' for income (as are similar societies), any 'growth in rent' as predicted, would have hit each member hard in the pocket".

Walt Bachus memo, undated, circa 1980

Staff Size: 1979: 13 fulltime, 2 part-time; 2019: 26 fulltime, 1 contractor (HR)

Revenue: 1979: \$467K; 2018: \$7.36M

Currently 28% dues dependent

Who named the building the "Century House"?

"The SAME Headquarters gets its name from its prior owners who coined 'the Century House' because it was well over 100 years old. This was done at the time of the bicentennial in 1976 when the Century House was one of about a dozen town homes selected by the city on the bicentennial open house walking tour. ... It is an ideal location and fits our size and needs perfectly. It is also a great financial investment."

Tour Guide Notes for the Century House, Walt Bachus, undated circa 1980

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Why relocate and why now?

WHY: Take care of the national staff to better serve the Society:

- **Staff Safety:** injuries; non-ADA compliant; fire escape; electrical outlets
- **Staff Health:** flooding; climate control (poor insulation); vermin; plumbing issues
- **Staff Productivity:** vertical configuration; compartmented; parking impact (move cars); IT/comms/power outages
- **Staff Workspace:** staff size = 27 (two in hallway; three remote; potential growth); no breakout; rent storage space
- **Public Transportation Access:** inconvenient for staff and visitors (metro; transportation subsidy)
- **Staff Parking:** inadequate; constrained; disrupt work to move car (double parking arrangement)
- **Historic Property:** complex and expensive to alter to meet needs (approvals, cost, materials, etc.)
- **Neighborhood Transition:** adjacent hotel development on west side (National Missing Children's Association moved) will exacerbate parking on Prince Street, add competition in rear; adjacent apartment development on east side presents similar issues

WHY NOW: Unanticipated opportunities:

- Unsolicited standing offer from hotel development next door (\$2M without appraisal)
- Unexpected Opportunity with NSPE (1420 King Street; "Washington Engineering Center" near King St Metro)
- Favorable Market Conditions (seller market)

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Hotel at 699 Prince Street and apartments at 605 Prince Street



27 people, double parking required. Parking in background goes away with construction



Entrance and exit single-lane alleyway to parking behind Century House; vehicle blocking lane

Why Relocate?



Inadequate functional space for logistics, staging, shipping and storage for events



Office cubicles at end of hallways, and inefficient 12 ft ceilings and 8-ft wide corridors

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Relocation Objectives

Provide 5966 sf (min) to 7236 sf (max) to accommodate current and potential staff (31 employees); ensure flexibility of space; newer facility; configure staff to maximize productivity.

Resolve all current staff impact issues (slide 4) to enhance support to the Society.

Remain in Old Town Alexandria to continue to leverage location (access to DC, central to employee residences, convenience for visitors); avoid flood prone areas and heavy traffic prone areas (move west of Henry Street).

Locate closer to King Street metro (expand employee use of public transportation subsidy, improve public transportation and chain hotel convenience for visitors).

Minimize lease risks (cost escalation; termination).

Sustain Long-term affordability.

Leverage Century House investment to support *Strategic Plan 2025* (potential to contribute Foundation, new capital asset, etc). **NOTE: NO FEDERAL OR STATE CAPITAL GAINS TAXES IF SELL (potential gift to Foundation, ...)**

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Suitability of Courses of Action (“Does the COA Meet Relocation Objectives”)

- COA #1:** Remain in 607 (Prince Street) – **unsuitable**; cannot meet objectives; some mitigation achievable, but staff safety, health, productivity remain impacted; long term impact of neighborhood changes unknown
- COA # 2:** Lease 607 and lease new site – **suitable**; meets all objectives
- COA # 3:** Sell 607 and Lease new site – **suitable**; meets all objectives
- COA #4:** Lease 607 and purchase new site – **suitable**; meets all objectives
- COA #5:** Sell 607 and purchase follow on – **suitable**; meets all objectives
- COA #6:** Sell 607 and lease plus acquire interest in new site – **suitable**; meets all objectives

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Relocation Action Timeline To Date

- June 2018:** Developer for former Center for Exploited Children (next door) meets with XD and Allison Ingram – informs of development and construction impacts on SAME parking; offers to purchase Century House (we said no, developer said opportunity good for one year); coordinates easement for trash truck turning.
- May 2019:** Opportunity to meet with McBride Real Estate Services to consider what options might exist in local area for office space. Partnering discussion with NSPE leads to NSPE interest in our potential to move.
- June 2019:** Signed Representation Agreement with McBride to sell or lease 607 Prince Street and new office space leasing; appointed Relocation Team (John Medeiros, Natasha Rocheleau, Will Hoffman).
- June 2019:** Met with NSPE to look at available space – decided inadequate for our needs.
- July 2019:** Preliminary discussions with McBride and Benton architects to consider program size and begin to scope potential lease/buy options
- Aug 2019:** NSPE notified us they consolidated their space and assembled 7,200 SF for SAME consideration.
- Aug 2019:** Met with McBride on initial leasing/purchasing considerations. Construction representative assessed Century House for needed work and established \$2.79M as high end for market listing of Century House. Down selected from 14 lease/purchase options to 5 lease options and one purchase option.
- Sep 2019:** Conducted independent audit of financial considerations.
- Sep 2019:** After first test fit, space in Washington Center determined still too small for SAME needs.
- Sep 2019:** Conducted tour of remaining options and down selected to three options – 2051 Jamelson; 225 Reinekers; and 1420 King Street remain.
- Oct 2019:** Met with NSPE and they told us we could co-use some functions including their large conference center in order to fit in the building.
- Oct 2019:** Down selected to 1420 King Street as primary and most feasible COA ... intangibles plus lowest cost

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Suitable Relocation Sites (Down Selected from 14 to 3)

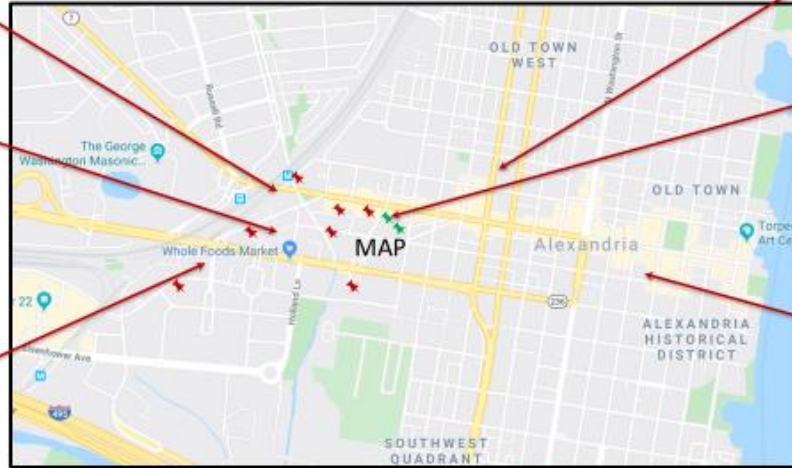
Metro



225 Reinikers



2051 Jamieson



★ Hotel locations near NSPE

★ Parking locations near NSPE

Henry Street



**1420 King – NSPE
Built 1984**



**607 Prince
Built 1850**

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Independent 5-year Financial Analysis of Best Lease Options in Old Town Alexandria

	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Total	Ranking
Baseline M	\$ 1,049,878	\$ 1,171,897	\$ 1,302,796	\$ 1,443,134	\$ 1,593,497	\$ 6,561,202	
Sell Century House	\$ 2,126,500	\$ 93,969	\$ 97,312	\$ 101,205	\$ 105,254	\$ 2,523,840	3
Lease 2051 Jamieson Avenue - Counter	\$ (440,312)	\$ (424,097)	\$ (422,473)	\$ (420,779)	\$ (419,004)	\$ (2,126,667)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 2,736,066	\$ 841,369	\$ 977,633	\$ 1,123,560	\$ 1,279,747	\$ 6,958,375	
Lease Century House	\$ 185,958	\$ 209,051	\$ 215,577	\$ 222,299	\$ 229,223	\$ 1,062,108	6
Lease 2051 Jamieson Avenue - Counter	\$ (440,312)	\$ (424,097)	\$ (422,473)	\$ (420,779)	\$ (419,004)	\$ (2,126,667)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 795,524	\$ 956,851	\$ 1,095,898	\$ 1,244,654	\$ 1,403,736	\$ 5,496,645	
Sell Century House	\$ 2,126,500	\$ 93,969	\$ 97,312	\$ 101,205	\$ 105,254	\$ 2,523,840	2
Lease 225 Reinikers Lane - Counter	\$ (438,757)	\$ (422,780)	\$ (421,403)	\$ (419,957)	\$ (418,440)	\$ (2,121,336)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 2,737,621	\$ 842,686	\$ 978,705	\$ 1,124,382	\$ 1,280,311	\$ 6,963,706	
Lease Century House	\$ 185,958	\$ 209,051	\$ 215,577	\$ 222,299	\$ 229,223	\$ 1,062,108	5
Lease 225 Reinikers Lane - Counter	\$ (438,757)	\$ (422,780)	\$ (421,403)	\$ (419,957)	\$ (418,440)	\$ (2,121,336)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 797,079	\$ 956,168	\$ 1,096,970	\$ 1,245,476	\$ 1,404,280	\$ 5,501,974	
Sell Century House	\$ 2,126,500	\$ 93,969	\$ 97,312	\$ 101,205	\$ 105,254	\$ 2,523,840	1
Lease 1420 King Street - Counter	\$ (239,989)	\$ (223,805)	\$ (221,862)	\$ (220,040)	\$ (218,136)	\$ (1,123,582)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 2,936,439	\$ 1,041,861	\$ 1,178,246	\$ 1,324,299	\$ 1,480,615	\$ 7,961,460	
Lease Century House	\$ 185,958	\$ 209,051	\$ 215,577	\$ 222,299	\$ 229,223	\$ 1,062,108	4
Lease 1420 King Street - Counter	\$ (239,989)	\$ (223,805)	\$ (221,862)	\$ (220,040)	\$ (218,136)	\$ (1,123,582)	
Revised Net Income, Adjusted for Non-Cash Items	\$ 995,897	\$ 1,157,343	\$ 1,296,511	\$ 1,445,399	\$ 1,604,584	\$ 6,499,728	

- Assumes a 5% revenue growth and a 4% expense increase
- Does not include capital reserve account for infrastructure (\$25-\$35K/year)
- Sensitivity analysis showed positive results at 0% revenue growth

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Century House: SAME Financial History (1980 – Present)

1980: Purchased (\$725,000) (building and parking lot); appraisal (\$730K);
(only SAME capital asset)

1980: Roof Upgrade - \$1,124 (part of closing costs)

1988: Paid off mortgage (*Society Home Fund, 1980-1987 - \$600,000*)

1992 – 1996: Minor Upgrades - \$94K

2004: Property Appraisal (\$1.5M)

2004 - 2014: Upgrade: 1st floor, front windows, bathrooms, utilities,
IT (cabling), kitchen, FF&E - \$728K (*donations ...*)

2015 - 2019: Upgrade HVAC, plumbing, FF&E - \$45K

2019: Market Assessment (\$2.795M);

- Inspection: (porch, aging roof and mechanical systems, electrical,
Estimate: \$160K)



Summary	
Purchase	\$725,000
Upgrades	\$867,000
Market Analysis	\$2,795,000
Capital Fund	\$0
Deferred Maint (est.)	\$160,000

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Operating Cost Comparison (Feasibility)

	Century House *	Lease Options **		
		King Street	Jamieson	Reinekers
Facility SF	6283 SF	7177 SF	9000 SF	9000 SF
Cost per SF		\$26.50/SF	\$39/SF	\$38/SF
Actual Annual Lease Costs ***		\$150,477	\$281,632	\$274,411
Century House Annual Costs				
Repairs & Maintenance	\$32,645			
Capital Reserve ****	\$34,292			
Taxes	\$34,335			
Property Insurance	\$9,419			
Utilities	\$14,964			
Rental Storage	\$3,720	\$3,720	\$3,720	\$3,720
Total Annual Operating Costs	\$129,375			
Monthly cost comparison	\$10,781	\$12,850	\$23,779	\$23,178

* 5-year average at 4% expense increase

** 5-year average at 2.75% escalation, rent abatement, and improvement allowance/depreciation

*** Actual lease payments after rent abatement, deferred payments, escalation, etc.

**** Estimate of capital infrastructure reserves if Century House is retained

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Acceptability

(Risk/Reward; Virtual and Opportunity Costs)

Acceptability Considerations:

SM Backlash (Purchase, Reno Investment)
 Retain Capital Asset (image: enduring society)
 Landlord Duties (if lease 607)
 Lease Escalation Risk
 Lease Termination Risk
 Leverage Hot Real Estate Market
 Historical zone (real estate market hedge)

NSPE COA (lease or buy) best minimizes acceptability issues

Current 1420 King Street Negotiations (NSPE)

- First Floor (7,177 SF) with no other tenants
 - 15-year lease with 5-year option
 - Annual escalation @2.75%
 - \$2 increase/SF at year 11, no escalation years 11-15
 - \$85/SF for buildout (asking \$90/SF)
- 15-month rent abatement (9 months 1st year, then 3 months each in years 2 & 3)
 - Renew option every 5 years
- NSPE Purchased building with intent of attracting other AEC Organizations (Math Counts, etc)
 - NSPE will consolidate their staff to accommodate contiguous space for SAME
 - NSPE agreed to co-locating functions (eg Logistics, major conference room)
 - NSPE has had two tight fiscal years – they are motivated to deal (find long term win-win) in order to increase occupancy of 1420 King St

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Relocation Action Timeline Going Forward

2019

Nov: XC approves (letter of intent to NSPE; negotiations continue)

NSPE Board accepts letter of intent and approves continued negotiations

Approve test fit for 1420 King St

Dec: Present Build Out budget associated with relocation to the XC in conjunction with the FY 2020 Budget Briefing (virtual)

2020

Jan: Convene XC Leader Panel (physically or virtual) – get onboard

Feb: Lease execution

Mar: NSPE begin their construction build-out

May: Put Century House on market to sell

May: SAME begin construction build out

c. Sep: Move into new space – Best timing for the staff

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Recommendations

Approve the relocation of the SAME National Office in principle;

Approve issuance of a letter of intent to NSPE;

Approve national staff proceeding with negotiating draft deal with NSPE (XC Final approval authority);

Appoint a leadership panel to oversee negotiations and render a final recommendation to the XC when negotiations are concluded.

BACKUP SLIDES

Taking Care of our People

- Workspace can't be resolved without significant construction or alteration
 - Safety and health considerations – fire escape, stairs, flooding, environmental and vermin
 - 2-3 people in “bedrooms”, desks in hallways and staff spread over four floors
 - No accessibility considerations
- National Office size today and future
 - Staff currently at 27 people with no room to grow (anticipate growing modestly)
 - Three people currently work remotely; not adequate space if in the building
 - 20 “double-parked” parking spaces “Frogger” each day
- Commuting times continue to increase – “DC effect”
 - Staff productivity less than optimal
 - Very limited public transportation (metro bus and sporadic trolley)
 - Metro & VRE one mile away; inconvenient for staff and visitors
 - Limited staff use of transit subsidy

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Neighborhood Impacts

- Transportation congestion
 - Traffic going east, south and west takes up to 30 min. to exit “Old Town”
 - Limited public transportation service available
- 699 Prince St. conversion (next door)
 - Main lobby entrance, valet parking service located on Prince St
 - Rooftop bar, 134 bedrooms, restaurant, conferencing, stores and events
 - Off-site parking only; constant come-and-go vehicle traffic
- 609 Prince St. conversion (next door with common wall)
 - Convert from office space to multiple short-term rental apartments
 - Increased vehicle and foot traffic with no on-site parking

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Function	Current		Proposed		
	SF	Persons	Persons	Min SF	Max SF
Executive Director	189	1	1	230	250
COO & Directors	470	3	3	390	480
Supervisors	560	4	4	480	600
Program Manager Offices	190	4	5	550	600
Staff Cubicles	781	13	16	976	1320
Intern/Hotel Space	166				
Support Space	1302	2	2	1556	1840
Conference Room	521			790	940
Mechanical/Electrical/Copiers/Printers	254			0	
Subtotal	4433			4972	6030
Corridor Space	1250			0	0
Core factor (20%)	0			994	1206
Totals	5683	27	31	5966	7236