

## **Building Fund Committee Report April 2008**

With the blessing of the membership at last year's 2007 AGM in Red Deer, a committee was formed to investigate the feasibility of the Association purchasing office space. The Executive Committee appointed Arthur Lerner, Lawrence Buchart, Glen Snelgrove, Stan Dilworth and myself Wayne Kelly to review possible options.

The Executive gave the building fund committee direction on office space type and criteria, a budget of \$150,000 towards obtaining a pre-approved mortgage, and arranging for a realtor.

Space type options included:

1. House conversion purchase
2. Existing condominium purchase
3. Freestanding commercial property purchase.

Space Criteria

1. 1,500 to 2,500 square feet
2. 2,000 to 2,500 square feet
3. 3,000 to 3,500 square feet

Space requirement suggestions for the Association's use would be around 1,550 square feet:

1. 150 sq. ft. storage
2. 150 sq. ft. office
3. 150 sq. ft. office/library
4. 300 sq. ft. reception
5. 100 sq. ft. kitchen/wash area
6. 100 sq. ft. washroom
7. 600 sq. ft. boardroom

A minimum of 2 dedicated parking stalls and ample free parking is required

Pre-approved Mortgage:

The Executive gave the Building Fund Committee approval to approach the Toronto Dominion Bank with a budget of \$150,000 to determine the feasibility of a five-year, ten-year and 20-year mortgage.

In discussions with the bank on December 18, 2007, there seemed to be no hesitation on their part to approving a business loan at prime with the option to pay out at certain intervals. The general requirement would be 20% as a down payment. Payment options were given to us in terms of interest rates at that time:

Assuming a property cost of \$550,000 with a down payment of \$150,000 resulting in a loan of \$440,000

1. 20 year mortgage payments would be \$2,848 per month
2. 15 year mortgage payments would be \$3,359 per month
3. 10 year mortgage payments would be \$4,426 per month

Assuming a property cost of \$385,000 with a down payment \$150,000 with a loan of \$235,000

1. 20 year mortgage payments would be \$1,675 per month
2. 15 year mortgage payments would be \$1,973 per month
3. 10 year mortgage payments would be \$2,600 per month

The Executive had proposed that a purchase option was to be fulfilled within a 10-year period. The following would also be necessary costs to factor in addition to the purchase price of property (not generally part of a rental agreement):

1. Property taxes (based on a property worth \$550,000 estimate \$7,500)
2. Power and water utilities
3. Security system
4. Renovations
5. Property insurance
6. Property manager
7. Possible condo fees
8. Janitorial fees

Realtor:

To date we have not solicited a realtor as we are currently looking at a few locations. A few unsolicited quotes have ranged anywhere from \$200 to \$300 per square foot for condominium space purchase.

Currently we are paying rent of \$1,308 per month, with about 1 1/2 years left on our 3-year lease [Note (October 2008): Current lease ends September 30, 2009 and rent increased to \$1,499 per month beginning July 1, 2008]. Unfortunately at this time we have no confirmed space type that meets our requirements. The Building Fund Committee will continue to look for office space that will meet our needs and report back to the Executive and membership.

Respectfully submitted,  
Wayne Kelly, AMAA, Chairperson  
Building Fund Committee