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United Way's headquarters financing 'smoothly complicated'

by John Rebchook

Christine Benero, president and CEO of Mile High United Way, describes the financing of the nonprofit's new headquarters as "smoothly complicated."

Construction began last summer on the \$22 million, 63,000-square-foot building at 711 Park Avenue West in the Curtis Park neighborhood near Five Points and downtown Denver.

"To our absolute delight the financing has come together very smoothly," Benero said, but because all of the moving pieces it was also extremely complicated.

Mile High United Way was founded in Denver Oct. 16, 1887. It is the oldest United Way in the U.S.

Two years ago, the board of trustees for Mile High United Way determined it should look for a new home.

"We have been in our current building for the past 28 years," Benero said.

"The board, very wisely, determined that we should put out feelers regarding selling the building in Highland, considering everything happening in the Highland area," she said.

The neighborhood has gone through a tremendous Renaissance and now boasts apartment communities that receive the highest rents in all of Denver.

"It was a very diverse and wonderful neighborhood when we moved into our building. Who would have known that 28 years later it would be the hottest real estate in town?"

Last April, as first reported by CREJ, Mile High sold its building site to Southern Land Co. for \$10 million.

That money will cover almost half the construction cost of the new building, which is scheduled to be completed in August and occupied next fall.

"We worked with Jones Lang LaSalle to sell the building and we had a tremendous relationship with them," Benero said.

"They did a great job for us and they have been great supporters of Mile High United Way," she said.

When Mile High United Way sold the building, the site was not yet chosen for its new headquarters, but Southern Land Co. gave it time.

One of the purposes of a new building is to help that neighborhood economically.

That is part of its mission and what it did in Highland almost 30 years ago.

"To fulfill our mission, we ended up looking at over 30 pieces of property," Benero said.

"We ended up buying this land in historic Curtis Park from the Denver Housing Authority," she said.

"We really think this is a wonderfully diverse neighborhood that is on the brink of a real transformation," she said.

"They call this a gateway to downtown."

Denver Mayor Michael B. Hancock called Mile High United Way's decision to construct its building in Curtis Park a "turning point" for the neighborhood that he said would be the catalyst for a wider transformation for residents and businesses in the area.

Mile High United Way bought the 47,000-sf property from DHA for \$1.5 million.

One thing the board made clear was fundraising for the more than 100 programs sponsored by Mile High United Way could not go toward the new building.

In fiscal 2013, it raised \$14.6 million in unrestricted donations, but none of that money is earmarked for the building.

"We held a 'quiet' capital campaign to fund the building," Benero said.

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By quiet, she said, it targeted certain groups and organizations, rather than launch a public effort to fund the building.

To date, it has received gifts from a number of organizations including:

- Morgridge Family Foundation – \$4 million;
- The Anschutz Foundation – \$1 million;
- The city and county of Denver – \$1 million; and
- PCL Construction – \$200,000.

PCL is also the general contractor on the design-build headquarters. Davis Partnership Architects is designing the LEED Silver-certified building.

In addition, CoBank last November agreed to give \$1 million for the new building.

"Mile High United Way has been an essential part of the fabric of this community for more than 100 years," Mary McBride, CoBank's president, said at the time.

"This new facility will bring United Way even closer to those they serve and help ensure that the organization will continue to thrive and help others for decades to come," added McBride, who also serves on Mile High United Way's board.

In addition, Wells Fargo put together \$4.4 million in net equity in New Market Tax Credit financing for the development.

"The New Market Tax Credit program was started in 2000 to help economically distressed neighborhoods and create jobs in low-income neighborhoods," said Leslie Hannon, chief financial officer for Mile High United Way.

"It is a very competitive process," she said.

Mile High United Way hired SB Clark as a financial adviser for the NMTC financing.

SB Clark issued a request for

proposals for tax credit investors and NMTC allocation.

"There was a significant interest from the major banks that are in the New Market Tax Credit arena," Hannon said.

"We received a very good response from all of the banks and Wells Fargo's was the most attractive to us," Hannon said.

The construction of the building will create an estimated 72 full-time jobs through the building process.

When completed, the building will include 10,000 sf of conference and collaboration space and 10,000 sf of innovation and nonprofit incubation space.

A 1,500-sf café will be operated by Work Options for Women. It also will include an underground parking garage.

As a Silver LEED building, 75 percent of all of the construction and demolition debris will be recycled, rather than be sent to the landfill. A number of energy-saving features also will be put in place.

Benero said PCL and Davis Partnership Architects are doing a great job.

"This building is really going to reflect a neighborhood that is rich in history," Benero said.

"Without the fantastic work of PCL and Davis Partnership, this building would not be possible."

And while the money is in place for the building, fundraising continues.

Mile High United Way continues to raise funds for the building's care, property maintenance reserves, technology needs and to expand its programs that support school readiness, youth success and adult self-sufficiency.

In other words, the mission of Mile United Way will continue. ▲