

**Administration and Finance Committee
Presbytery of Transylvania
June 6, 2009**

Recommendation to Presbytery:

In May of 2008, our committee was instructed by the Coordinating Council to investigate costs of office space for lease and for sale as alternatives to our present leasing arrangement at 2480 Fortune Drive. Our lease is up for a five-year renewal in August 2009. Over the past year, the committee has continued to investigate and follow the market costs of office space. Although there is a large supply of residential homes for sale in the Lexington area, there appears to be a slowdown in the construction of new office space. Consequently, although sale prices of commercial office buildings and/or condos appear to have decreased 5%, there are not as many of the office units for sale in the space requirement (2,500 – 3,000 sq ft) that we presently have at 2480 Fortune Drive in Lexington. To acquire the present amount of office space via a purchase, we most likely would need to acquire several condos adjacent in an office building and perform the necessary fit-up that would increase our costs compared to typical fit-up.

Consideration was also given to pursuing possible rental of office space within local churches. Assuming our meeting space requirements could be accomplished by sharing that space with the landlord church, our minimum office requirements could decrease to approximately 1,050 sq ft. However, we have to recognize the potential problem with conflicts between the Presbytery and the local church relative to utilizing common spaces for meetings. Also, there exists the potential for animosity that may arise by our other churches feeling the Presbytery is more closely aligned with the church from which we would be renting space. Questions also arise to increased fit-up cost as it pertains to an existing church architecture compared to commercial office space and easy access and proximity to interstate and major highways for congregation members traveling to the presbytery office.

Although many of us believe that ownership of residential or business property is advantageous in our personal lives, there are advantages in the flexibility of leasing property when it comes to office spaces. ***Given the current market analysis, we recommend continuation of our lease at 2480 Fortune Drive with the following terms: 5-year lease contract beginning in August 2009 at the current rate of \$2,835 per month.***