



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Economic Development

To: City Council

From: City Manager & Staff

Council Meeting Date: February 5, 2024

Re: Authorizing a Contract of Sale for the Property located at 2810 LeMone Industrial Blvd.

Executive Summary

Staff is requesting Council authorize the City Manager to execute a Contract of Sale agreement with EL Holdings, LLC for the purchase of the property located at 2810 LeMone Industrial Blvd. for the purposes of Mortgage Research Center dba Veterans United ("VU") to utilize the entire facility as offices and incidental space to grow and maintain its existing employee base within Columbia.

Discussion

The City of Columbia purchased a former manufacturing building located at 2810 LeMone Industrial Blvd. in 2010 for \$3,050,000 for the purpose of recruiting IBM to Columbia. The building was renovated and furnished as Class A office space for approximately \$9.5 million in 2010. IBM's fixed portion of their 10-year lease paid off the \$9.5 million loan for the renovation. IBM also constructed a tornado storm shelter onsite at their cost for approximately \$1 million.

IBM's lease expired in October 2020, and they negotiated a 3-year extension with two additional 1-year options. In 2021, IBM reorganized into two separate companies, and the lease on 2810 LeMone Industrial Blvd. was assigned to a new spinoff called Kyndryl. Due to transitioning of their local workforce to remote work, Kyndryl decided not to renew their lease after the expiration of the 3-year lease on October 31, 2023.

The LEED silver-certified building is 93,145 square feet on a 9.5 acre site that is zoned Industrial (IG). The building has 721 parking spaces. The interior of the building includes 802 cubicles and chairs provided to the City from IBM's original occupancy, along with all the furnishings in the 26 team rooms, 3 large conference rooms, and a 32-seat training room. The facility also has a computer lab, IT room, and a kitchen and cafeteria area.

With the building vacated, the City identified its primary goal for the property as continued use of the facility for economic development. Accordingly, the City issued a press release requesting expressions of interest for lease or purchase of the property on November 1, 2023, that outlined the process and timeline. Expressions of Interest were due by November 27, 2023. Interested parties were asked to provide company information and proposed use of the facility along with key terms for a lease or purchase of the property. Seven companies contacted Economic Development Department staff for more information about the facility, four companies toured the property, and two companies submitted a written expression of interest.

Ultimately, it was determined the proposal submitted by VU was the most advantageous both monetarily and to further the stated economic development goal. The property will be



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purchased by EL Holdings which is the parent entity of VU and leased back to VU. The purchase price is \$8,100,000 with the purchaser receiving a credit on the purchase price of the property in the amount of \$710,884.60 to repair hail damage to the roof and gutters on the building which was sustained in March of 2023.

VU was founded in 2002 with four employees and has grown to become the number one VA Home Loan purchase lender in the U.S. and the largest private employer in Columbia. The purchase of the 2810 LeMone Industrial Blvd. property will benefit the local economy by solidifying VU's ability to retain and grow its local workforce in Columbia and continue the growth of VU in the local market. Without sufficient commercial real estate options, including this property, the VU would need to consider alternative locations/markets for any significant future employee growth.

In addition to the facility meeting the needs of VU and retaining VU as a valued employer within the City, the use of the property proposed by VU in its response to the request for expression of interest mirrors the current use and configuration of the property as a Class A office space for a large employer within the City. To ensure the property continues to be utilized as Class A office space, the sale contract contains a claw back in the form of a right of first refusal in the event the property is not utilized by VU for a minimum of 5 years.

The contract anticipates closing to occur on or before April 19.

Fiscal Impact

Short-Term Impact: \$7,389,115.40
Long-Term Impact: n/a

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:
Primary Impact: Resilient Economy, Secondary Impact: Inclusive and Equitable Community, Tertiary Impact: Reliable and Sustainable Infrastructure
Comprehensive Plan Impacts:
Primary Impact: Economic Development, Secondary Impact: Infrastructure, Tertiary Impact: Livable & Sustainable Communities

Legislative History

Date	Action
08/17/2020	R99-20 Authorizing a third amendment to the lease with International Business Machines Corporation (IBM) for property located at 2810 LeMone Industrial Blvd.
05/24/2010	B122-10A Authorizing a Funding and Property Transfer Agreement with Columbia Area Jobs Foundation in connection with the establishment of an IBM office and technical support facility in Columbia



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Suggested Council Action

Authorize the City Manager to execute a Contract of Sale agreement with EL Holdings, LLC for the purchase of the property located at 2810 LeMone Industrial Blvd.