

## MEMORANDUM

To: UUA Board of Trustees

From: Andrew McGeorge, Treasurer & CFO

Re: Sale of Davis Trust Land in Duluth, MN

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The UUA owns 1/20<sup>th</sup> of a parcel of land in downtown Duluth, Minnesota as part of the Davis Trust, established by the late Charles W. Davis.

This parcel of land (the "Davis Land"), along with a neighboring parcel owned by Oneida Realty Company, an unrelated party, is the site of a parking garage leased by US Bank. This garage sits adjacent to the US Bank Building in Duluth. However, the parking garage has been unused for nearly two years because it was condemned due to its deteriorating condition on 12-31-19. Long-term leases between US Bank, Oneida Realty, and the Davis Trust are still in effect, and the UUA continues to receive income from our share of the land in the amount of \$1,207.20 per year.

A third-party buyer has expressed interest in buying the US Bank Building, the condemned parking garage, and the land the garage sits on. The proposed sales price for the land is \$800,000, which would be split \$480,000 to Oneida Realty and \$320,000 to the Davis Trust. Our 1/20<sup>th</sup> share of the Davis Trust means our share of the sales proceeds would be \$16,000.

From a financial standpoint, we would be slightly better off receiving \$1,207.20 per year of income than having \$16,000 in cash, but it's a small difference. (We would need to earn 7.5% per year on the \$16,000 to generate that amount of income, and our expected endowment returns are below that.) **Nevertheless, I recommend that we participate in the sale.** I think the number of potential buyers who would want to buy the office building and to address a condemned parking garage is limited, and there is no guarantee that another buyer would emerge quickly after the US Bank lease runs out.

### Proposed Motion

**The Board of Trustees authorizes sale of the UUA's share of the Davis Land in Duluth, Minnesota and further authorizes Andrew McGeorge to execute all necessary documents on behalf of the UUA.**

