

BUILDING JUSTICE FOR ALL

Legal Aid of Northwest Texas Capital Campaign



**The mission of Legal Aid of NorthWest Texas
is to ensure equal justice for people living in poverty
through the provision of high quality civil legal services.**

*"There can be no equal justice where the
kind of trial a man gets depends on the
amount of money he has."*

*U.S. Supreme Court Justice Hugo Black,
Griffin v. Illinois, 373 U.S. 12,(1964)*

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Legal Aid of NorthWest Texas

Building Justice for All Campaign

Legal Aid of NorthWest Texas (Legal Aid) is asking for your help in eliminating the debt on its new Fort Worth office located at 600 East Weatherford Street. The goal of the Campaign is to retire the mortgage when its balloon payment of \$1,862,600 is due in December 2017.

Marie, Manuel, and their four children lived in a cramped, two-bedroom rental house. They had always dreamed of owning their own home. A Legal Aid of NorthWest Texas volunteer attorney worked for more than five years with a group of similar dreamers in one local community.

Legal Aid helped the group incorporate as a non-profit organization, acquire a vacant apartment complex, demolish the blighted, vandalized buildings, and begin constructing single family homes on the nine-acre site.

Seven homes were quickly completed with another 45 planned. The city collects property taxes; the neighborhood got an uplift; and, Marie, Manuel, and their four children now live in their own four-bedroom dream house.

Prologue

Legal Aid exists to provide civil legal aid to individuals who do not have the resources to obtain the professional services of an attorney. The staff provides advice, brief services, and representation in many critical areas including foreclosures, landlord-tenant, consumer, employment, education, access to benefits, access to healthcare, child support, custody, and family violence.

Legal Aid depends primarily on federal, state, and local government funding to provide services to more than 1.5 million eligible clients who reside in an area larger than the state of Colorado. Foundations, corporations, and the generosity of local citizens also contribute to the support of Legal Aid.

Legal Aid must continually seek private funding to replace or supplement government funding which can vary significantly from year to year.

In The Beginning

With origins dating back to 1951, Legal Aid of NorthWest Texas is the surviving corporation of a merger between West Texas Legal Services and Legal Services of North Texas. The merger created the 5th largest legal aid program in the country.

The two former organizations each owned their principle locations in Fort Worth and Dallas. The Fort Worth facility was purchased in 1983 and the Dallas building in 1991. While the organization had a new name, West Texas Legal Services was the surviving entity after the merger and administrative offices were to be located in Fort Worth. The administrative staff was streamlined but the size of the new organization required the retention of senior personnel from both entities. Administration was moved temporarily to Arlington,

Texas while the Board addressed the need to consolidate administrative personnel with the field office in Fort Worth.

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The Search for Long Term Efficiencies

With 200 employees serving the client community from 15 branch offices covering 114 counties, the organization has been vigilant in maintaining an acceptable balance between the cost of administration and program services. In 2008, 10.8% of the total functional expenses were devoted to administration, with 89.2% devoted to direct program services to the client community. Maintaining a separate facility in Arlington for administration of the new organization was deemed inefficient. However, built in 1925 as a Methodist Church and later converted into office space, the Fort Worth facility consisted of only 13,920 square feet of space badly in need of renovation. In response to the need to consolidate administration and the Fort Worth staff delivery component, the Board undertook a detailed assessment of the Fort Worth facility. It concluded the building was substandard office space, suffering from an inefficient use of space and energy caused by multiple office renovations. The facility had limited parking for employees, no available parking for clients, and was not fully accessible by the physically challenged. The building did not comply with current mechanical, electrical, and plumbing codes and simply would not accommodate the combined offices with further renovation.

The Board considered selling the existing building and purchasing or building another facility with more space in another location, selling the existing building and leasing space, and demolishing the existing building to construct a new larger facility within the existing footprint. The process undertaken included a short and long-term financial analysis that involved a review of the rental and purchase market, the value of the present facility, cost of construction, and available financing options.

The Office – A Place to Call Home

The Location:

After carefully considering all of the options, the Board chose to demolish the old building and rebuild. As detailed below, it was the most cost effective solution. The location at 600 East Weatherford Street had been known as the home of Legal Aid. For more than 25 years the corner of East Weatherford and Pecan was the “legal aid corner.” Clients and volunteers alike took comfort in knowing where to find “Legal Aid.” With optimum visibility and public transportation, the office was easily accessible.

The existing location created a sense of stability and continuity, plus Legal Aid already owned the property on which the existing building was located, free and clear of any liens. Unfortunately, the original building was no longer sufficient in size or condition for clients, staff, or volunteers.

Opal and her young children were in danger of losing their home. Opal couldn't afford the house payment after her divorce. Her credit union, which held the note, advertised a refinancing program to help lower their borrower's house payments. Opal applied, but was denied because she made two late payments.

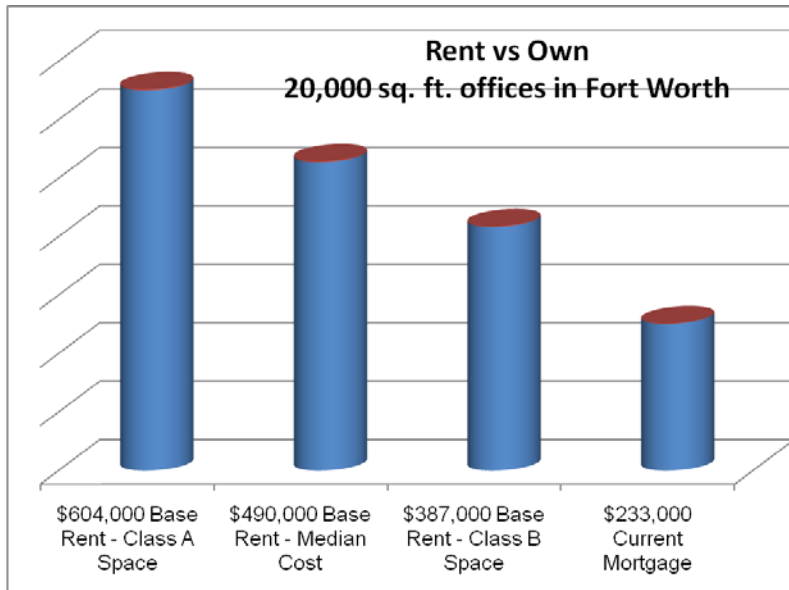
She argued that she could easily make the payments on time if they would refinance. A Legal Aid of NorthWest Texas lawyer was able to negotiate a new mortgage. Opal now pays \$200 per month less. She can afford to keep her three small children safe and secure in their home.



The Economic Analysis:

An examination of the costs of owning versus renting was undertaken. Combining the Fort Worth branch office and administrative staff would require approximately 20,000 square feet of office space. The minimum cost of leasing space in the area close to the courthouse where the Fort

Worth office had always been located was between \$30.20 and \$19.35 per square foot¹ for Class A and Class B office space, respectively, with a median cost of \$25.00 per square foot. Therefore, the base rent on an office that size would cost between \$604,000 and \$387,000 per year. Taxes, insurance, and common building maintenance passed on by a landlord was also factored in. On the other hand, the cost of building a new facility with attractive financing would yield an annual mortgage expense of \$233,013.



As the organization was exempt from ad valorem taxation, owning the facility would result in additional long-term savings. The anticipated mortgage, in the original principal amount of \$3 million, would be amortized to provide lower fixed payments for the first 10 years to give Legal Aid an opportunity to raise funds to retire the mortgage.

Financing a new building for Legal Aid that could accommodate both the Fort Worth branch office and the administrative staff had clear economic advantages over renting. The annual mortgage payment would be only \$11.65 per square foot for the next ten years. This would result in an annual savings of approximately \$154,000 to \$371,000 per year in comparison to potential rising rental costs. Provided funds could be raised to reduce and/or pay off the mortgage during the 10-year period, even more savings would be realized in the long term.

The Project

Because Legal Aid would use some federal funds for the project, it was necessary for the organization to obtain the approval of the Legal Services Corporation (LSC) in Washington, D.C. In granting the request, LSC found that the program had exercised sufficient due diligence in its analysis and authorized the construction, finding it to be an efficient use of program funds. The Board proceeded immediately to interview architectural firms, consider multiple designs, bid the project, and obtain favorable financing. Construction began in January 2008 with completion in December 2008.

¹ Fort Worth Star Telegram, by Aleshia Howe, April 1, 2009 & Fort Worth Business Press, by Sandra Baker, June 8, 2009



The Cost of Justice

In 2008, Legal Aid closed 21,659 applications. The cost of providing free civil legal aid to so many continues to grow year after year. Legal Aid must wrestle with the same economic realities that local law firms and other businesses do every day.

The staff and Board of Directors of Legal Aid constantly monitor the costs associated with an efficient and effective delivery system. In addition, Legal Aid has one of the largest volunteer attorney programs in Texas. The placement of client cases with volunteer attorneys is another way Legal Aid stretches its budget to serve more clients and take advantage of community resources available to help meet the continually rising demand for services. Building the new Fort Worth office at 600 East Weatherford is but another example of how Legal Aid strives to control costs in order to maximize its ability to carry out its mission of providing civil legal aid to the poor.

An Investment

Legal Aid needs your help. The goal of the Capital Campaign — Building Justice for All — is to raise sufficient funds to retire the debt as soon as is practical but no later than December 2017, when the current loan matures with a balloon payment of \$1,862,600. Retiring the debt will enable Legal Aid to increase its services across its 114 county service area.

Donor Opportunities

While a contribution of any sum is welcome, Legal Aid is proposing three principal methods to reach its goal. First, it is seeking 200 attorneys to contribute \$5,000 over five-years - **Builders of Justice**. If this goal is accomplished, it will raise \$1,000,000. These individuals will be recognized on the Wall of Honor in the Fort Worth facility. The second approach will be to seek major corporate, foundation and individual donors to contribute the remainder. Appropriate recognition will be given to those contributing between \$10,000 and \$50,000 in the administrative office reception area. The size of the name recognition will increase with the size of the gift. Finally, there are also naming opportunities available for the building and several common areas, which include:

Building Name - \$2,000,000

Second Floor, Client Services Division - \$1,250,000

Third Floor, Administration - \$1,000,000

First Floor Entry - \$750,000

Second Floor Lobby/Reception - \$250,000

Third Floor Lobby/Reception - \$100,000

Second Floor Library/Conference Room - \$100,000 // Board Room - \$100,000

All gifts toward the Campaign and any interest earned on the contributions will be restricted to retiring the debt on the building. The funds will be clearly identified on LANWT's audited financial statements."

Daniel had recently purchased a car that was necessary for his job. One month he had trouble paying his bills, so he asked the creditor for an extension. The creditor agreed. Then, without warning, the creditor repossessed the car. A Legal Aid lawyer obtained an injunction requiring the creditor to return the car. A settlement was negotiated. Daniel was able to pay off the car, get the title, and keep his job.



**Legal Aid of NorthWest Texas
600 East Weatherford Street
Final Construction Contract Costs
RJM Contractors, LP**

<u>Description</u>	<u>Cost</u>
<u>Funding</u>	
Cash Equity	\$657,965
Loan Proceeds*	\$2,943,735
<u>Total Contract Funding</u>	\$3,601,700
<u>Contract Costs</u>	
General Conditions, Demo, Site Prep	\$249,168
Building Materials & Construction	\$3,141,190
Landscape, Irrigation, & Fences	\$20,838
Insurance & Bond	\$37,789
Contractor's Fee	\$152,715
<u>Total Contract Costs</u>	\$3,601,700

* On December 20, 2007 tax-exempt public financing was obtained through the Splendora Cultural Education Facilities Finance Corporation and the issuance of special limited revenue obligations. The Note was simultaneously placed with Frost Bank as the Lender. While the rate is variable, a “swap” agreement between Frost Bank and Legal Aid of NorthWest Texas provides for a fixed payment by Legal Aid with a predetermined fixed interest rate and a specified allocation to principal. Specifically, the mortgage consists of a \$3,000,000 loan on a 10-year Note, with payments amortized over a 20-year period at an effective interest rate of 4.7%. The 120 monthly payments, fixed at \$19,417.72 each, started on January 20, 2008. At maturity on December 20, 2017, the unpaid principal of \$1,862,599.89 will be due and payable. Of the \$3,000,000 loan, \$60,000 was applied to initial closing costs and initial cash equity requirements were ultimately reduced / refunded due to overall construction savings.

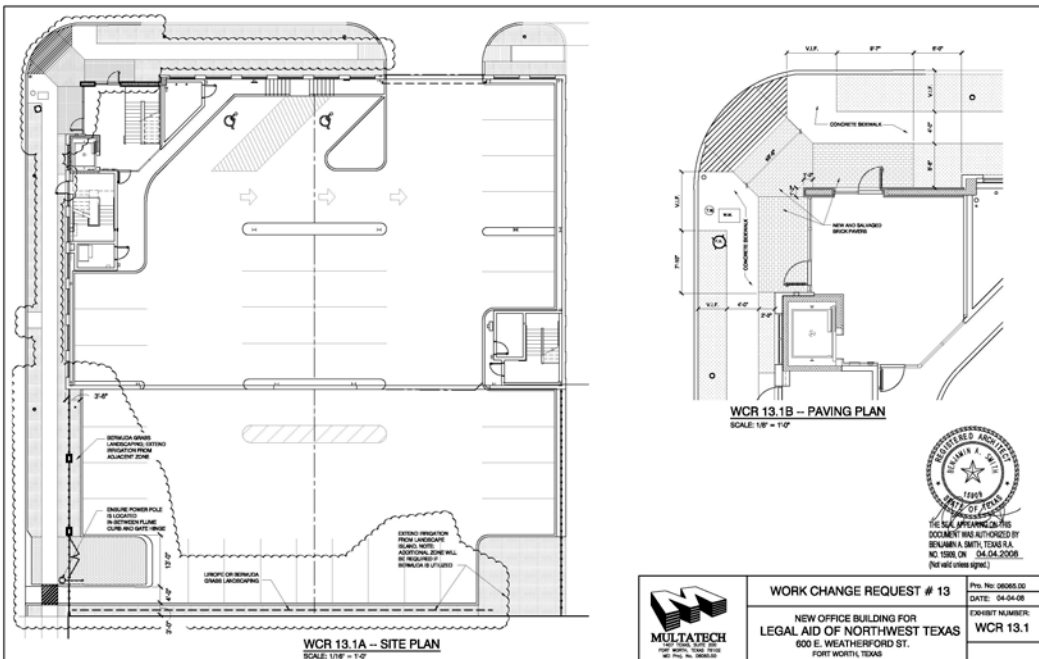
Principal balance on December 20 in each of the following years

2010 -	\$2,710,612
2011 -	\$2,604,463
2012 -	\$2,493,493
2013 -	\$2,376,769
2014 -	\$2,254,358
2015 -	\$2,125,986
2016 -	\$1,991,646
2017 -	\$1,862,600



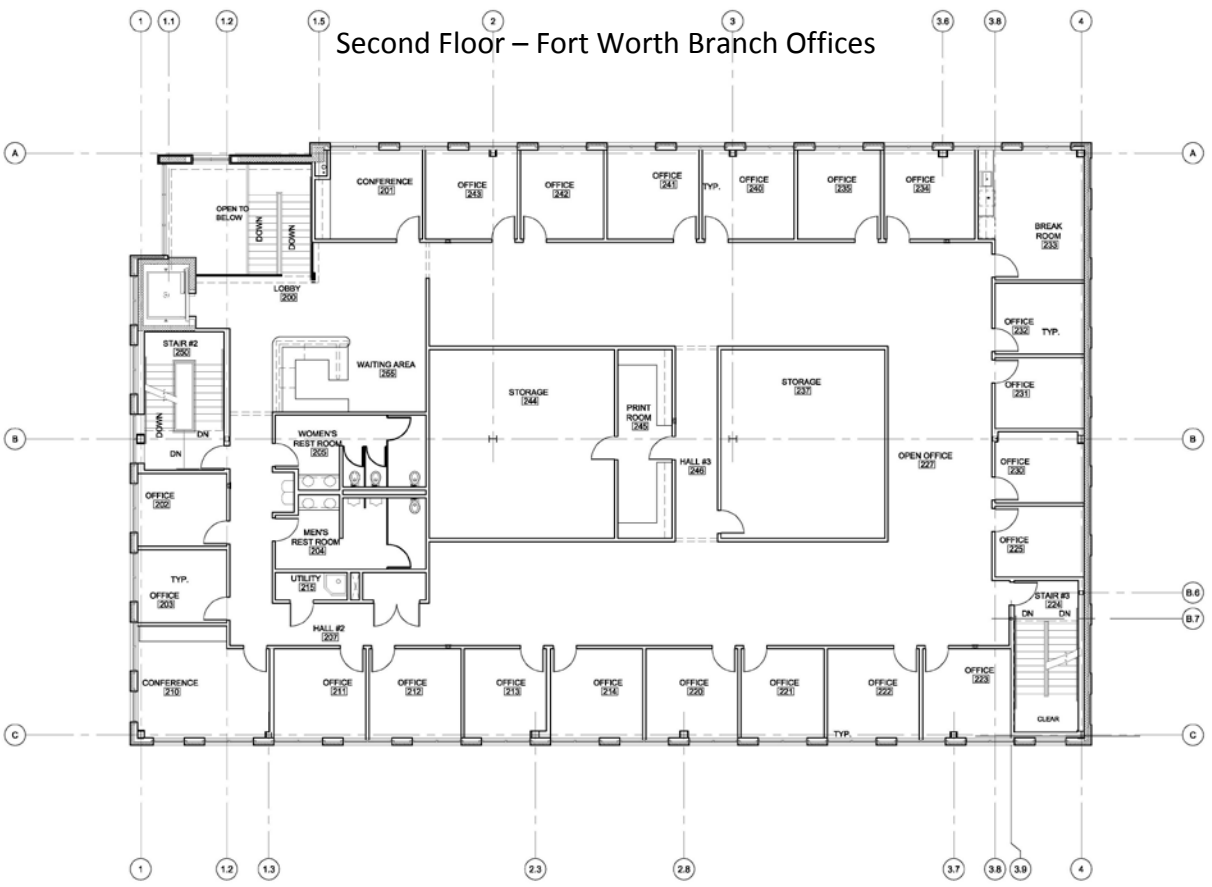
Legal Aid of NorthWest Texas

600 East Weatherford Street, Fort Worth, TX 76102

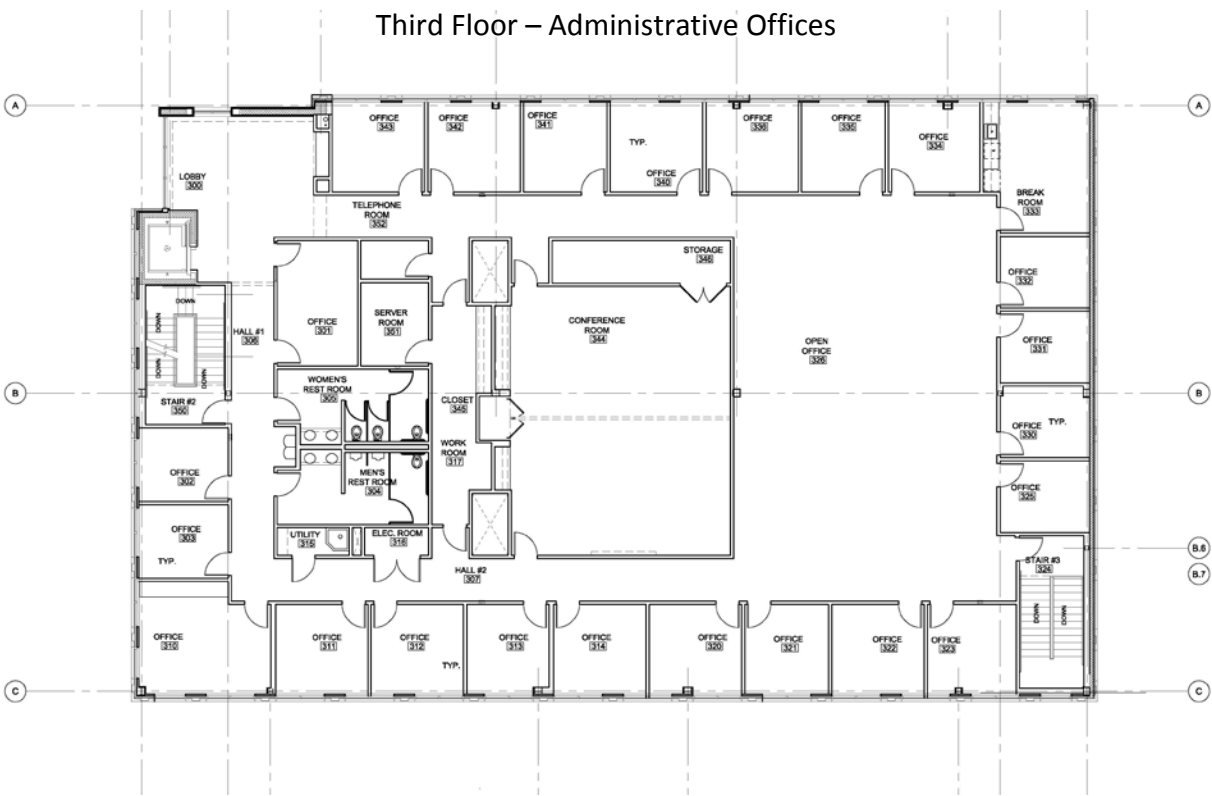


First Floor Entry and Parking Garage

Second Floor – Fort Worth Branch Offices



Third Floor – Administrative Offices



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BUILDING JUSTICE FOR ALL

LEGAL AID OF NORTHWEST TEXAS

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Donate Now

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In consideration of the gifts of others, I hereby pledge \$ _____ to help support the new Legal Aid of NorthWest Texas Offices in Fort Worth Texas at 600 East Weatherford Street Fort Worth, Texas 76102

Builders of Justice

___ \$5,000 ___ \$10,000 ___ \$15,000 ___ \$20,000 ___ \$25,000 ___ \$50,000

It is my understanding that, at my option, I may make payments over several years to satisfy this obligation.

Signature

Date

Name

e-mail address

Phone

Office Phone

Cell Phone