General Service Board
Location Plus Ad hoc Committee

Final Report to the
74th General Service Conference

April 2024

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INTRODUCTION

Relocation Studies of the General Service Office have been conducted approximately every ten years to determine if it is the most viable venue for its operations and provide recommendations on fact-based relocation analysis, as well as subjective considerations that could impact GSO's ability to effectively render services to the A.A. Fellowship.

While initially located in Newark, New Jersey in 1938, New York City has been home to GSO since 1940 with the office relocating six times from areas in downtown districts to present location in 1992 at 475 Riverside Drive on the Upper West Side of Manhattan. The earlier office moves were historically guided by the need for bigger space to accommodate "Headquarters" growing services and staff. As one early staff wrote about one such move, "to be more centrally located for out-of-town travelers and also have more room for ourselves to work."

The first ever documented Relocation Study Committee was appointed in 1975 by the AAWS Board. This committee was appointed to explore the possibility of moving and operating GSO to another location. The board felt that there ought to be careful consideration of "whether or not GSO might profitably move out of New York City to some other part of the country after our lease expires in another five years." An independent consulting firm was hired to undertake the study with full support of the 1976 GSC that recommended "up to $5,000 be authorized for a professional study of the feasibility of relocating GSO…"

In January 1977, having reviewed the findings, the GSB moved that the Relocation Study report "go to the 1977 General Service Conference with the recommendation that the Board felt it would not be in the best interest of the Fellowship to relocate the General Service Office at this time." The 1977 Conference, through an advisory action, supported the Board's recommendation.

Future Relocation Studies were undertaken either under the guidance of ad hoc committees or the executive team of the office and final reports or recommendations shared with the GSC. Other previous studies were undertaken in 1988, 1997, 2005 and 2014.

The final conclusions and recommendation resulting from the 2014 Study was:

“1. Although the impact of a potential move is not as costly as it has been determined in the past, a concrete case for moving from the current location cannot be made at this time.

2. The reduction in recurring costs that might be realized in another location (i.e., Indianapolis) is overshadowed by the substantial one-time costs associated with a move.

3. The subjective implications of moving GSO to another city, regardless of cost savings, are significant, considering the history of the office in New York.

Based on these conclusions (and consistent with all previous studies), the recommendation was for the General Service Office to remain in its present New York City location.”

GSB Location Plus Ad hoc committee

In advance of the expiration of the current lease cycle on December 31, 2025, the concept of a location plus ad hoc was introduced at the third quarterly GSB meeting in 2021 and the ad hoc began its work in January 2022. The ad hoc was first tasked with formulating their Composition, Scope, and Procedure, which would serve to direct their specific range of activities and what would be accomplished as they carried out the work. The ad hoc’s Composition, Scope and Procedure was approved by the General Service Board on August 2, 2022:

Composition:

The chair of the General Service Board appoints the members of the Location Plus Ad Hoc committee and the committee’s chairperson annually. Only trustees serving on the General Service Board will be appointed to the Location Plus Ad Hoc committee; at least one trustee director of each corporate board shall be among the appointees. A General Service Office employee serves as a non-voting secretary.

The General Manager of GSO and the Executive Editor of the AA Grapevine will be invited to participate as non-voting members of the ad hoc committee and as vital resources in the evaluation and implementation of the committee’s work.

The chair of the General Service Board is an ex officio member of this ad hoc committee.

Scope:

1. The Location Plus Ad Hoc Committee will endeavor to perform the oversight role of the General Service Board as it relates to the Fellowship’s service offices,

GSO and AAGV, specifically related to physical space needs required to effectively and efficiently carry out the services requested by the A.A. Fellowship.

2. The ad hoc committee will work with the executives from both operating corporations, AAWS and AAGV, to determine the functions that are currently necessary to provide requested services to the membership.
3. The ad hoc committee will assist the operating corporations in determining the number of full-time employees who need physical workspace in the offices, making appropriate allowances for part-time or intermittent workers that provide special or contracted services. The goal of this analysis is to define the characteristics and space needs for individual office space/work areas and collegial space needs for use in creating estimations of square footage needed.
4. The ad hoc committee will look for efficiencies of scale (physical and otherwise) throughout both operating corporations with the goal of best serving the Fellowship in a prudent and cost-effective manner.
5. The ad hoc committee will then proceed with work as done in prior iterations of relocation subcommittees i.e., an analysis of various cities and markets to determine other potential locations for GSO and AAGV
6. The ad hoc committee will report to the members of the General Service Board at each quarterly meeting, or at the direction of the chair of the General Service Board.

Procedure:

1. Meetings will be called at least monthly by the ad hoc committee chairperson.
2. The ad hoc committee will work toward the formation of an informed group conscience in all its deliberations, with substantial unanimity as its guiding principle when making recommendations to the General Service Board.
3. The ad hoc committee may engage consultants or outside resources in order to complete its work and therefore would require General Service Board funds. Requests for said funds will be made to the Treasurer of the General Service Board in their capacity as chair of the Trustees' Finance & Budgetary Committee.

VENDOR SELECTION PROCESS, OBJECTIVES AND GUIDING PRINCIPLES

In December 2022, the ad hoc committee contacted ten firms specializing in corporate relocations seeking Request For Proposals to "assist our non-profit organization in compiling accurate and comprehensive data about our current office (feasibility of remaining at our current location at 475 Riverside Drive in upper Manhattan), and potential alternative locations in New York and in other locations in the U.S. as part of the board's due diligence in advance of our lease expirations in December, 2025."

Five of the ten firms contacted submitted Proposals. The committee assessed the Proposals factoring criteria such as, demonstrated understanding of the scope of work, not-for-profit experience, described approach, methodology, fees, responsiveness to follow-up questions, stated term and conditions and other information. Following thoughtful deliberations, the ad hoc selected Wadley Donovan Gutshaw Consulting (WDGC) and Cresa as the external independent consulting firm.

The consulting team presented the following specific and measurable objectives to the ad hoc:

“1. The current lease at 475 Riverside Drive is expiring December 31, 2025.

2. Leadership must decide whether to renegotiate the lease or move elsewhere.

3. Are there viable relocation options – within Manhattan, the Tri-state area, or nationally? And what are the workplace configuration options?

4. Is it financially and operationally feasible to relocate from 475 in conjunction with lease expiration?

A. If so, validate and commit to the best location and workplace solution.

B. If not, the workplace configuration options can inform renegotiation of the lease at 475 Riverside.

5. A second Phase Two Assignment to evaluate and negotiate lease commitments at the site ultimately selected and timed to the 12/31/2025 current lease end.”

Guiding principles defined in concert with the ad hoc remained the focal point in directing the analysis of the relocation feasibility and alternative locations. These principles were:

- **“**Continuity: serving the Fellowship, organizational culture, and member services – A.A.’s mission is continuous and will not change.
- Decisioning: both spiritual and the practical considerations inform all decisions at A.A.
- Culture: The GSO and Archives are central to the A.A. culture – members globally visit the location and Board meetings and conferences are held within and in proximity to the office.
- Sustainable future talent sourcing, which is mission centric and technically on top of digital content development, software and applications expertise, and communications tools.
- Minimize relocation impacts, sensitive to current employees— [and their collective historical knowledge] -- of the GSO, who in turn serve A.A. members.
- Financial and risk considerations: Upfront costs versus long-term savings and opportunities / risk of ‘unknown’ vs. safety of ‘known’.
- Consider alternative workplace and operational configurations: Space requirements for a hybrid workplace model / review alternative configurations including bifurcated or split operations, or further outsourcing, if viable.”

PROCESS AND METHODOLOGY

Relocating the office is more than just packing and moving. Exploring the financial landscape and other logistics in its entirety is a cornerstone to relocation decision. A significant underlying question introduced in the beginning of the process and explored throughout the entirety of the analysis was identifying a strategic premise to justify relocation. From the consulting vendor's report, "Based on strategic objectives, operational advantage, financial impact and personnel impact, is a move from 475 Riverside and from the NY Region both feasible and desirable?"

For further information from the consulting team on relocation strategic objectives, refer to **Appendix 1**.

The process involved a comprehensive fact-based evaluation of real estate scenarios and related considerations for input by the ad hoc. Additional input gathered from the corporate boards and as appropriate, from GSO and GV management. Evaluation factors central to the process as determined by the consulting team included:

- "Selection criteria
- Base Case Definition/Assumption
- Relocation "scenarios"
- Employee impacts
- Upfront relocation and annual costs
- Operation; performance to guiding principles.
- Consulting recommendation: 'Go versus No Go.'"

The scenarios analyzed were follows:

1. Base Case (current location)
2A. In-Manhattan
2B. Alternative Tri-State Location (short distance)
3. Long Distance Location

In terms of the Base Case scenario, considerations included assessing potential space reconfiguration and renegotiation of current lease. Considerations for the other scenarios included, but were not limited to the following:

- Office lease rates
- Accessibility to public transportation
- Commute impact
- Quality of life ranking
- Cost of living expenses (housing and personal taxation)
- Operating expenses
- Wages
- Professional talent
- Moving costs
- Proximity to air transportation

In scenarios 2A, and 2B, screening locations included potential real estate sites within the tri-state area.

The long-distance location entailed assessing 116 qualified metro areas across the U.S. The vendor team summarized the national screening stages as follows: In Stage 1, they conducted a “Threshold Screening” and described this process as taking high-level criteria and setting thresholds in terms of labor costs. They stated that this screening protocol implemented reduced the number of locations from 116 Metro Areas to 11 Metro Areas. In Stage 2, they closely examined the 11 Areas in terms of looking at population demographics, migration patterns, language capabilities and relocation environment.

In Stage 3 they drilled down on the 5 semi-finalist locations proposed by the ad hoc to gain a much better rendering of costs. They shared that the screening process must meet certain qualifications, the first being at least a 60-mile proximity to large or medium airport hub. Other qualifications included Industry Employment Indicators, Labor costs, Wages, and other factors. The list of five long-distance options was down selected to three finalists that included Atlanta, Indianapolis, and Philadelphia.

For further information from the consulting team on variances among the locations and move related costs, refer to **Appendix 2**.

The other critical evaluation factor thoroughly assessed by the consulting team was employee or personnel impact. Employee records formed the basis for the consulting team’s quantitative analysis of 99 employees. Their analysis process was based on their proprietary “employee action model” that considered personnel data elements to predict retention (and relocation) of employees in a relocation scenario. From the consulting team’s report on their process, factors they considered included:

- “Employee personnel records: the statistical employee record data elements to form the basis of the analysis (May 2023 data file).
- Statistical analysis of key demographic indicators provided: job, level, salary, tenure, skill set, age, critical of position, strength of affinity to A.A., marketability of skill.
- Relocation and severance policies and assumptions: features and financial impacts of ‘actions’ predicted and applied to the relocation and separation groups plus homeownership/renting assumptions.
    - Separation costs based on A.A. Severance Policy
    - Relocation costs based on WDGC and other benchmarks as A.A.’s current policy is geared to, on a discretionary, individual basis, eligible, newly hired employees who must relocate to the greater NYC area.
- IMPORTANTLY, this current program is not designed for a large ‘group move’ and, in WDGC’s professional experience, would be very inadequate to incent a group of critical and important employees to accept relocation to a new metro area location.
- A ‘Group Move Policy’ needs to be more robust, and potentially more generous than standard individual relocation policy to incent a relocation acceptance headcount goal that will insure the transfer of the organizational [institutional memory] to the new location.”

The vendor team reported that their scoring scheme was based on a premise that individuals are more likely to relocate with the company when their jobs and personal circumstances have the following characteristics:

- “Have employees relocated for their current job?
- Job/Pay grade/salary levels.
- Level of affinity along with the general marketability of the skill set within the NYC job market.
- Internal assessment of critical and important staff for mission and operational continuity.
- Longer length of service in organization.
- Age influences on mobility.
- Marital and dependent status.”

Some of the general trends reported to the ad hoc by the consultant as relating to moving included the following:

- “Overall Housing Market Nationally – increasing in mortgage rates, as well as scarcity of inventory and market high housing costs, discourage moves, particularly when less than premium relocation incentives are offered.
- A general decline in employee mobility and desire for personal ‘change’, possibly a lingering pandemic impact.
- General reduction in relocation benefits companies are willing to pay to incent employees.
- Remote work allows employees to negotiate other arrangements with employers rather than physical relocation to a new job site.”

And, specific to GSO/GV workforce, the vendor found that:

- “Envisioned ‘moves’ are lateral rather than for career advancement.
- The workforce is New York City-centric.
- Several employees are at or exceeding conventional retirement age (65) and none of the destination are typical retirement destinations.
- Relatively low tenure of the workforce – without mission focus, employee with only a few years or less with the GSO may not have the organizational loyalty to uproot and move.
- GSO/GV workforce is mission oriented. The employee records appraised suggest that several employees may be rooted to the NY region; a few are close to or at retirement age; and regardless of dedication to the Mission, personal situations will enter into the equation.”

In terms of employee related costs for both retention and attrition, the consultant team presented three scenarios to the ad hoc, based on a “Best Case”, “Worst Case” and “Most Likely.”

“1. Best Case Scenario: statistical, data driven per unweighted scoring scheme, based on experiential relocation % assumptions:

- 26% retention/74% attrition
- Range of retention: 80% to 5%

2. Worst Case: Record by record empirical review of retention/attrition likelihood…backed into a % relocation assumption:

- 9% retention/91% attrition
- Takes into account potentially retiring and remote workers

3. Most likely (and used in the relocation/financial modeling forward): 'Middle Ground Option.'

- Weighted factors
- Takes into account potentially retiring and remote workers
- 18% retention/82% attrition
- Range of retention: 75% to 2%"

For further information from the consulting team on employee methodology analysis, refer to **Appendix 3.**

Summarized surveys of other corporations, including non-profit organizations that initiated relocation studies were presented to the ad hoc by the consulting team for information.

For further information on these examples from the consulting team, refer to **Appendix 4**.

TIMELINES/CONFIDENTIALITY

The additional time available because of beginning these discussions well in advance of the end of the lease allowed an unprecedented deep dive, but an unintended consequence was leaving the employees of GSO and Grapevine with an extended period of uncertainty.

The engagement of a vendor with a depth of experience has afforded many learning opportunities that will inform both this current study and future efforts. The vendor, from the perspective of their professional experience, was surprised by the lack of confidentiality surrounding our process. Other organizations commonly retain confidentiality until a final decision is made regarding if a relocation is necessary and viable and if it will be pursued or not. It is advantageous to both the research phase and the initial lease negotiations to keep the fact that Alcoholics Anonymous is looking at a possible office relocation confidential until the actual lease negotiations are in progress. We learned that it is common practice to adopt a code name for such a project to ensure confidentiality. The ad hoc committee chose "Project Victor" in honor of "Victor E" from the Grapevine.

In the future the Board should consider breaking this process into 2 phases.

> Phase 1: an initial investigation of current circumstances to determine the appropriate scope of the next study, and a preliminary investigation of the market to inform the next steps. Confidentiality could be maintained during this phase with the outcome reported once Phase 1 was completed.
>
> Phase 1 investigation could include:

-Analysis of available resources to feasibly fund upfront move costs should that be the outcome of the study. If there are insufficient funding resources for relocation, an in-depth study may not be useful at this time.

-Consideration of overall commercial real estate market conditions and if there have been significant changes since the last study that may merit a more in-depth exploration, or if it can be reasonably expected that data from the last study is sufficient for preliminary analysis.

-Preliminary exploration of any changes to operational needs and efficiency opportunities for GSO and Grapevine that may inform the scope of changes under consideration. This would be inclusive of space requirements and labor market considerations.

-Exploration of current and projected economic conditions and consideration of what this may mean for the needs and scope of a new study. Is this a feasible time to consider a move? Is this a time when a move may be imperative due to economic conditions?

The above could be completed by a committee that could determine:

-if, when, and to what extent engagement of a vendor is needed

-if it is desirable to proceed with Phase 2

Phase 2 would be the execution of the scope defined in Phase 1 and begin with establishing a timeline, including reporting to the Conference and communications with employees.

Another lesson learned in this process was that we need to build time in for negotiations with possible landlords and collection of proposals in the period between the Board decision and the communications to the Conference and employees. The timeline of this ad hoc failed to allow sufficient time between these points. Once proposals are available and have been reviewed and a decision made communications can begin.

The intent is to retain confidentiality as far into the process is reasonable to mitigate impacts on our employees and ensure our best ability to research and negotiate to the greatest advantage of Alcoholics Anonymous.

The accountability of reporting on these matters must be maintained, the only question is responsible and appropriate timing.

“PLUS” PORTION

How was the “Plus” portion of the work assessed and what did we learn? This section of the report also includes recommendations for future location studies.

This location study included an in-depth review of internal operations and needs to inform location selection. Areas of consideration included:

- In collaboration with the executives from both operating corporations, and the AAWS and AAGV Boards, determine the functions that are currently necessary to provide requested services to the membership.
- Define the characteristics and space needs for office space/work areas in creating estimations of square footage needed and with consideration of a positive work environment for our employees and that reflects current best practices.
- Look for efficiencies of scale (physical and otherwise) throughout both operating corporations with the goal of best serving the Fellowship in a prudent and cost-effective manner.
- Assess future needs, through to the end of the next lease cycle, to ensure location selection reflects both immediate and longer-term needs.

Methods used to assess "plus":

AAWS and AAGV were provided with a template for in-depth review. This review was completed by Boards and Management and included:

1. Provide a department description.

   a) As stated in the A.A. Service Manual or other formal documents:
   b) Additional description of the functions, services or operational support activities completed through the department:

2. Staffing/Personnel:
   a) Summary, include all types of personnel (employees, consultants, independent contractors, past staff brought back for support etc.). List all current staffing, any vacancies, and any approved additional positions or resources to be added to the department in the next 12 months:
   b) Reorganization status. Describe any recent or planned reorganization to this department.
   c) Outsourcing vs. In House options. Describe what work is currently outsourced. Advise of any plans to outsource work currently done inhouse or to bring work inhouse that is currently outsourced.

3. Equipment and technology. Include any specialized or unique equipment or technology that is specific to the work of this department. Provide info regarding any pending changes under comments.

4. Dependencies and relationships to other departments/entities. These would include those who assign work to this department, and those who this department requires support from to complete their work.

5. Department metrics and success measures. What does success look like, how is it measured? Include at least 3 and up to 10 standing responsibilities and/or upcoming major objectives for the next 12 months.

6. Describe any additional/future needs or changes for the department to meet objectives. Include equipment, personnel, skills/expertise, and other resources as applicable. Include long range plans.

7. Describe any identified areas of opportunity to reduce duplication, improve efficiency, maximize use of existing resources, and/or decrease costs.

8. Please add any other topics or information that would support an analysis of the purpose, functions, staffing, equipment, efficiencies, needs and opportunities of this department.

The vendor further supported this exploration by:

-review of all employee job descriptions, work schedules, and office utilization and the application of a remote work index to quantify hybrid and remote impacts and an agile calculator to determine overall square footage needs agnostic to location choice

-onsite tour of the existing offices to see the practical applications of space modeling

-interviews and information collected from management, HR department, ad hoc committee

-the in-depth reviews completed by AAWS and AAGV noted above were provided to the vendor

CONSULTING TEAM MASTER REPORT FINDINGS AND CONCLUSION

The Master Report was the final deliverable from the consulting team. It included fact-based findings for the three Scenarios:

1. Base Case (Stay and Renew Lease at 475 Riverside Drive)

2A. Downtown New York

2B**.** Jersey City, New Jersey (to minimize commute)

3. Long distance Locations (current 3 finalists: Atlanta, Indianapolis, and Philadelphia)

Based on their in-depth methodology, the consulting team recommended “a stay decision and renegotiation/renewal of the 475 Riverside Drive lease.” Furthermore, the consulting team concluded that “On balance, the business case to move does not appear supportable at this time.”

For further information from the consulting team regarding their concluding guidance and findings, refer to **Appendix 5**.

The personnel impacts of a move from 475 Riverside and the New York Region are “very significant.” The consulting team concluded that “critical skills and [institutional memory] could be lost. These impacts may be tempered by anticipated retirements and use of remote workers.”

Based on their analysis conducted of 99 employees in May 2023, the consulting vendor found that:

- *Overall, 82% predicted attrition/68% for exempt employees deemed critical/73% attrition predicted for content (publishing group).*
- *Goal is to manage relocation to employees most critical to future success – generally a core of 25-30 staff members for a 100-person operation is an appropriate ‘rule of thumb’ minimum.*
- *WDGC computed relocation estimates and budget, based on a significantly enhanced relocation policy; a less generous policy would likely incur greater attrition.*

Reporting and recommendations to the General Service Board

The ad hoc delivered quarterly reports to the GSB throughout their tenure. At the October 2023 GSB meeting, the Location Plus Ad Hoc Committee “provided in-depth reporting from the vendor to the General Service Board who expressed that they are satisfied with the work completed to date”. At that time, it was noted that “this reporting is confidential according to our contract with the vendor and will be summarized in the report to the General Service Conference. The vendor is gathering more information for us so we can make a fully informed decision. The work is proceeding as expected, and we are looking forward to having more information to share soon. Your patience with this part of this process, where confidentiality is essential to ensuring the best possible outcome for Alcoholics Anonymous, is appreciated.” (GSB minutes, October 2023).

NEXT STEPS

1. The consulting team is working on RFPs for current landlord and back-up options.
2. Engage architect and project manager to validate estimates of capital costs.
3. Location plus ad hoc will review RFP responses and preliminary budget and make final recommendations to the General Service Board.

FUTURE STRATEGY

The last 3 studies were conducted using varied methods yet each concluded that the upfront costs of moving are too high to make a move viable at the time of that particular study. Consideration should be given to what can be done in the next 10 years so that when this decision is on the table again it can be made agnostic to the upfront costs. This may still result in a stay decision for other reasons but would allow the Board of that time to make a decision based on what is best rather than being heavily driven by initial finances. One member of the ad hoc committee suggested that financing could be an option if viable at that time.

During the period of the Location Plus ad hoc, there was a separate ad hoc formed to consider GSB meeting locations and costs. Concurrently the GM reports annually to the conference through the Policy & Admissions Committee regarding GSC location options and costs. Location Plus included travel accessibility and general costs but it is suggested that a future study more fully quantify and include travel and meeting costs for the Conference, GSB meeting, and affiliate board meetings within the location option analysis.
The ad hoc committee also noted the following:

1. There were pros and cons to using a GSB ad hoc to lead this study.
   Pros: Ensures inclusion of a broader group of GSB trustees. There is an opportunity for the ad hoc composition to ensure proportionate participation from both affiliate boards Some feel there is a better assurance of objectivity if conducted by the GSB.
   Cons: There was duplicate and, at times, conflicting input from affiliate boards and the ad hoc necessitating joint meetings and additional communications. Previously studies have been conducted by AAWS with Grapevine participation and reporting to the GSB who ultimately approves recommendations. AAWS executes the contracts and the leases and is more attuned to operational needs.

2. Roles of executives in the study should be more clearly defined. All agreed that the engagement of the GM and Publisher is imperative to the accuracy, effectiveness, and execution of a location study. It was also noted that it is important that the study be both objective and perceived to be objective; and that anyone who would be personally affected by the outcome may have difficulty. In the case of this ad hoc, both the GM and the Publisher were included in the Composition as non-voting consultants to the committee. Initially invited on a meeting-by-meeting basis, and later included in all meetings.

3. “Plus” and a deep dive into operational needs. By all accounts, the time spent, and information gathered were valuable to the location study. This was a time post-covid where workforce changes had occurred, hybrid work week models had been newly adopted, services and departments reorganized. The engagement of the affiliate board in this work was shown to be imperative. It is suggested that it be considered at the time of future studies if this type of deep dive is needed at that time. If so, the committee should consider the specific objectives most needed at that time.

4. Engagement of a consulting team. This proved to have immense value, it brought both objectivity and expertise to the study. We would have done well to set timelines in consultation with the consulting team rather than prior to when they were engaged.

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APPENDIX 1

Strategic Premise to justify relocation

(Source: Consulting vendor's Master Report)

IS THERE A STRATEGIC PREMISE TO JUSTIFY RELOCATION?

cresa WDGC

- Would relocating contribute to:
  - Mission continuity?
  - Talent or strategic change / organizational transformation?
  - Better alignment to AA Member 'culture' and values?
  - Or offer significant financial advantage to benefit the organization's mission and programs?
  - …<u>the key trade-off being the risk of business disruption and the loss of key talent.</u>
- Organizations undergoing strategic change often assess whether current workforce skills/attitudes are aligned with future qualifications/capabilities – many see relocation as an opportunity to tap into a fresh talent base to accelerate transformation. *A not-for-profit relocated from central Illinois to Atlanta to better align to its global mission and gain access to transformational talent to accelerate reach and impact in a globally accessible location.*
- Some organizations relocate to better represent their 'brand', better access stakeholders or to be geographically more centric to their market or member base. *A WDGC client relocated from New Jersey to Charlotte to be more centrally aligned with its manufacturing and future customer base. A not-for-profit relocated from Northern Virginia to Indianapolis to be closer to where the core of its members reside, in the US farming heartland.*
- The consulting team's understanding: there is not an overarching imperative for transformative change to / realignment of the workforce…rather, a desire for stability in the workforce and <u>stability in serving AA members.</u> <u>Furthermore, AA members are geographically proportional to population density in the US and Canada, with no specific regional concentration.</u>

The Burden of Proof:

Based on strategic objectives, operational advantage, financial impact and personnel impact, is a move from 475 Riverside and from the NY Region both feasible and desirable?

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APPENDIX 2

Variances among Locations

(Source: Consulting vendor’s Master Report)

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Philadelphia, due to proximity and relative affinity, would likely incur less attrition in a move, however, the overall impact would be lessened only by a few individuals.

Factor	Weight	Atlanta		Indianapolis		Philadelphia		BASE
		Data	Score	Data	Score	Data	Score	
Distance (miles)	25%	880	**2**	708	**2**	94	**4.5**	**5.0**
Cultural Affinity / Reputation	25%	"New South"; many transferees from Midwest and Northeast /track record of relocations from NY	**4.0**	Midwest Heartland with some major global companies (e.g. Lilly, SalesForce and several NFPs	**3.5**	Similarities with NY-NJ region, generally less expensive; less than 100 miles from NYC and frequent train service	**4.5**	**5.0**
Career Path Opportunity	20%	Major HQ/ Media Town	**5.0**	2nd Tier Corporate Town	**3.5**	Significant HQ and Media Town	**5.0**	**5.0**
Affordability Index vs US (lower is better) (income/housing cost)	5%	0.97	**3.0**	0.80	**5.0**	0.85	**4.0**	**2.0**
Statewide Public School (Rank of 50 / lower better)	5%	31	**2.5**	23	**3.0**	9-3-11	**5.0**	**5.0**
Diversity	10%	More Diverse	**5.0**	Less Diverse	**3.0**	More Diverse	**5.0**	**5.0**
Average of All State and Local Taxes (% of income)	10%	7.46%	**4.0**	8.58%	**2.5**	7.95%	**3.5**	**1.0**
Scoring	100% Wtd score		**3.7**		**3.0**		**4.6**	**4.5**
Adjustment Factor for Relocation Analysis			**5%**		**0%**		**15%**	

[redacted]

KEY ASSUMPTIONS: Employee Move Related

cresa WDGC

- Relocation policy assumptions: WDGC benchmarks, which are higher than AA relocation policy for individuals
- Other assumptions based on WDGC experience on similar projects

Factor	Apply to	Assumption
Move Dates	All	Dec 31, 2025 (lease expiration date)…however, optional time from employee retention perspective would be summer 2025 (school holidays) or can spread over longer-time prior to lease expiration (or extend lease short term)
% offered relocation	Relocation group	Current assumption, all offered
% homeownership	Relocation group	Working assumption: 52% renters / 48% homeowners, given majority of employees live in the 5 Boroughs – can be modified
Relocation Policy - Homeowners	Relocating homeowners	[redacted] WDGC has made owner vs renter assumptions based on residence location, salary, marital status, dependents, and age
Relocation Policy - Renters	Relocating renters	
Severance	Separation group	1-15 years of service: 1 Week of Weekly Base Pay per year of service >15 years of service: 1.5 weeks; years of Service in excess of 25 are disregarded
Commutation Allowance	Commuters with longer commutes	Mileage allowance and time allowance for those negatively impacted with longer commute in a local move
Job Completion Bonus	Separation Group	Based on stay bonus concept; For mission critical / important talent not relocating, an additional 1-week salary per month during the migration period (assumed 6 months – June-December 2025)
Recruiting	Replacement population for separation group	Level 8,9: retained search @ 25% of salary
		Other Exempt: 1-month salary / non-exempt: $2,500
Training		Assume 2 weeks destination location salary for grade 4 and below
Outplacement	Separation group	Assume 60% utilization (exempt: $10,000 / nonexempt: $2,500)
Dual staffing for transition period	20% of overall headcount	Assume 3-month staff overlap during the move period

KEY ASSUMPTIONS: Real Estate Base Case and Alternatives

Real Estate Assumptions

	Base Case	2A	2B	- - - Remote CBD Options - - -					
	475 Riverside	Downtown	Jersey City	Atlanta CBD	Atlanta Suburbs	Indianapolis CBD	Indianapolis Suburbs	Philadelphia CBD	Philadelphia Suburbs
ONE-TIME COSTS ASSUMPTIONS:									
Mkt Typical Construction Rates	$50.00	$95.00	$95.00	$90.00	$85.00	$90.00	$85.00	$95.00	$90.00
Assumed Fitout Allowance for Analysis	$0.00	-$65.00	-$45.00	-$65.00	-$55.00	-$50.00	-$50.00	-$65.00	-$50.00
Net incremental fitout/sf assumed by AA	*$50.00*	*$30.00*	*$50.00*	*$25.00*	*$30.00*	*$40.00*	*$35.00*	*$30.00*	*$40.00*
Physical Move									
Assume flat rate per SF of:	$0.50	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Plus distance charge by location of:	$0.00	$0.00	$0.25	$1.25	$1.25	$1.25	$1.25	$0.75	$0.75
Total Physical Move Cost/sf	***$0.50***	***$1.00***	***$1.25***	***$2.25***	***$2.25***	***$2.25***	***$2.25***	***$1.75***	***$1.75***
IT Migration/Telco per SF	$2.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00
New Furniture Purchase per SF	$12.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00
Contingency added to One-time costs:	5%	5%	5%	5%	5%	5%	5%	5%	5%
Annual Inflation Rate *(applicable to all operating expenses)*	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
LEASE ASSUMPTIONS:									
Target: B to B+ buildings	B	TBD	A	B+	B+	A/B+	A/B+	B+ to A-	B+ to A-
Equalized Square footage RSF	35,370	33,292	31,731	30,561	30,561	29,910	29,910	30,431	29,520
Equalized USF	27,633	26,009	26,009	26,009	26,009	26,009	26,009	26,009	26,009
Core Factor % (Rentable vs Usable SF)	28.0%	28.0%	22.0%	17.5%	17.5%	15.0%	15.0%	17.0%	13.5%
RENT COSTS RANGE/SF:									
Rent range (Gross or net)	$30/sf	$45-50/sf	$32-38/sf Gross+Electric	$23 - $25/fs gross	$24 - $25/fs gross	$22-$24/FSG	$24-$28/FSG	$24-$35 fs + Electric	$25-$33 fs + Electric
Assumed Base Lease Rate for Analysis	$30.00	$47.50	$36.00	$25.00	$24.50	$23.00	$26.00	$27.00	$31.38
Electric (Per sf)	$3.25	$3.25	$2.00	$0.00	$0.00	$0.00	$0.00	$1.25	$2.25
Additional Opex Expenses	Included	Included	Included	Included	Included	Included	Included	Included	Included
Annual Rent Escalation	2.75%	2.75%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
TENANT IMPROVEMENTS									
LL Tenant Improv. Allowance/SF	$0/sf	$65/sf	$40-50/sf	$60-$70/sf	$50-$60/sf	$40-60/sf	$40-60/sf	$50-$80/sf	$50/sf
NPV Discount Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

CAPITAL ASSUMPTIONS (475 RIVERSIDE)

Construction	3 PHASES: Phase 1. Reconfigure 6,000 SF @$115/SF = $690K, Phase 2: Reconfigure 6,000 SF @$115/SF = $690K, Paint/Carpet remaining 23,000 SF @$17.00/SF = $391,000 (work may require some after hours premium) **TOTAL = $1,771,000**
Furniture/SF	Phase 1+2: New Furniture for 12,000 SF @ $35/SF = $420,000; Phase 3: Retain remaining 23,000 SF of Furniture AS-IS. **TOTAL = $420,000**
Low Voltage Cabling and Telcom	Phase 1+2: Telco and wiring modifications for 12,000 SF @$6.00/SF = $72,000; Phase 3: Retain remaining 23,000 SF AS-IS. **TOTAL = $72,000**
Moving/SF	Phase 1+2: Internal moves for 12,000 SF @$3.00/SF = $36,000; Phase 3: no cost **TOTAL = $36,000**

CAPITAL ASSUMPTIONS (ALL MARKETS)

Construction	Assumes mid-level finishes, existing electrical circuitry with some relocation of outlets, exisiting HVAC in good working order with some relocation of diffusers, existing sprinklers with some relocation of sprinkler heads.
Furniture/SF	Assumes mid-level furniture
Low Voltage Cabling and Telcom	Assumes full Telco system + approximate cost to pull & terminate one cable to each location.
Moving/SF	Assumes relocation of personal items, files, equipment. AND includes furniture, copiers, additional heavy equipment).

FINDINGS: Financial Feasibility Summary

cresa WDGC

Long-distance relocation would, in time, provide a lower cost platform than the status quo. However, move costs are recovered no earlier than year three, potentially a severe drain on capital reserves.

Recap

- All finalist long-distance relocation alternatives provide some operating cost savings with the exception of the Philadelphia suburbs (minimal at Philadelphia CBD).
- Payback periods range from a high of 8.7 years (Philadelphia CBD) to 3.1 - 3.5years (Indianapolis & Atlanta).
- Upfront move cost impacts in the long-distance locations of over $6.5 million.
- The local and short-distance locations (2A and 2B) will likely have higher rents plus move-related costs, minor disruption to employees, and no real long-term cost or operational advantages.
- Salaries vary geographically except for current GSO Staff Members – relocatees and new hires would retain pay parity per the current grade structure.

Overall Costs

Summary of Costs ($000)	Base Case 1B - 475 Riverside Dr.	Downtown	Jersey City	Atlanta GA CBD	Atlanta GA Suburbs	Indianapolis CBD	Indianapolis Suburbs	Philadelphia CBD	Philadelphia Suburbs
Key Geo-Variable Operating Costs:									
Labor (Salaries plus Benefits, 10-Yrs)	$ 148,191.7	$ 148,191.7	$ 148,191.7	$ 137,918.0	$ 137,918.0	$ 135,278.6	$ 135,278.6	$ 145,596.2	$ 145,596.2
Occupancy (10-Yrs)	$ 14,512.1	$ 20,821.6	$ 14,591.9	$ 9,570.7	$ 9,379.3	$ 8,617.7	$ 9,741.8	$ 10,777.9	$ 12,450.2
Cumulative Operating Costs (10-Yrs)	***$ 162,703.9***	***$ 169,013.4***	***$ 162,783.6***	***$ 147,488.7***	***$ 147,297.3***	***$ 143,896.4***	***$ 145,020.4***	***$ 156,374.1***	***$ 158,046.4***
One-Time Move Impact Costs:									
HR-Related	$ -	$ 149.8	$ 230.6	$ 4,165.6	$ 4,165.6	$ 4,213.0	$ 4,213.0	$ 4,085.7	$ 4,085.7
Premises-Related	$ 2,281.4	$ 2,463.6	$ 2,990.6	$ 2,146.9	$ 2,299.7	$ 2,549.9	$ 2,400.3	$ 2,274.7	$ 2,501.8
Contingency (@5%)	$ 114.1	$ 130.7	$ 161.1	$ 315.6	$ 323.3	$ 338.1	$ 330.7	$ 318.0	$ 329.4
Total One-Time Costs	***$ 2,395.4***	***$ 2,744.0***	***$ 3,382.4***	***$ 6,628.1***	***$ 6,788.6***	***$ 7,101.0***	***$ 6,944.0***	***$ 6,678.4***	***$ 6,916.9***
Total Costs Over 10 Years:									
Cumulative Total Costs Over 10 Years:	$ 165,099.3	$ 171,757.4	$ 166,166.0	$ 154,116.8	$ 154,085.8	$ 150,997.4	$ 151,964.4	$ 163,052.6	$ 164,963.3
Net Present Value at 5%	$ 114,690.5	$ 119,367.5	$ 115,635.1	$ 107,998.7	$ 108,011.7	$ 105,943.1	$ 106,578.7	$ 114,188.5	$ 115,562.0
Annualized NPV	$ 11,469.1	$ 11,936.8	$ 11,563.5	$ 10,799.9	$ 10,801.2	$ 10,594.3	$ 10,657.9	$ 11,418.9	$ 11,556.2
NPV Differential Vs. Base Case	$ -	$ 4,677.0	$ 944.6	$ (6,691.8)	$ (6,678.8)	$ (8,747.4)	$ (8,111.8)	$ (502.0)	$ 871.5
Annualized NPV Differential Vs. Base	$ -	$ 467.7	$ 94.5	$ (669.2)	$ (667.9)	$ (874.7)	$ (811.2)	$ (50.2)	$ 87.2

A case to move long-distance appears potentially attractive in payroll and real estate savings over 10 years, up to 11.6%, driven primarily by lower salaries and rents.

Recap

- **Variances in the amounts saved from 2.9-3.9% (Philadelphia) to 9.4-9.5% (Atlanta) and 10.9-11.6% (Indianapolis).**
- **The majority of savings rest in lower salary costs and rental rates at the alternative locations although tempered by relocating employees retaining current salaries.**

Cost Data

Summary of Operating Costs ($000)	Base Case 1B - 475 Riverside Dr.	Downtown	Jersey City	Atlanta GA CBD	Atlanta GA Suburbs	Indianapolis CBD	Indianapolis Suburbs	Philadelphia CBD	Philadelphia Suburbs
Key Geo-Variable Operating Costs:									
Labor (Salaries plus Benefits, 10-Yrs)	$ 148,191.7	$ 148,191.7	$ 148,191.7	$ 137,918.0	$ 137,918.0	$ 135,278.6	$ 135,278.6	$ 145,596.2	$ 145,596.2
Occupancy (10-Yrs)	$ 14,512.1	$ 20,821.6	$ 14,591.9	$ 9,570.7	$ 9,379.3	$ 8,617.7	$ 9,741.8	$ 10,777.9	$ 12,450.2
Cumulative Operating Costs (10-Yrs)	***$ 162,703.9***	***$ 169,013.4***	***$ 162,783.6***	***$ 147,488.7***	***$ 147,297.3***	***$ 143,896.4***	***$ 145,020.4***	***$ 156,374.1***	***$ 158,046.4***
Annualized Operating Costs: *	$ 16,270.4	$ 16,901.3	$ 16,278.4	$ 14,748.9	$ 14,729.7	$ 14,389.6	$ 14,502.0	$ 15,637.4	$ 15,804.6
Annual Savings (or Penalty) vs. Current	$ -	$ (631.0)	$ (8.0)	$ 1,521.5	$ 1,540.7	$ 1,880.8	$ 1,768.3	$ 633.0	$ 465.7

** modeled payroll and occupancy*

FINDINGS: Upfront Move-Related Costs

A long-distance move will incur > $ 6 million in personnel relocation-separation-replacement as well as physical move and replacement premises costs.

Recap

- **Largest Scenario 3 elements: HR Relocation and related costs of separation and replacement.**
- **Local one-time costs are incurred for Scenarios 2A and 2B to offset commutation impact, fit-out new space, as well as IT migration, furniture and the physical move.**
- **Base Case real estate costs pertain to modifications to the current space – currently comparing a phased renovation.**

Move-related Charges

Summary of One-Time Move (Deployment) NPV Costs ($000)	Base Case 1B - 475 Riverside Dr.	Downtown	Jersey City	Atlanta GA CBD	Atlanta GA Suburbs	Indianapolis CBD	Indianapolis Suburbs	Philadelphia CBD	Philadelphia Suburbs
Summary HR-Related Move Costs									
Commutation Assistance		$ 125.9	$ 193.9						
Relocation incl Gross Up				$ 863.3	$ 863.3	$ 831.1	$ 831.1	$ 962.1	$ 962.1
Separation/Severance				$ 769.1	$ 769.1	$ 792.3	$ 792.3	$ 703.8	$ 703.8
Job Completion/Stay Bonus				$ 734.0	$ 734.0	$ 749.5	$ 749.5	$ 700.4	$ 700.4
Recruiting				$ 536.2	$ 536.2	$ 569.7	$ 569.7	$ 463.2	$ 463.2
Training				$ 140.8	$ 140.8	$ 138.0	$ 138.0	$ 153.1	$ 153.1
Outplacement				$ 281.4	$ 281.4	$ 287.2	$ 287.2	$ 269.8	$ 269.8
Dual Staffing during transition				$ 453.6	$ 453.6	$ 453.6	$ 453.6	$ 453.6	$ 453.6
Total HR-Related Move Costs	***$ -***	***$ 125.9***	***$ 193.9***	***$ 3,778.4***	***$ 3,778.4***	***$ 3,821.3***	***$ 3,821.3***	***$ 3,705.9***	***$ 3,705.9***
Summary Premises-Related Costs									
Construction/Upfit	$ 1,604.1	$ 905.9	$ 1,439.0	$ 693.0	$ 831.6	$ 1,085.2	$ 949.5	$ 828.0	$ 1,071.0
IT Migration	$ 64.2	$ 241.6	$ 230.2	$ 221.8	$ 221.8	$ 217.0	$ 217.0	$ 220.8	$ 214.2
Furniture Replacement	$ 385.0	$ 1,056.9	$ 1,007.3	$ 970.2	$ 970.2	$ 949.5	$ 949.5	$ 966.0	$ 937.1
Physical Move of office	$ 16.0	$ 30.2	$ 36.0	$ 62.4	$ 62.4	$ 61.0	$ 61.0	$ 48.3	$ 46.9
Total Premises-Related Move Costs	***$ 2,069.3***	***$ 2,234.5***	***$ 2,712.6***	***$ 1,947.3***	***$ 2,085.9***	***$ 2,312.8***	***$ 2,177.1***	***$ 2,063.2***	***$ 2,269.2***
Contingency @5%	$ 103.5	$ 111.7	$ 135.6	$ 286.3	$ 293.2	$ 306.7	$ 299.9	$ 288.5	$ 298.8
Total One-Time Move Cost Impact	**$ 2,172.7**	**$ 2,472.2**	**$ 3,042.1**	**$ 6,011.9**	**$ 6,157.4**	**$ 6,440.8**	**$ 6,298.4**	**$ 6,057.5**	**$ 6,273.9**

Note: 'Total One-Time Move Cost' above slightly differ from One-time Move Costs indicated on slide 1 as the figure on this slide represents the NPV discount

FINDINGS: Operating Environment Summary

Atlanta scores highest of the locations, followed by the NYC area sites and Philadelphia.

- New York City = Base 100 (higher scores are better performing) with the maximum score (Atlanta) 2% higher and the lowest performing score (Indianapolis) 10% lower.
- New York City (100) scores the highest across talent & access categories and lowest per taxes, incentives, & labor climate.
- Jersey City (100) shares the talent and access advantages of NYC, and a marginally better tax, incentives, and labor climate.
- Atlanta (102) offers the opportunity of a large professional talent base, attractive relocation environment, and excellent air service --- and recent layoffs in the market have enhanced employer competitive positioning.
- Philadelphia (97) also offers a large talent pool and its proximity to NYC may enhance relocation acceptance.
- Indianapolis (90), although having the greatest cost savings, displays the lowest performance to non-cost criteria scores – the market is much thinner and air access more limited versus NYC, both significant disadvantages.
- Most 'very promising' scores: NY, NJ, Atlanta.
- Most 'significant concern' scores: NYC (tax climate and incentives).
- Current location offers many important benefits and some operational concerns.

			Scenario 1/2A	Scenario 2B	Scenario 3: National (Long-distance) Locations		
SCORE CARD: PROJECT VICTOR			475 & Downtown	Jersey City	Atlanta	Indianapolis	Philadelphia
			NY	NJ	GA	IN	PA
Talent Base and Replenishment		20.0%					
Demographic Characteristics	10%	2.0%	3.4	3.2	4.3	3.9	3.1
Language Skills (Spanish, French, others)	7.5%	1.5%	4.9	4.5	2.6	1.9	2.8
Labor Force Characteristics	20%	4.0%	4.3	4.1	3.8	2.6	3.2
Job Family Skills Base	25%	5.0%	4.9	4.5	3.9	2.7	3.5
College Graduate Pipeline	10%	2.0%	5.0	5.0	3.5	2.5	5.0
Current Market Competitiveness	20%	4.0%	*4.0*	*4.0*	*4.5*	*3.5*	*4.0*
Not-for-profit Talent Ecosystem	7.5%	1.5%	5.0	5.0	4.5	*3.0*	4.5
Subtotal	100%		*4.5*	*4.1*	*4.0*	*2.9*	*3.7*
Relocation Appeal		20.0%					
Housing Affordability	15%	3.0%	2.0	2.0	3.0	5.0	*4.0*
Cost of Living / Discretionary & Disposable Income	20%	4.0%	2.0	2.0	4.0	5.0	4.5
Congestion / Commuting Time	15%	3.0%	2.0	2.0	3.0	4.5	3.5
Distance and Access from NYC	20%	4.0%	3.0	3.0	2.0	2.0	*4.0*
K-12 School Rankings	5%	1.0%	4.0	4.0	2.5	3.0	5.0
Alternate / Spousal Career Opportunities	5%	1.0%	4.5	4.5	5.0	3.5	5.0
Diversity	10%	2.0%	5.0	5.0	5.0	3.5	5.0
Reputation of Location	10%	2.0%	3.5	3.5	4.0	3.5	4.0
Subtotal	100%		*2.9*	*2.9*	*3.4*	*3.9*	*4.2*
Alignment with AA Mission		30.0%					
Centrality to Members	35%	10.5%	3.0	3.0	4.0	5.0	3.0
Attraction: Member Visits, Conferences	35%	10.5%	3.9	3.9	3.8	2.7	2.9
Does the Location Feel Aligned to AA Legacy / Cultur	30%	9.0%	5.0	5.0	2.5	2.5	2.5
Subtotal	100%		*3.9*	*3.9*	*3.5*	*3.4*	*2.8*
Operating Environment		10.0%					
Tax Climate as Applicable	15%	1.5%	0.5	1.0	4.5	4.5	4.0
Incentives Potential (if applicable)	20%	2.0%	0.5	1.5	0.5	5.0	1.5
Labor-Management Climate	40%	4.0%	1.6	1.9	4.6	4.3	3.4
Natural Hazard Disruption Risk	25%	2.5%	3.2	3.2	3.4	3.3	3.1
Subtotal	100%		*1.6*	*2.0*	*3.5*	*4.2*	*3.0*
Airport Access		20.0%					
Convenience to Airport (to Downtown)	25%	5.0%	5.0	5.0	5.0	3.0	5.0
Enplanements / Flight Frequency - US / CN Destinatior	35%	7.0%	5.0	5.0	4.5	2.0	4.0
Global Air Hub	20%	4.0%	5.0	5.0	4.5	1.0	3.5
Flight Delay Track Record	20%	4.0%	2.0	2.0	4.0	5.0	4.0
Subtotal	100%		*4.4*	*4.4*	*4.5*	*2.7*	*4.2*
WEIGHTED SCORE		100.0%	3.68	3.69	3.76	3.33	3.56
Percent Score to Site Optimal			74%	74%	75%	67%	71.2%
Max possible score is 5 (100%)			475 & Downtown	Jersey City	Atlanta	Indianapolis	Philadelphia
Significant Concern			*2*	*1*	*1*	*1*	
Some Concern			*5*	*6*	*1*	*2*	*1*
Promising			*3*	*3*	*5*	*1*	
Very Promising			*10*	*10*	*10*	*8*	
Base 100 Scores			100	100	102	90	97

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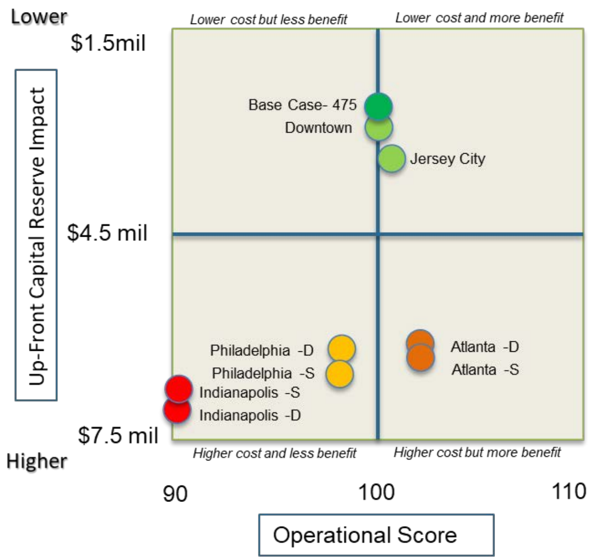
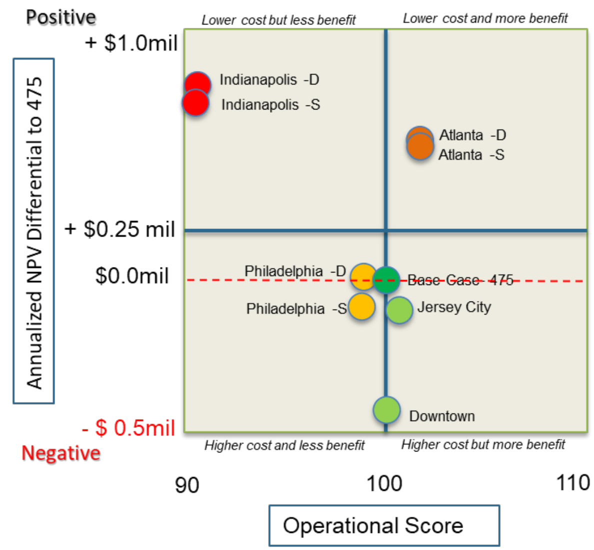
RELOCATION ANALYSIS: SYNOPSIS OF TRADE-OFFS

cresa WDGC

Upfront Capital Impact



Annualized 10-year NPV Impact



Symbol	Employee Action Risk
(green)	None – Status Quo
(light green)	Essentially None – Local (2 A and B)
(yellow)	High
(orange)	Higher
(red)	Highest

- All three long distance locations (downtown and suburban) incur significant upfront costs in the form of employee relocation / attrition and real estate costs – all incur significant staff loss and related Member services disruption.
- Indianapolis remains the lowest cost location - up to $875,000 annualized NPV savings over 10 years BUT has the highest impact on upfront capital reserves (~$ 7 million) and performance scores remain lowest, focused on talent and air access limitations.
- Atlanta has strong performance as a relocation alternative, however, still incurs high risk employee impact and related GSO services disruption. Upfront costs exceeding $6.5 million.
- The Base Case, Downtown, Jersey City and Philadelphia overall exhibit similar performance scores; downtown and Jersey City are more expensive than the base case and Philadelphia only marginally less expensive (with a marginally lower score).
- Financial and operational differences between downtown and suburban alternatives in each market are modest.

Location	Upfront Costs ($000)	Investment Payback (yrs.)	Annualized Labor + Premises Savings vs 475 (NPV)	
			Dollars ($000)	%
1. 475 Riverside	$2,395.4	NA	--	--
2A. Downtown NY	$2,744.0	Negative	($467.7)	(4.1%)
2B. Jersey City NJ	$3,382.4		($94.5)	(0.8%)
3. Atlanta - downtown	$6,628.1	3.4	$669.2	5.8%
3. Atlanta - suburb	$6,788.6	3.5	$667.9	5.8%
3. Indianapolis-downtown	$7,101.0	3.1	$874.7	7.6%
3. Indianapolis - suburb	$6,944.0	3.2	$811.2	7.1%
3. Philadelphia-downtown	$6,678.4	8.7	$50.2	0.4%
3. Philadelphia - suburb	$6,916.9	> 10 yrs.	($87.2)	8%)

General Service Board Location Plus ad hoc committee
Report to the 74th General Service Conference
April 2024

APPENDIX 3

Methodology Process: Employee Analysis

(Source: Consulting vendor’s Master Report)

THE RELOCATION ANALYSIS PROCESS

1. **The Predictions of 'employee action' (attrit vs relocate) are based on two sets of information specific to AA**
   A. Employee records (May 2023) for AAWS and AAGV which provide key demographic indicators that typically influence an individual employee's stay-go decision
   B. AA specific relocation and severance policies
2. **The analysis is informed by**
   A. Benchmarks gathered from other relocation analyses (not-for-profits, moves out of NY area, and other relevant projects)…in the case of Project Victor, current relocation policy (geared towards modestly incenting individuals to move to NYC) would be an inadequate incentive for relocation in a group move undertaking…WDGC proposed a more generous policy utilized in the analysis
   B. General trends and factors specific to AA
   C. WDGC team's 35+ years of experience assessing headquarters relocation and group move feasibility
3. **Analysis components / steps**
   A. Conceptualize hypothetical relocation policy for feasibility test
      - <u>Guiding principles and matrix sorting employees by job grade</u>
      - <u>Policy design for feasibility test (tiered by job grade groups)</u>
      - <u>Severance policy</u>: AA's severance policy appears typical and was applied to the analysis (attrition group)...no changes
   B. Apply a scoring system to each job grade (based on WDGC experience) across each employee's demographic factors
   C. Sensitivity analysis (best case / worst case / middle ground)
   D. Results: Employee retention-attrition prediction / localization to long-distance alternatives
4. **Financial impact of employee retention (relocation) / attrition (and replacement)**
   A. Key modeling assumptions – one-time costs
   B. Salary calibrations – ongoing costs

- WDGCs proprietary 'employee action' model takes into account personnel data elements to predict expected retention (and relocation) of employees in a relocation scenario
- Factors considered include:
  - *Employee personnel records:* the statistical employee record data elements form the basis of the analysis (May 2023 data file). Data sanitized to non-identifiable data for individual employees
  - Statistical analysis of key demographic indicators provided: job, level, salary, tenure, skill set, age, criticality of position, strength of affinity to AA, marketability of skill
  - *Relocation and severance policies and assumptions:* features and financial impacts of 'actions' predicted and applied to the relocation and separation groups plus home-ownership / renting assumptions
    - Separation costs based on AA Severance Policy:
      - 1-15 years pf service: 1 week of Weekly Base Pay per year of service
      - >15 years of service: 1.5 weeks; years of Service in excess of 25 are disregarded
    - Relocation costs based on WDGC and other benchmarks as AA's current policy is geared to, on a discretionary, individual basis, eligible, newly hired employees who must relocate to the greater NYC area.

Amount of Relocation Benefits

The amount of relocation benefits for eligible new employees is based on the distance of the move and the exempt/non-exempt classification of the employee as set forth in the chart below:

	50-500 miles	More than 500 but less than 1,000 miles	More than 1000 miles
Non-Exempt Employees	$1,000	$2,500	$4,000
Exempt Employees	$2,000	$5,000	$8,000

- IMPORTANTLY, this current program is not designed for a large 'group move' and, in WDGC's professional experience, would be very inadequate to incent a group of critical and important employees to accept relocation to a new metro area location
- A 'Group Move Policy' needs to be more robust, and potentially more generous than standard individual relocation policy to incent a relocation acceptance headcount goal that will insure the transfer of the organizational 'brain trust' to the new location

APPENDIX 4

Summarized experiences of companies that relocated Headquarters

(Source: Consulting vendor's Master Report)

RELOCATION EXAMPLES
Source: Consulting Team (Cresa/WDGC)

Company #1 – Relocated HQ / business operations from Miami, FL to Plano, TX in 2018
Background: Franchise holding that was based in South Florida. Talent pool with franchise experience and CRM was surprisingly thin in South Florida. Also, a challenge is national recruiting due to the absence of an industry ecosystem. Feasibility study authorized to ascertain viability of HQ relocation.

Headcount in South Florida was 85. One test location was the Dallas metroplex which has a large franchise management presence. HQ moved to Dallas in 2018. Operating costs were roughly equal. One-time costs approached $7.5 million. Attrition was 63%. This level was tolerable given the need to partially repopulate HQ staffing with professionals from the franchise sector and with strong CRM skills. Recruiting/retaining industry specific talent was deemed critical to achieving ambitious growth objectives. Plano was specifically chosen as it is a nexus of significant corporate presence in the larger market with ample office space property opportunities.

Company #2 – Considered HQ relocation from Watsonville, CA in 2014
Background: Company's business involved civil construction and construction materials. HQ is in Watsonville (south of San Francisco), CA. A relocation feasibility study performed in 2014.

At the time of the study, HQ employment was 180. Office space approximately 55,000 SF. Rationale for potential relocation embodied closer proximity to customers, industry specific talent pool, national recruiting, and business climate/regulatory challenges. The feasibility analysis examined relocation impacts to several test locations (e.g., Denver). Projected attrition was 55%. While roughly10% annual savings could be achieved the one-time price tag was steep, at $15 million. This was in part due to a rich relocation package which would need to be offered to both executive and technical professional staff. Top management had deep reservations over the loss of key employees and one-time cost. Thus, relocation was nixed. To help resolve the talent challenge, a strategy to grow regional offices adopted.

Company #3 – Relocated HQ from Berkeley Heights, NJ to Charlotte, NC in 2021
Background: The Company is a manufacturer of residential and commercial pool equipment. The company was headquartered in Berkeley Heights, NJ and had been based in NY since the company's founding. The HQ relocated to Charlotte, NC in 2021.

Approximately 90 employees were assigned to the Berkeley Heights HQ. About 50 positions were relocation eligible. Out of the remaining 40, a small contingent was transferred to a manufacturing plant in North Carolina. Out of 50 relocation eligible employees, attrition was close to 60%. If 75 employees were counted (90 minus 15 moved to the mfg. site) actual attrition was over 70%. One-time move costs approached

$3.5 million. A top tier relocation package was necessary to engender retention among critical positions. Operational cost savings were modest. This move was made for strategic reasons. Among them were: customer proximity, perception of a 3 season vs. 1 season pool location, lifestyle/cost of living benefits, infusion of fresh talent (particularly finance talent), and synergies with a nearby manufacturing plant. Consequently, the relatively high loss of employees was tolerable. But transition required a detailed and well managed migration plan. The move was undertaken over a 12-month period.

Company #4 – Relocated HQ / business operations from Champaign, IL to Atlanta (downtown), GA in 2019
Background: Company is an international professional association world-wide. Champaign was viewed as a location to be challenging to recruit association management talent as well as challenging air access for board members, partners, and visitors. Also, it was difficult to relocate talent to Champaign. Company was embarking on a new strategic direction and had a strong desire to be in a larger, globally accessible city with a substantial association management talent pool – likewise urban forestry initiatives of the host city were important. 43 individuals were offered relocation package of $40,000 - $50,000; 90% attrition. It was challenging to start the organization with only 4 relocatees… needed to quickly ramp-up in Atlanta and needed to pay a premium (75th percentile) to attract talent rapidly. Now have 32 employees at HQ. It was very challenging to maintain institutional knowledge and information during the move; also a substantial amount of leadership time invested in the onboarding challenge of hiring an essentially new workforce.

Company #5 – Relocated HQ from Kansas City, KS to Houston, TX in 2013
Background: Company's business embraces water management, construction, and drilling. HQ relocation from Kansas City to Houston was completed in 2013. Headcount was 160. Office space 60,000 SF.

The company had substantial growth plans in the energy sector. The industry specific talent pool in Kansas City was thin. Additionally, relocating talent was a challenge due to the modest presence of an energy industry ecosystem. After an extensive analysis, executive management decided to relocate HQ to greater Houston (The Woodlands). Attrition was around 65%. While potentially disruptive, the attrition rate was not a showstopper as an infusion of fresh talent was necessary. Despite a 5% increase in annual operating expenses and a one-time cost of $14 million, relocation was deemed instrumental to attaining strategic, transformative objectives. Policies were put in place to help smooth the transition. A tiered relocation package was offered to encourage retention among the c-suite and several other critical employees. The top-tier packages averaged about 1.3 times the annual salary. The move was consummated over several months in mid-year.

Company # 6 – Relocated Operational Office from DC area to Indianapolis, IN in 1998
Background: The organization is one of the 4 congressionally sponsored youth organizations in the U.S., the others being Boy Scouts, Girl Scouts, and 4-H. The

organization's federal linkage rests in the Department of Education. The organization relocated its operational office from Mt Vernon, Virginia to Indianapolis in 1998, with the key trade-offs being proximity to the Department of Education in Washington versus being more aligned geographically to its membership base across the USA. Many (perhaps the majority) of the staff during the time of the move were transferees to the DC area from other parts of the country. Retention in the move was approximately 50%, attributed to the loyalty to the mission and the fact that many were not rooted to the DC area. Additionally, they offered an excellent package for relocatees. At the same time, the organization moved from Madison, WI to Indianapolis, co-locating with the operations office.

Company #7 – Considered HQ move from New York, NY in 2015
Background: Explored relocating headquarters from Penn Plaza submarket in New York City (2015).

The lease was coming up for renewal in two years. The Board of Directors believed that examining pros/cons of relocation was warranted. HQ employed roughly 40 people occupying some 12,000 SF of office space. Several relocation options were evaluated including short-distance (NJ Waterfront) and long-distance (Houston a test location). A short-distance move did not make economic sense. Long- distance relocation could bring annual savings of about $500,000 per annum (largely office rent). However, the one-time cost approached $4 million. The payback was over 7 years. A relatively favorable lease rate in the Penn Plaza submarket reduced potential occupancy savings vs. long distance. But the core dynamic for executive management recommending against relocation was an attrition rate of 56% (almost 65% among professionals). Loss of institutional knowledge was deemed too great of a risk. Company moved into new office quarters at 7 Penn Plaza once the current lease expired.

Company #8 – Relocated HQ from Wichita, KS to Denver, CO in 2016
Background: Manufacturer of piping products. HQ and manufacturing in Wichita, KS.

The company was experiencing difficulty in staffing both executive and technical professionals in Wichita. In addition, Wichita was inconvenient for staff, Board, customers, and other stakeholder's travel. Nearly 100 employees were offered relocation. About 57% relocated. Attrition was 43%. Operating costs were 10% higher. One-time costs were approximately $7 million. The HQ relocated to suburban Denver. Strategic reasons (e.g., talent and access) drove the relocation decision. Move completed in 2016.

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APPENDIX 5

Findings and Conclusions

(Source: Consulting vendor's Master Report)

CONCLUSION: CONSULTING GUIDANCE

cresa WDGC

On balance, the business case to move does not appear supportable at this time, given upfront costs as high as $7.1 million, and likely very high attrition of staff (>80%), in turn impacting the ability to support GSO's service mission to Members.

- Scenarios 2A and 2B: A local move has no financial or operational advantage. Upfront costs are likely higher in both downtown and Jersey City, and annual costs (rental rates) are likely marginally comparable (Jersey City) or higher (downtown) than a renegotiated lease at 475 Riverside Drive

- Scenario 3: Although a long distance GO decision is financially feasible over a 10- year period, yielding as much as $1.8 million per year in labor and premises costs savings in Indianapolis / $1.5 mil in Atlanta / and up to $600K In Philadelphia), the initial upfront costs to move (relocation and capital) are significant (between $6.6 and $7.1 million). The Board will need to ascertain whether drawing from reserve funds to pay for relocation is best use of capital given other competing uses.

- Relative to the AA and GSO mission, there is no apparent strategic / transformational benefit that relocation to another city offers…unless cost savings over time can result in enhanced program delivery.

- The personnel impacts of a relocation of the GSO out of New York City will be highly disruptive….predicted to exceed 80% move-induced attrition.

- Although stay and go location options all have individual operational advantages and challenges, there remain significant operational advantage to remaining in New York during this time with no clearly compelling advantages elsewhere.

The Consulting Team recommends a STAY decision and renegotiation / renewal of the 475 Riverside Drive lease. This is based on input from the Location Plus Committee, management, consensus on decision criteria and method, and the subsequent analysis.

SYNOPSIS: Performance to Project Criteria

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Downsides to Relocating

- Significant relocation impact to staff in a long-distance move…loss of institutional knowledge
- Disruption risk to serve members during the transition
- No clear strategic benefit
- Loss of the historic origins of AA
- Significant drain on capital reserves

Benefits to Relocating

- Potential annual savings in labor and real estate costs

Subjective Considerations

- Business and labor climate
- Destination appeal
- Views positively and negatively towards NYC

Guiding Principle	1. STAY	2A - Downtown	2B – Jersey City	3. Atlanta	3. Indianapolis	3. Philadelphia
Relocation HR Impact	✓✓✓	✓✓✓	✓✓✓	×××	×××	×××
Mission Continuity	Neutral	Neutral	Neutral	Some move induced impact	Some move induced impact	Some move induced impact
Destination Appeal	✓✓✓	✓✓✓	✓✓✓	✓	✓	✓
Access	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓
Talent Sourcing	✓✓✓	✓✓✓	✓✓✓	✓✓	✓	✓✓
Alignment to Values / Members	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Bus./ Labor Climate	××	××	×	✓✓✓	✓✓✓	✓
Cost to STAY	$2.4 mil	--	--	--	--	--
Cost to GO	--	$2.9 mil	$3.4 mil	$6.6-6.8 mil	$6.9-7.1 mil	$6.7-6.9 mil
Annualized 10-yr NPV Savings	--	-($0.47 mil)	-($0.09 mil)	$0.67 mil	$0.81-0.87 mil	-($0.09 mil) - $0.05 mil
% 10-yr NPV difference		-(4.1%)	-(0.8%)	5.8%	7.1-7.6 %	-(0.8%) - 0.4%
Incentives Offsets	--	Marginal	Limited	Marginal	Favorable	Limited

Performance to Criteria				
× Red Flag	✓ Marginal	✓ Satisfies	✓✓ Exceeds	✓✓✓ Significantly E

CONCLUSIONS: Key Takeaways

1. HQ moves typically occur to enable strategic advantage or operational transformation.
2. A GO decision to a long-distance locations appears to offer no clear strategic or transformational advantage to the current location.
3. A long-distance move can tap into lower cost talent markets, and generally lower cost office real estate (Atlanta, Indianapolis particularly)…however, there are clear performance trade-offs, particularly Indianapolis, and per below, significant move-induced business disruption.
4. The impact to current employees would likely be substantial and potentially very disruptive to institutional knowledge as well as member services.
5. A slower phased migration could mitigate some of the move related impacts, but has risks of 'extending the pain'.
6. The local move options (downtown and Jersey City) will be minimally disruptive to the aggregate of employees but will likely incur higher rental rates and upfront costs than 475 Riverside Drive.
7. The cost to renovate 475 Riverside Drive (estimated at $2.4 million) will be considerably less than the upfront costs at any other location:
   A. $0.3 - $1.0 less than downtown and Jersey City options (with higher lease costs at both, no rationale for a local move)
   B. $4.3 million - $4.7 million less than the long-distance options
8. Concern regarding NYC's business climate and distance from the membership base are subjective considerations for the Location Plus Committee to consider. Our team does not view business climate / labor regulation concerns in NY to be an overriding justification to move given the business disruption risks, high upfront costs, and no clear transformational advantage to moving.

July 24, 2023

Location Plus General Service Board (GSB) Ad Hoc Committee – Progress Report

Current Committee: Carolyn W. (Chair), Irma V. (Vice Chair), Teresa J., Paz Pr., Marita R., Tom H., Mike L. (Interim GSB Chair, ex-officio), and Michelle Mirza (non-voting secretary). Additionally, Bob W. (GM GSO) and Chris C. (Publisher GV) are invited to participate as non-voting members, and as vital resources in the evaluation and implementation of the committee's work.

This ad hoc committee began its work in January 2022. The ad hoc committee has met 7 times in 2022. Since this committee reported to the 73rd General Service Conference the ad hoc has met 6 times.

May 30th – introductory meeting with the vendor to discuss scope of work, timelines, GSB priorities related to the location study.

June 5th and June 8th – further discussion regarding the Scope Of Work (SOW) and terms of the proposed contract occurred after concerns were raised about the inclusion of a requirement to use the vendor as our broker for the real estate transaction management portion (lease negotiation). The concern was not with the vendor or their services, rather it was with the inclusion of the real estate management requirement at the initial stage of the work. Further negotiations with the vendor resulted in the new terms summarized below:

> Phase I: Master Scenario Report – assessment of our space usage and needs, workforce analytics assessment, labour/demographics analysis, comparative location real estate/economic/financial market data, recommended workplace concepts, lease options analysis and comparison for short listed locations. This portion of the work is $177,000 (the amount initially quoted was $112,000 but this amount was based on the inclusion of Phase II which has now been separated into a separate Phase II of services).
>
> Phase II: Real Estate Brokerage Representation & Transaction Management - If we chose to proceed with Phase II these services would include representation as our exclusive commercial real estate broker and unbiased advisor, completion of a more comprehensive and granular level analysis of the market alternatives at state, city, market and building level, development of competition in proposals from potential landlords, financial analysis of alternatives, negotiation of offer and Lease transaction terms, feasibility planning of interior office spaces.
>
> The ad hoc will determine if we will opt to add the Phase II services component later after the Master Scenario Report is available. If selected, Phase II would be at no additional cost to us. The vendor would be compensated by a standard

Location Plus General Service Board (GSB) Ad Hoc Committee – Progress Report

market real estate commission paid by the landlord. If we opt for Phase II, \$65,000 of the \$177,000 for Phase I will be returned to us as concessions (bringing Phase I back down to \$112,000).

June 21st - Discussed feedback of committee's report to the 2023 General Service Conference, discussed needs/criteria for GSO/GV offices, revisited Location Plus Reports from AAWS and AAGV, reviewed list of information requested by the vendor.

June 27th - Ad hoc chair met with vendor to review new project timelines and revise in light of the later than expected start. Critical deadlines to support recommendations to the GSB at the January 2024 Board Meeting and subsequent reporting to the 74th GSC have been affirmed.

July 11th - Ad hoc committee meeting with vendor. The vendor requested (and received) a significant amount of information to use for understanding current state and to assess future needs. This "discovery" meeting was requested by the vendor as an opportunity to ask additional questions to ensure full understanding of GSB priorities related to the location study.

July 17th – vendor tour of current offices on 8th floor and 11th floor at 475 Riverside Drive, NY.

July 19th – Ad hoc meeting with vendor. Update on work to date in advance of the Q3 GSB meeting, as requested by the ad hoc committee. Definition and Discovery deliverable.

July 20th – vendor meeting with GM, Publisher and HR for detailed discussion on space programming needs and how these may be affected by remote or hybrid work

Next Steps:

TBC (August 9 or 10) – ad hoc meeting with vendor to hear recommendations for 5-7 options and short list 3-4 locations for a deep dive analysis.

August 17th – ad hoc meeting to discuss: Any updates from the weekly meetings with the vendor (Bob and/or Carolyn), review "guiding principles" and consider any needed changes, determine if the ad hoc thinks a split location is desirable, and other topics TBC.

The ad hoc committee will continue to work with the executives of AAWS and AAGV, and the vendor regarding the "Plus" portion of the study. This includes in-depth review of

Location Plus General Service Board (GSB) Ad Hoc Committee – Progress Report

internal operations and needs to inform location selection. Areas of consideration under "Plus" include:

- In collaboration with the executives from both operating corporations, and the AAWS and AAGV Boards, determine the functions that are currently necessary to provide requested services to the membership. ***Completed. Data provided to the vendor.***
- Define the characteristics and space needs for office space/work areas in creating estimations of square footage needed and with consideration of a positive work environment for our employees and that reflects current best practices. ***Completed. Data provided to the vendor.***
- Look for efficiencies of scale (physical and otherwise) throughout both operating corporations with the goal of best serving the Fellowship in a prudent and cost-effective manner. ***Completed. Data provided to the vendor.***
- Assess future needs, through to the end of the next lease cycle, to ensure location selection reflects both immediate and longer-term needs. ***Completed. Data provided to the vendor.***

AAWS and AAGV have been provided in depth plans which have been reviewed by the ad hoc committee and shared with the vendor.

The plans received include detailed information on the following topics:
Initial assessment of staffing and human resources current and any anticipated changes in the next 12 months.
Equipment and technology needs.
Dependencies and relationships to other departments/entities.
Additional/future needs to meet objectives. Include equipment, personnel, skills/expertise, and other resources as applicable.
Any identified areas of opportunity to reduce duplication, improve efficiency, maximize use of existing resources, and/or decrease costs.

Additional meetings in August, September, October to be scheduled as needed.

Oct 23rd – vendor Master Report to the ad hoc committee

Oct 30th – location plus ad hoc report, vendor Master Report and recommendations to the GSB

See timeline for further milestones.

General Service Board (GSB) Location Plus Ad Hoc Committee
Interim Report
October 2023

Current Committee: Carolyn W. (chair); Irma V. (vice chair); Tom H.; Teresa J.; Mike L., (interim GSB chair, ex officio); Paz P., Marita R.; and Michelle Mirza, (non-voting secretary). Additionally, Bob W. (GM GSO) and Chris C. (Publisher GV) are invited to participate as non-voting members, and as vital resources in the committee's work.

This ad hoc committee began its work in January 2022 and met seven (7) times that year. Since this ad hoc committee reported to the 73rd General Service Conference in April 2023, the committee has met ten (10) times and delivered a progress report to the GSB in July 2023.

Summary of discussion and actions beginning August through September 26

August 10 – Ad hoc meeting with vendor. Vendor shared information on their progress to date, and of the extensive location screening data compiled for local and tri-state submarkets and long-distance alternatives. The vendor presented a list of eleven long-distance locations with their recommendations for the committee's consideration, whereby the committee agreed on a short list of five long-distance locations. The committee also reviewed a draft Request For Information (RFI) provided by the vendor. This RFI to be issued by the consulting team to Lead Development Organizations (EDOs) to proceed in gathering a more focused and detailed analysis of the short-list of long-distance locations. The RFI project to be carried out in a strictly confidential manner under a code name whereby Alcoholics Anonymous will not be identified.

August 17 – At this meeting, the committee reviewed and accepted the Composition, Scope, and Procedure, approved by the General Service Board last August. The chair apprised the committee of the weekly virtual meetings with the General Manager and vendor noting that in the coming weeks, this group will examine human resources statistics for the purpose of quantifying relocation costs and the vendor team to work on making recommendations on utilization of space. At the request of the vendor the committee discussed pros and cons of urban and suburban relocation options and agreed to direct the vendor to explore either of the two options, provided that the choice location balances the ability for accessible transportation. In addition, an attractive location that factors in quality-of-life benefits and consideration of cost-of-living expenses. The chair also shared that the vendor convened with management and Human Resources and discussed matters around workforce planning, for example, hybrid schedules and assessed space needs.

There was also discussion on the wealth of data pertaining to the relocation analysis in relation to reporting to the Fellowship and in making recommendations to the GSB.

September 20 – Ad hoc meeting with vendor. Vendor team led the discussion on their interim report titled "Consolidated Task Two and Task Three Findings and Preliminary Stay versus Go Results." The report included an Executive Summary, a recap of their methodology and criteria, sections summarizing relocation impacts, financial analysis, key findings, a scorecard summary, and other significant information. The vendor noted that a final report comprising of their conclusions and guidance will be provided in their Master Report, targeted to be delivered to the committee by October 27, 2023. The vendor also reviewed the goals of the meeting, summarized as follows:

- Review the working draft of relocation findings and comparisons of the alternate scenarios and locations (Tasks 2 and 3)
- Identify remaining scenarios and locations to carry forth into the final stages of the study (Task 4)
- Preview elements for further investigation
- Review next steps and timeline for delivery of Master Report

A section of the report reviewed in detail included the relocation analysis and synopsis of trade-offs based on two scenarios for the base case: (1) partial renovation upon lease renewal of 475 and (2) based on full renovation of 475. It was shared that variables around office usage affect the baseline data and everything is analyzed in reference to the baseline. To continue the financial analysis, the vendor sought input from the committee regarding the extent of the renovations at 475. To aid in informing the vendor's work, the committee chair called for a meeting of the committee within the next week to discuss the vendor's query around the extent of office renovation. Next steps outlined by vendor –

- Investigate the remaining long-distance location alternatives.
- Refine the relocation analysis and assumptions.
- Add the split scenario data to the next presentation (retain a core group in NYC and relocate the remainder to another location).
- Refine and update the financial model as appropriate.

The committee validated the short list of proposed long-distance locations and directed the vendor to further explore suburban and downtown options in three cities for comparative analysis. The short-distance location category, to be kept for base-case (475 Riverside) comparative based on renovation costs.

September 26 – The committee engaged in a high-level discussion around the extent of renovations at base location (475 Riverside) - requested by the vendor for financial analysis. It was the sense of the committee that minimum work to consolidate the two Floors (Suite 8 and Floor 11) be examined in a "Phase 1" approach to accommodate a functional and workable workspace with possible future improvements /renovations be considered when finances are more feasible.

Concerning procurement of lease renewal information from current landlord and potential landlords, the committee unanimously approved the following motion:

> **The Location Plus Ad Hoc Committee agreed to engage Cresa vendor to act as our representative in the lease negotiations with all potential landlords.**

September 26 – Email update to committee from ad hoc chair on meeting with vendor and general manager following September 26 committee meeting.

1) ***Info needed for baseline projections.***

   -renovations if we stay at Riverside: a conservative approach with cost controls in mind, consider 2 phases, and a feasible, workable desirable office space at the lowest possible cost (note that these same principles will be applied to estimates for other locations too, but will have the greatest impact on the location rankings in relation to Riverside)

   -**landlord inputs (now) and lease negotiations (future):** committee chair advised of request for documentation of the representation agreement for review, and intent to proceed if the terms are satisfactory (we have the terms but have not yet formalized into an Agreement). Committee chair requested receipt of the Agreement for committee input and approval prior to forwarding it to management for execution.

2) ***Split location options***

   Vendor will include a slide that summarizes some of the options and data previously discussed to formalize that in the next presentation.

3) ***Option to retain 8th floor***.

   In discussing the potential scale renovations and the impacts of the cost projections it came up that robust renos on the 11th floor might make keeping the 8th floor with no renos on either floor more cost-effective than consolidating. If that is the case, the vendor will include that in the scenarios,

Next Steps:

October 10 – Joint Meeting of the Location Plus Ad Hoc Committee and AAWS board to discuss vendor engagement for transaction management.

October 23 – Ad hoc meeting with vendor. Delivery of Master Report, vendor to present findings and recommendations to the ad hoc committee.

From the Q4 General Service Board Meeting: At the Q4 GSB meeting, the Location Plus Ad Hoc Committee provided in-depth reporting from the vendor to the General Service Board who expressed that they are satisfied with the work completed to date. This reporting is confidential according to our contract with the vendor and will be summarized in the report to the General Service Conference. The vendor is gathering more information for us so we can make a fully informed decision. The work is proceeding as expected, and we are looking forward to having more information to share soon. Your patience with this part of this process, where confidentiality is essential to ensuring the best possible outcome for Alcoholics Anonymous, is appreciated.

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