



BUTLER MANUFACTURING COMPANY

1540 Genessee • Kansas City, MO 64102
Post Office Box 419917
Kansas City, MO 64141-6917
Phone: (816) 968-3000

**INDIANA DEVELOPER’S SOUND FOOTING EARNS TWO,
MAJOR BUILD-TO-LEASE PROJECTS FOR SHOE CARNIVAL**

Woodward Development & Construction, Inc. faced tough competition from economic development agencies in Florida, Kentucky and Indiana and other interests who were already pursuing the new facilities associated with the announced relocation of Shoe Carnival, a major shoe store chain based in Evansville, IN. At stake were a 60,000-sq.-ft. Class “A” headquarters building, a 410,000-sq.-ft distribution center and 120 new jobs.



Shoe Carnival started in 1978 with one store on the east side of Evansville and had nearly 300 stores in 27 states when negotiations began for the relocation. The retailer has stated goals to someday operate 700 stores which meant likely future expansion for both proposed buildings. This represented a “clean” enterprise that would be welcome almost anywhere in the United States and other locales were willing to pay handsomely to lure it to a new location.

“Shoe Carnival had become like all big companies that wanted to explore every avenue of funding,” recounts Evan Beck, a principal in Woodward Development. “As another local company, we could make a strong case for working with us because our attention to portfolio management has earned us an excellent reputation. We take pride in the quality of every project we build because our company operates as a Build, Lease & Hold investor instead of just earning a development fee and then flipping a property to different ownership.”

Principals with the Evansville firm further emphasized the advantages of working with a developer that had in-house construction services and a financial statement strong enough to secure longterm financing for the entire \$30-million commitment. Equally important, site consultants had emphasized that staying in the Evansville area would preserve the shoe retailer’s experienced workforce and the community offered efficient logistics and distribution advantages.

Woodward had secured the inside track on the distribution center contract when they offered to restructure the original program to involve build-to-lease agreements on both facilities instead of the retailer’s original plan to directly own only the distribution center. Beck also convinced Shoe Carnival’s CEO, who had a financial background that leasing the two facilities offered more return on investment for a company with growth plans.



“We’ve found that most companies put millions into a building simply for the pride of ownership but only generate a 10 to 15 percent annual return, mostly in appreciation,” Beck said. “That direct investment as an operational cost also shows as a significant debt on the balance sheet. Most astute companies today, like General Electric, will lease all their facilities and earn twice that amount by expensing the cost of the lease and investing those resources in their business cycle.”

The shoe retailer also received economic development incentives to stay in the Evansville area, including ten-year personal and property tax abatements; \$2-million in tax credits based on job creation and capital investment; \$20,000 in training grants; and \$200,000 in infrastructure assistance for the municipality. Once the decision was made, Woodward confronted challenging occupancy deadlines, especially for the office building as negotiations stretched out on several business park sites.

MERGING SITE AND MATERIALS...

The distribution center was built on a distressed site that encompassed former mining operations. That fact presented many other considerations faced by developers.

“We had acquired the 130 acres at auction but most of it was essentially worthless,” said Steve Kahre, who runs the construction operations of Woodward Development. “It took a lot of work before it was ready to accept a building.”

That preliminary effort included an environmental study and mitigation plan that had to receive approvals by both the Indiana Department of Environmental Management and the Louisville District of the U.S. Army Corps of Engineers, Kahre said.

To keep pace with the schedule and acquire the desired quality in construction, Woodward management had American Structurepoint, Inc., Indianapolis design the distribution center, and the subsequent, two-story corporate offices around building systems supplied by Butler Manufacturing Company. Kahre favors the Butler MR-24® standing seam metal roof system because of its longterm weathertightness and minimal maintenance. A building roof as expansive as that on the distribution center is inevitably subjected to thermal expansion and contraction induced by temperature changes. The patented Butler standing seam metal roof is engineered specifically to accept roof movement and wind uplift without compromising the weathertightness.

His partner also noted that the project qualified for a lower interest rate on the loan by combining abuse-resistant concrete block construction for an eight-ft. perimeter wainscot beneath metal wall panels used up to the eave of the large project. Completed in just eight months, the 500' x 800' x 34' distribution building has 60 dock doors and employs 160 workers

The contract for the 60,000-sq.-ft. headquarters office building was inked while the distribution center was under construction. This image-setting facility underscores the architectural potential for new-generation systems construction. Groundbreaking occurred in August for the two-story building within the 142-acre mixed-use Cross Pointe Commerce Center and was completed in June of 2007 following a Fast Track construction schedule.



Shoe Carnival wanted a distinctive office facility and certainly gained one. American Structurepoint, Inc., based in Indianapolis, designed the project around an additional package of custom-engineered Butler systems with a full-height atrium encased in blue-tinted glass. The plan provides 30,000 sq. ft. based mostly on an open office plan on each floor and can be expanded by 24,000 sq. ft. off each opposing wing, enough to eventually accommodate 300 employees. The lower floor is defined by the two-level, atrium, meeting rooms with mockup retail displays, an employee break room with an outside patio overlooking a retention pond with a water feature. The upper level

subdivides into office areas for finance, accounting and executive offices with outside balconies overlooking the pond. The building has high-efficiency heating, air-conditioning and variable-air-volume air distribution.

The two contracts for the Shoe Carnival facilities represented the largest development by the Woodward organization and clearly position them as a leading factor in the Evansville and surrounding market.

###