

Mid-America Transplant buying Highlands building

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Mid-America Transplant Services (MTS) has entered a contract to take complete ownership of the 81,000-square-foot Highland Plaza Three building, which currently serves as the organization's headquarters, for \$21 million.

The nonprofit, which coordinates organ recovery and donation, partnered with Balke Brown Associates in 2008 to build the four-story facility in The Highlands complex on Oakland Avenue, near Highway 40 and Hampton Avenue.

MTS already had 50 percent ownership in the building and occupies roughly 40,000 square feet on two floors and is eyeing the rest of the building as an investment property. It signed a contract to buy the rest of the building a month ago, and the deed will transfer in December 2013.

"It's a good investment for us to own the building," said MTS President and Chief Executive Dean Kappel. Barnes-Jewish Hospital signed a 10-year lease in 2008 for the remainder of the building, and MTS does not envision taking over the hospital's offices.

To purchase the building, MTS is laying out \$17.4 million in cash. The delayed deed transfer will allow the nonprofit's building fund to build reserves and borrow as little as possible, Kappel said. MTS currently has \$25 million in reserves, including \$2.5 million earmarked for the buyout. The building cost \$17.5 million to construct in 2008.

According to the original partnership, MTS had an option to purchase the rest of the building. "They could have purchased it at any time during the term of their lease," said Steve Brown, president of Bulke Brown Associates. "We're excited" about the recent sale agreement, he said, "which means they're staying here for a long, long time."

MTS spent \$7.6 million to build its headquarters, which houses three 600-square-foot operating rooms. One also functions as a cardiac catheterization lab and was added — for \$500,000 — after MTS moved in. MTS performs organ and tissue retrieval on site, which Kappel said reduces costs. In 2010, the average hospital cost for organ recovery and allocation was \$43,931, compared with \$7,820 at MTS, according to the nonprofit.

MTS works with four hospitals in the St. Louis area — Barnes-Jewish Hospital, Saint Louis University Hospital, St. Louis Children's Hospital and SSM Cardinal Glennon Children's Medical Center — and bills them for retrievals. Established in 1974, MTS has 105 employees and posted revenue of \$34.4 million in 2009, up from \$30.1 million in 2007.

Revenue is donor-driven, and MTS performed a record 168 organ retrievals last year. This year, Kappel expects around 150. Bone donations are down 19.7 percent so far in 2010, though skin

donations are up 500 percent because of increased demand, particularly after the earthquake in Haiti.