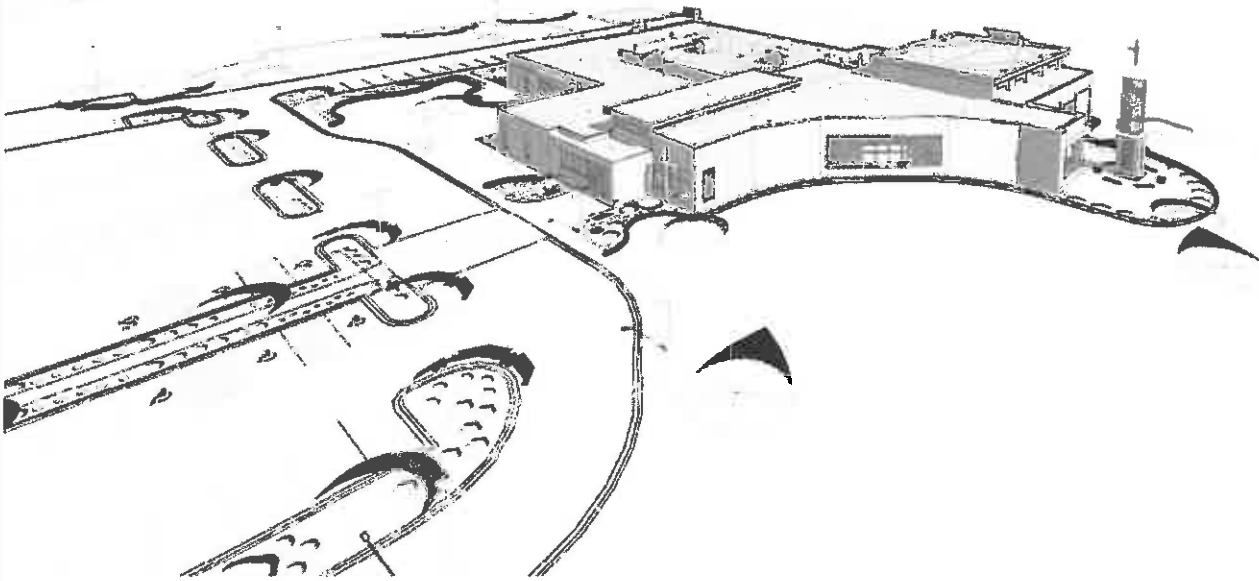


First  Lutheran
CHURCH

Where faith and life meet



Building Cost & Financial Package

ZERR BERG
ARCHITECTS

innovative
Builders • Erectors • Developers



Mission Investment Fund
Evangelical Lutheran Church in America
God's work. Our hands.

Why are we building a new church home?

Our main motivation to build is to continue to grow our mission. To do that, we have developed a plan that addresses our need for more room, full accessibility, and spaces that are both functional and flexible. Our vision has outgrown our current location, and this plan allow us to enhance our ability to serve a greater number of people in a more dynamic space, in a growing part of our community for years to come.

With current interest rates where they are at, construction costs will increase over time outpacing rising interest rates, and a generous response to purchase our current building, we believe now is the time for us to move forward. We give thanks to God for all that he has done and will continue to do in and through us.

The Numbers:

- ◆ Our current facility is 30,306 Square Feet (16% or 4,906 Square Feet is unusable circulation space)
- ◆ The new construction is 37,135 Square Feet
- ◆ The total project cost is \$9,134,338 including a 7% contingency of \$525,239.11
- ◆ We currently have \$4,008,998 cash on hand
- ◆ Another \$2,386,460 in pledged dollars will be received over the next two years
- ◆ We currently receive just over \$58,000 in building fund pledges monthly, which is over \$700,000 per year

What are we going to borrow?

We are excited to move forward as our history has shown we have the support and capacity to complete this project. Based on our cash flow analysis, we will not need to draw on our construction loan until February of 2019. We will pay interest only on the borrowed dollars until construction is complete. These interest payment will be paid for by the monthly pledged dollars received.

The amount we will need to borrow is \$4,137,043. When our current campaign is completed in 2020, we will have approximately 2,369,414 left of our construction loan, which will be serviced by our next capital campaign.

How will we service our construction loan?

Our next capital campaign will begin in 2020. The funds generated from this campaign will be used to service our loan payments. Our goal in that campaign will be \$2,000,000, a realistic goal based on the success of our preceding campaigns. With the addition of unpledged gifts and memorials, we hope lessen our construction loan to about \$750,000 when that campaign is finished in 2023.

We estimate monthly payments of \$27,850.47 on our construction loan. We currently receive just over \$58,000 in building pledges monthly, this will allow us to make additional principal payments monthly. We have the option to re-amortize our loan adjusting the loan terms, payment amount as we pay principal. In order to service our construction loan, all that is needed in the next campaign is three more years of the same support you have generously given in the previous campaigns.

General Operating

The building and general funds will remain separate. The everyday costs of operating the building will be part of our general fund. The projection of increased daily operating costs will be roughly \$5,230 per year.

Utility Cost Projection	2017 Actual	Projection	
Heating	\$ 7,598.71	\$ 7,250.00	Efficiency to reduce costs
Electrical	\$ 13,697.16	\$ 12,500.00	Efficiency to reduce costs
Phone/Computer/Internet	\$ 6,892.90	\$ 8,700.00	Leased systems
Insurance	\$ 16,738.84	\$ 20,500.00	Based on Square Footage and additional green space
Snow Removal	\$ 1,672.50	\$ 2,880.00	
TOTAL	\$ 46,600.11	\$ 51,830.00	

Our Banking

Proposals were sought from six different local banks along with the Mission Investment Fund (MIF) of the ELCA. After reviewing proposals, it was determined the best proposal to fit for our needs is the Mission Investment Fund. The MIF has a minimal loan cost origination fee of \$850 dollars. Once the final loan amount is established the Title costs would be \$18,000. We will pay interest only during the construction period, our monthly campaign income will take care of these payments. Once construction is complete, the loan will convert to principal and interest payments.

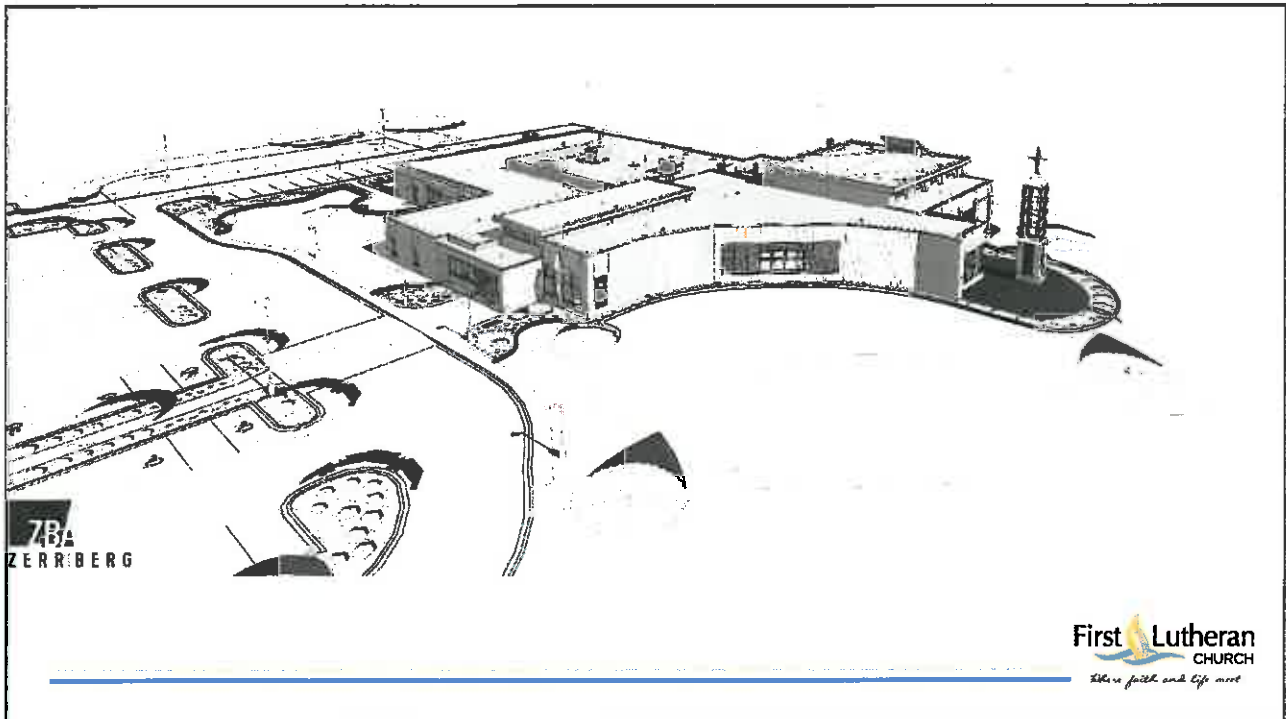
- ◆ Interest rate during construction is the same as the long-term rate
- ◆ If construction runs over schedule, the MIF can extend the interest only construction period
- ◆ Loan funds are dispersed to FLC as needed during construction, we pay all invoices
- ◆ Interest Rate is approximately 4.875% at the 10-year adjustable rate (rates have increased 1% since last fall)
- ◆ We have the option of a 3, 5, 7, or 10-year adjustable rate
- ◆ No penalty for prepaying the loan with congregation funds

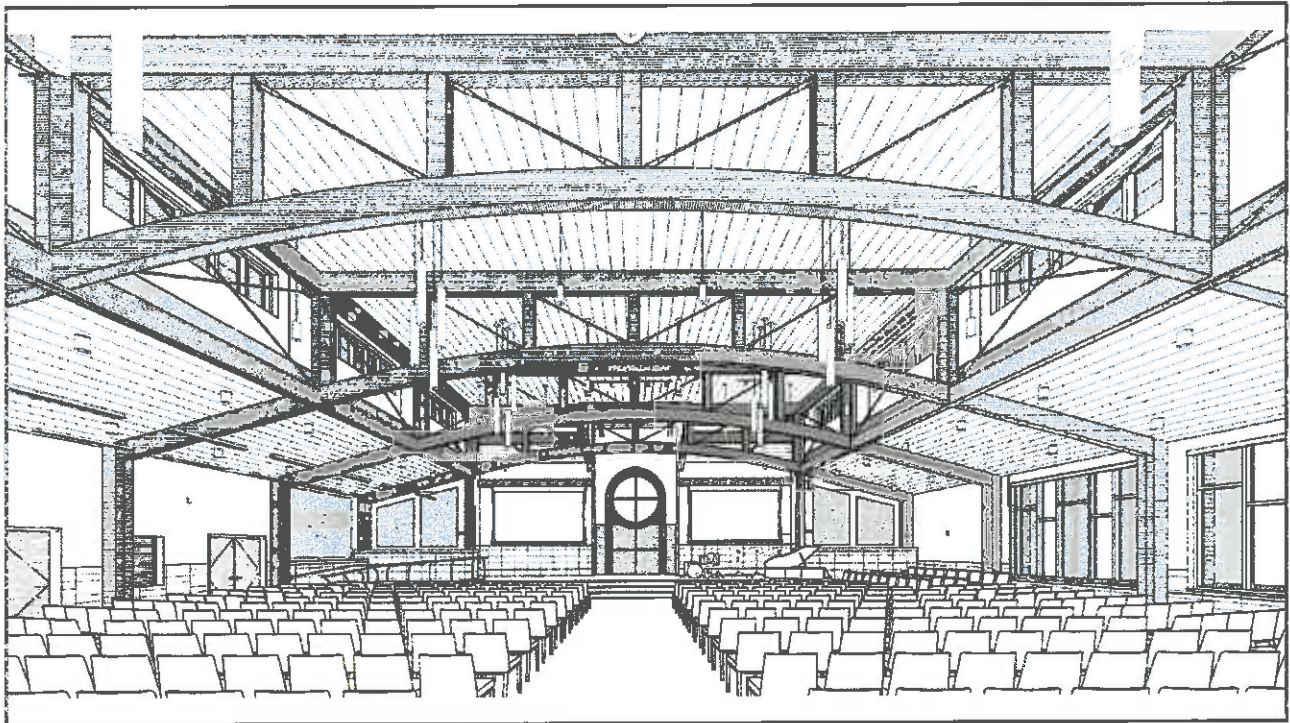
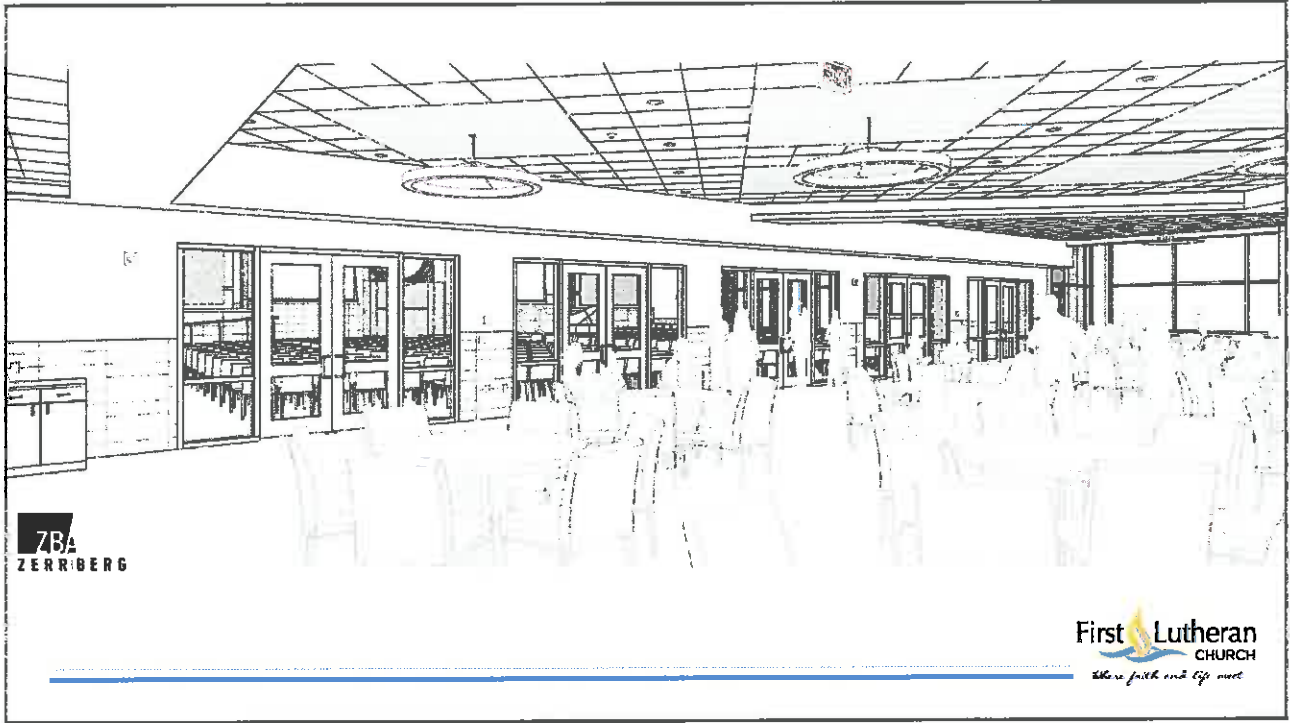
Resolution to Borrow

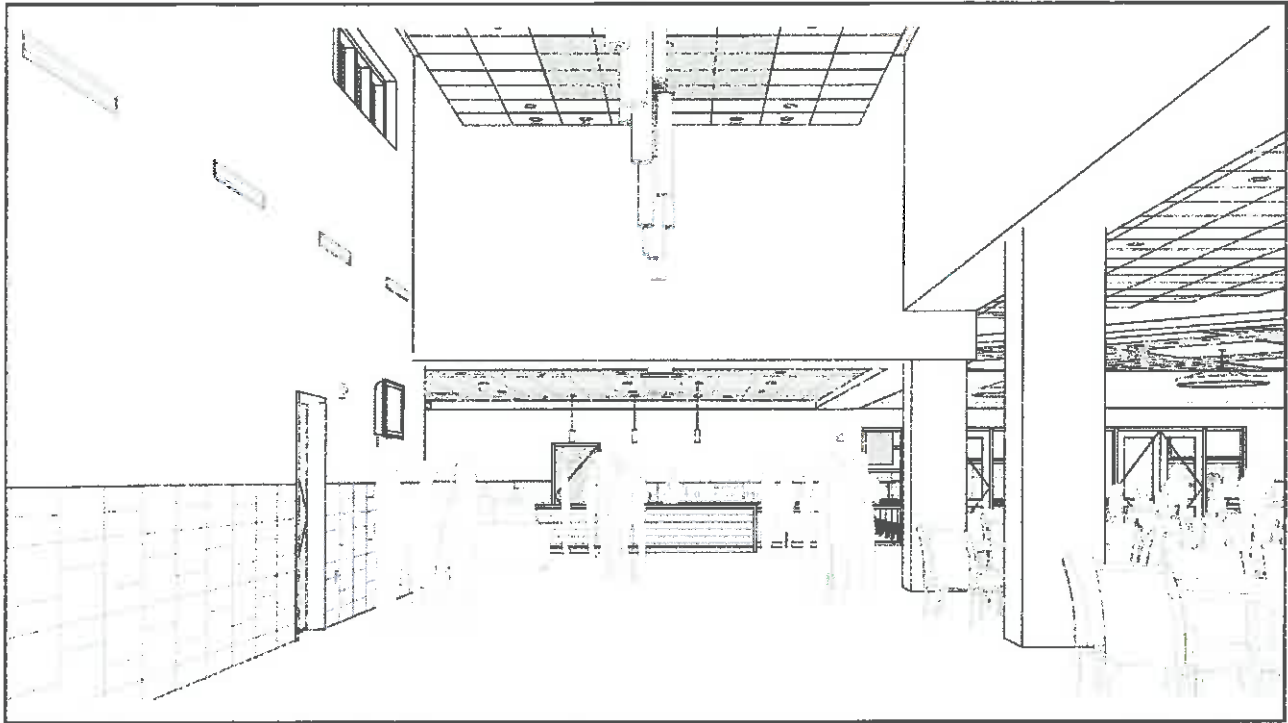
WHEREAS, the congregation of First Lutheran Church of Alexandria, Minnesota, desires to construct a new church building located at 1655 18th Avenue East, Lot 1, Block 1, of Celebration Hills in Alexandria, Minnesota. **BE IT RESOLVED**, that the officers (Vision Team) of this congregation be authorized and are here by authorized, in accordance to the bylaws of First Lutheran Church, to borrow from the Mission Investment Fund of the ELCA the sum of Four Million One Hundred Fifty Thousand dollars (\$4,150,000.00) for the above described purpose and are hereby authorized to sign said documents to secure said loan and to execute a mortgage on the property located at 1655 18th Avenue East, Lot 1, Block 1, of Celebration Hills Alexandria, Minnesota.

Special Congregational Meeting Building Cost & Financial Package

*"We shape our buildings; thereafter, they shape us."
~ Winston Churchill*







The BIDS: 37,135 sq ft building
Projected Rate = \$240/sq ft



\$1.4M Difference in Costs

Actual Bid Rate = \$202 /sq ft

TOTAL PROJECT COST = \$9,134,338

- **Dirt work** and grading of the property
- **All construction costs** of the 37,000 sq ft building
- Construction of **18th Ave** off McKay Ave, west to our driveways
- **Parking Lot** to include a **concrete pad** in preparation for a future garage
- Required **landscaping and irrigation** throughout the property
- Finished green space, fencing and **playground** equipment
- **All furnishings** gathering areas, worship space, offices and classrooms
- A full commercial **kitchen**
- Cost to disassemble **pipe organ** for storage; re-install in the final sanctuary
- Cost to relocate the **bell**
- All architectural and engineering fees
- All service fees and interest associated with the mortgage



The NUMBERS:

Total Project Cost \$9,134,338

Cash on Hand \$4,008,998

Pledge \$ yet to be received \$2,386,460

\$6,395,458

Maximum Loan Amount \$4,137,044



Loan Balance End of current campaign	\$3,919,415
Additional gifts, Interest, & Memorials	- <u>\$1,150,000</u>
	\$2,769,415
Projected Sale Price of Property	- <u>\$400,000</u>
	\$2,369,415
NEXT Capital Campaign GOAL	- <u>\$2,000,000</u>
	\$369,415
3 yrs interest on loan balance	+ <u>\$392,791</u>
	\$762,206



Servicing the Debt

Next 3-year Capital Campaign begins in 2020
Goal = \$2,000,000 +

- At end of 2023, remaining debt balance of \$762,206

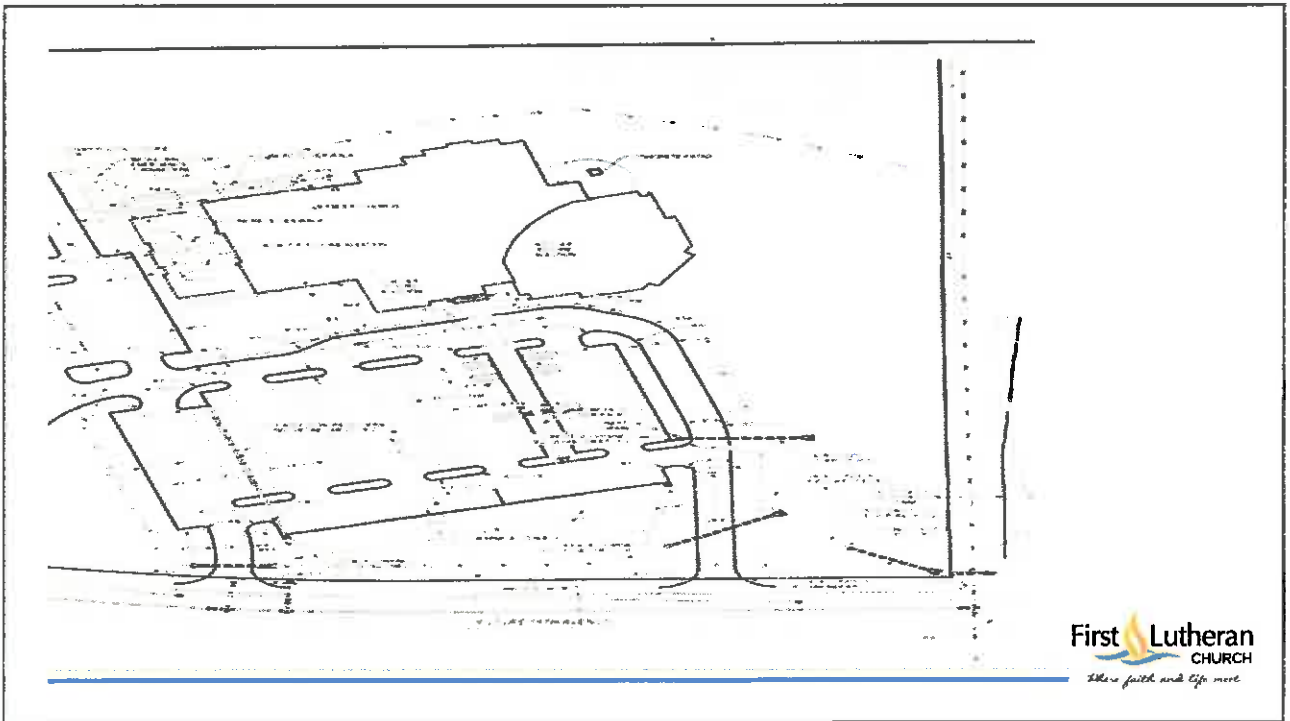
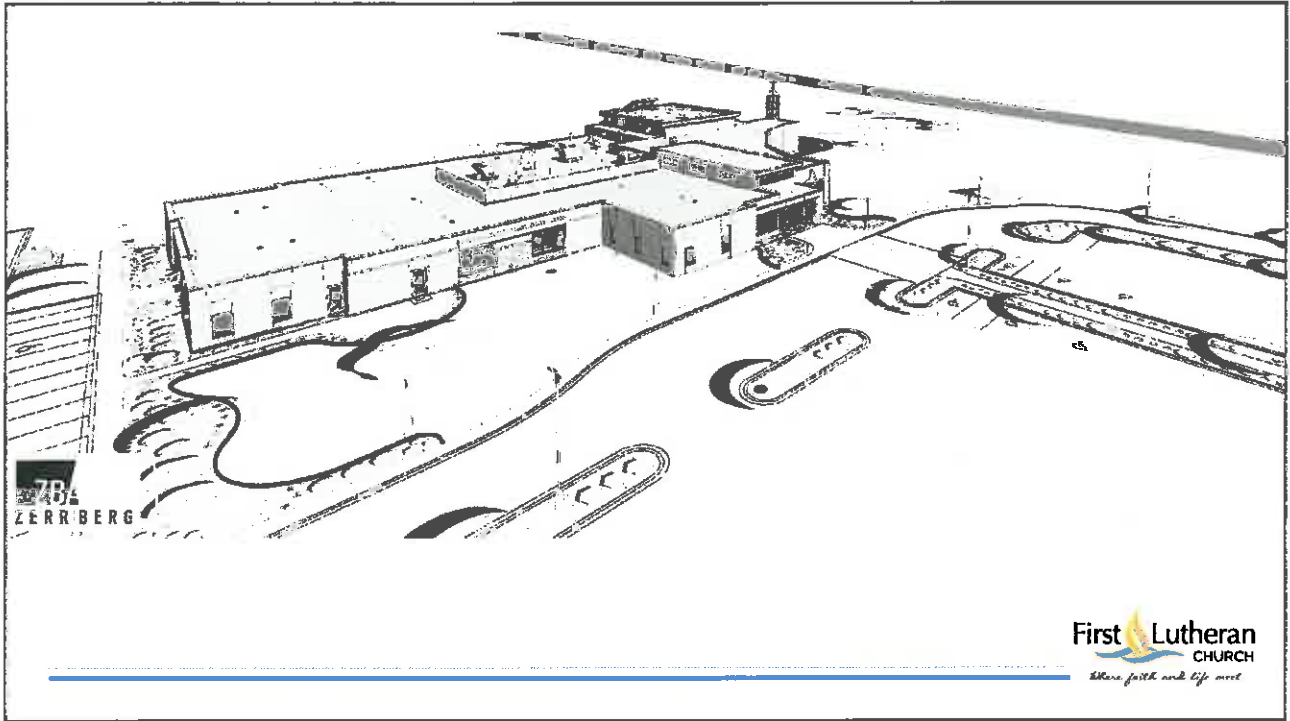
Estimated monthly payments = \$27,850

Current monthly Pledge \$ received = \$58,000

14 months to eliminate residual \$762,206 loan balance

- **7% Total Project Cost Contingency fund = \$525,240**





Special Congregational Meeting Minutes

March 21, 2018

7:15pm

In attendance 214 voting members

110 participated in Facebook live to view the meeting and ask questions. No electronic voting took place electronically and the voting must happen in the confines of the building by paper ballot.

Meeting was called to order by Vision Team Vice Chair Amy Gesell at 7:15 pm, with a quorum present the meeting opened with prayer by Pastor Kari.

Amy Gesell presented the construction and financial plan.

A 16-month construction period would begin in May of 2018 with us taking possession of the new building in late July or August of 2019.

This is an all-in plan, that includes the gathering area, office suite, worship space, kitchen and multi-purpose rooms two of which would house our preschool.

The financial and cost of construction was presented. When the Building Committee met after the December congregational vote to move all ministries to one site the projected cost of the building came in at around \$240 per square foot. Thanks to the work of Randy Roers of Innovative Builders our project was very competitively bid and final cost was reduced to \$202 per square foot. This is a savings of over \$1,400,000 than our projected estimate.

The final all-in project cost is \$9,134,388 that includes a 7% or \$525,239 contingency. We will be borrowing the maximum dollar amount of \$4,137,043 from our lender the Mission Investment Fund of the ELCA.

How we will pay for this:

Project Cost	\$9,134,338
Cash on hand	\$4,008,998
Current Campaign Pledges yet to be received	\$2,386,460
Next Campaign 2020-2023	\$2,000,000
Balance (includes interest)	\$ 762,206

We will exhaust our cash reserves before drawing on the construction loan, our cash reserves will be diminished around February of 2019. We will use current pledged dollars coming in monthly to pay the interest on the construction loan while the building is being constructed. When our current campaign is finished in 2020 we will immediately begin our next campaign. The dollars from this campaign will be used to pay off the remaining debt. No general fund dollars will be used to make the building payments, our income from the next capital campaign will make these payments. The payment is \$27,850 per month, currently we receive \$58,000 per month in pledged dollars allowing us to pay additional principal. As this project is approved by the congregation we are making a commitment to support the next capital campaign as we are doing currently.

Mike Loken gave a reflection in this building journey over the past 11 years.

The motion at hand recommended by the Building Committee and Approved by the Vision Team was read by Vision Team Representative Holly Running.

WHEREAS, the congregation of First Lutheran Church of Alexandria, Minnesota, desires to construct a new church building located at 1655 18th Avenue East, Lot 1, Block 1, of Celebration Hills in Alexandria, Minnesota. BE IT RESOLVED, that the officers (Vision Team) of this congregation be authorized and are hereby authorized, in accordance to the bylaws of First Lutheran Church, to borrow from the Mission Investment Fund of the ELCA the sum of Four Million One Hundred Fifty Thousand dollars (\$4,150,000.00) for the above described purpose and are hereby authorized to sign said documents to secure said loan and to execute a mortgage on the property located at 1655 18th Avenue East, Lot 1, Block 1, of Celebration Hills Alexandria, Minnesota.

Motion was Seconded by Larry Ortloff allowing floor to be open for discussion.

Prayer was led by Pastor Ben before the vote.

Paper ballot Votes were collected and counted by the Vision Team.

Results of the vote:

208 YES Votes

6 NO Votes

Motion approved as presented by 97.19%

Groundbreaking celebration will be held at the church property on Sunday, May 6 at 2:00pm.

Closing thoughts and prayer by Pastor Greg

Motion to Adjourn

Respectfully Submitted by

Greg Tvrdik

Vision Team Secretary