

Comprehensive Fitness Center Status Update
in preparation
for the SCF Congregational Meeting
on December 12, 2021

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Please note that a Question and Answer Session will be held on Thursday, December 9th at 4PM at HTCC. The purpose of this session is to fully prepare for the upcoming vote.

1. Status of the Capital Campaign

The SCF Capital Campaign has been overwhelmingly successful with pledges totally just over \$1.7 million having been received to date. The number pledges received stands at 85 out of possible 149, or 56% participation. The pledges for this year stand at over \$800,000. This amount will allow us to make our down payment, reimburse the SCF Reserve Fund and have significant dollars available to begin the renovations. With more than \$200,000 per year having been pledged for the next four years, we should have sufficient funds available to complete the renovations and begin to reduce our debt.

Quite a few of you have indicated that you want to get your 2021 donation submitted before the end of the calendar year in order to get the appropriate charitable deduction. Detailed later in this update will be a process on how to begin remitting your pledge payments and the process to transfer assets such as stocks, RMDs, and other securities.

2. Status of Mortgage Lending

Our loan from the ELCA Mission Fund has been approved and they await our request to close. The loan amount is \$900,000 for 25 years and an interest rate of 3.875%. Our loan is considered a commercial loan, thus the slightly higher interest rate. Our monthly loan payments will be \$4,689. We will be able to buy down and re-amortize the loan as we are able.

3. Deschutes County Land Use Permitting Status

The entire Sunriver Fitness and Aquatics Center (SFAC) property is one legal parcel and must be subdivided into two parcels to allow SCF purchase of the Academy building and the adjacent property. Following the June 5th congregational authorization, the application and extensive supporting documents were prepared for Deschutes County approval of a "Minor Partition" and two "Site Plans" (one for the property being purchased by SCF and one for the remaining property). Those documents were submitted to the County on July 26th. Unfortunately, the County notified us that they considered the application incomplete on August 25th which began an iterative process of identifying issues of concern and preparation of

responses by our consulting team. The County finally accepted the application as complete on October 8th.

The County is allowed sixty (60) days following receipt of a complete application to render a decision. Consequently, a decision on our application is expected by December 7th. Any interested parties are then allowed an opportunity to appeal the decision. It is very unlikely that any appeals will be received since there has been little interest in the application by the surrounding community. Consequently, completion of the approval process and recording of the “Minor Partition” are predicted to occur in mid to late January 2022.

4. Timeline to Ownership

Recording of the aforementioned “Minor Partition” creates a legal parcel and allows closing purchase of the property. Closing the purchase is predicted in late January or early February 2022.

5. Access and Parking Agreement

The “Minor Partition” includes 51 parking stalls in the parcel being purchased by SCF and 75 parking stalls in the parcel being retained by SFAC. The purchase agreement included a provision for both parties to enter into an agreement for reciprocal use (sharing) by both parties of access from Cottonwood Road and all parking. An agreement has been drafted by a real estate attorney and will be recorded concurrent with purchase closing.

Parking stalls along the north, east and south sides of the Holy Trinity Catholic Church (HTCC) building are owned by HTCC. Parking along the west side of HTCC is part of the parcel being purchased by SCF. HTCC is not a party to the access and parking agreement described in the preceding paragraph.

6. Due Diligence

Evaluation of critical building systems by qualified contractors has been completed during the past several months. Results are as follows:

- The building has eight (8) furnaces and eight (8) air conditioning units serving various sections of the building. Mountain View Heating operated all the systems and recommended that two (2) furnaces and one (1) air conditioning unit should be replaced.
- Otis Elevator operated the hydraulic elevator and concluded that the elevator system is in good condition with no repairs required.
- The electrical systems were inspected with the conclusion that the fire alarm system should be replaced, and a variety of minor repairs are required.
- The siding on the south wall of the building is in poor condition. Two contractors were consulted and provided two (2) options – remove and replace the siding or repair and repaint the siding. The latter option is predicted to provide 5-7 years of continued service.
- The standing seam metal roof is in good condition except for minor repairs.

Work to address the aforementioned deficiencies is included in the proposed renovation budget for 2022.

7. Remodeling/Renovation

Cole Architects prepared a conceptual design for the new building and presented it to the congregation on July 28th. A conceptual design is intended to present opportunities envisioned by the architect and begin the process of evaluation by the congregation and subsequent refinement of the design.

Reactions to the conceptual design have been discussed with the pastoral staff and some user groups. For example, a meeting was held with the bell choir director and several members and preferences for bell storage and rehearsal space were identified.

An acoustical engineer has visited the building, taken acoustic readings in the proposed sanctuary, and provided preliminary recommendations regarding necessary acoustic mitigation.

R&H Construction has reviewed the conceptual design, consulted with the architect and prepared a preliminary budget estimate with input from various specialty contractors. The estimate identifies basic improvements necessary to create a functioning worship space and several additive alternates.

Additional work by the architect and supporting consultants to refine the design will commence following the December 12th congregational meeting.

8. Financials

On June 5th, the congregation authorized expenditure of \$176,000 for work necessary to answer the questions necessary to evaluate the potential purchase. Costs through October 31 are approximately \$100,000 and include the following:

- \$25,000 – purchase earnest money
- \$44,000 – land use permitting consultants and County fees
- \$4,500 – real estate attorney
- \$1,500 – due diligence (see item 6 above)
- \$12,000 – remodeling/renovation conceptual design
- \$13,000 -- capital campaign advisor

Additional costs will be incurred to complete the land use permitting, access and parking agreement and capital campaign. However, total costs will not exceed the \$176,000 authorization.

Based upon the pledges for 2021-2022, the anticipated capital campaign expenditures in 2022 are as follows:

\$325,000 – purchase closing
\$176,000 – Reserve Fund repayment
\$31,250 – realtor’s fee
\$10,000 – mitigations required by land use decision
\$18,000 – south wall repair and paint entire building exterior
\$30,000 – HVAC systems repairs
\$441,000 – sanctuary remodeling/renovation
\$50,000 – contingency

\$1,081,250 – 2022 Total

Additional remodeling/renovation will occur in 2023, 2024 and 2025. The work may occur earlier if donations exceed present 2021-2022 pledges of \$1.085M. The following projects and likely costs are possible:

- Upgraded kitchen -- \$75,000
- Windows in sanctuary south wall -- \$75,000
- Entry Porte Cochere -- \$70,000

9. What Will the Upcoming Congregational Voting Process Look Like?

Sunday, December 12, 2021, is the date the Managing Board has set for the congregational vote for approval of the purchase of the academy portion of the Sunriver Fitness and Aquatics Facility, SFAC. Two weeks prior to the vote, each member will receive a ballot and instructions for its completion and submission. Ballots will be available in electronic form as well as traditional paper ballots. Regardless of the type of ballot chosen, each requires the signature of the member casting the ballot.

In order to be counted, the ballots must be received by the time the President of the Managing Board calls for the vote at the congregational meeting Sunday, December 12, 2021. Ballots may be returned to the church office any time prior to December 12th or delivered in person the day of the election. Mail early if returning by traditional mail to allow extra time for the current delays the postal service is experiencing as well as to accommodate for the increased volume of holiday mail.

The Managing Board will be hosting an informational session on Thursday, December 9th regarding the SFAC purchase. This session will provide you with an opportunity to ask questions about items not included in this update.

10. What Happens After December 31, 2021

As you may be aware, the Catholics have informed us that a December 31 exit from HTTC is mandatory. The following options are being pursued to

serve as temporary space until we are able to complete renovations of the Fitness Center to create a sanctuary.

- a) Arrangements are being pursued with the owners of the Fitness Center to allow SCF to utilize what is known as the Fireside Room, in the aquatics building on a temporary basis until key renovations have been completed and we can begin using our sanctuary space. There are several issues regarding utility access that must be resolved before we will know for certain.
- b) In parallel, discussions have been re-opened with the SROA regarding the temporary use of the SHARC until our basic renovations have been completed. They are amenable to our using Benham Hall and it is on hold until we determine if the SFAC Fireside Room is usable.
- c) A third option will be to use the large upstairs room of the academy building while renovations are completed.

The goal is to have an option finalized before December 1st in order to facilitate final move arrangements.

Additionally, arrangements have been made to lease an office space in the Sunriver Business Park on a month-to-month basis commencing December 1 at a very modest cost.

11.Direction on Remitting Pledges

Outlined below is the process that you will use to remit your pledges.

I. Transfer of Assets

- a) Inform your financial advisor of your intent to transfer assets.
- b) There is an asset transfer request form included with this update or your financial advisor may have a form they prefer to use.
- c) Provide your advisor with the following information.

CAPSTONE WEALTH MANAGEMENT
Sunriver Christian Fellowship Account
1051 NW Bond Street, #200
Bend, OR 97701

Account Number: 4V V039994 DTC: 0443

Contact: Michael Conrads (541-330-0266)

- d) Regardless of the form used, send a copy of the Transfer Request form to Capstone and the SCF Treasurer or the Chair, SCF Capital Campaign.

II. Payment with Checks

- a) Checks should be made payable to the “SCF Capital Campaign” with “2021 Pledge Payment” in the Memo Line
- b) Checks can be mailed to SCF with “Capital Campaign” written on the envelope, dropped at the SCF office, and put in the Sunday Offering plate

III. Acceptance of Pledge Payments Prior to Congregational Approval

Because we are providing the opportunity for you to remit payment of your pledge prior to final congregational approval to purchase the Fitness Center, you will have the following options for disposition of your payment should the approval fail:

- a) You can request a full refund of your payment.
- b) You can request that the monies be used for a designated purpose, i.e., the Endowment Fund, UPCAP or other SCF ministry
- c) You can request that the payment be held in escrow and used to offset your annual Stewardship giving.

