

CHURCH CONFERENCE  
FIRST UNITED METHODIST CHURCH, MARION  
November 9, 2010

Those in attendance were: Rev. David Crow, District Superintendent, Rev. Mike Morgan, Paul Wagner, Walker Kelly, Richard Courtney, Marilyn Byal, Doug Byal, Tammy Courtney, Cameron Courtney, Susanne Haehlen, Doris French, Evelyn Hollister, Brian Schmitz, Karen Schmitz, Craig Liscum, Matthew Jensen, Trudy Marovets, Linda Toms, Jenny Richardson, Connie Albert, Mike Richmond, Jerry Van Dyke, Mona Morgan, Roger Sims, Dana Mortensen, Melisa Bracht-Wagner, Mike Kray, Ken Jolliffe, Louise Nieland, Sharon Murray, Bob Murray, Shirley Shireman, Ronald Jahnke, Neil Wood, Eula Wood, Lee Coppock, Elaine Coppock, Gary Frederick, Maxine Patton, David Detwiler, Ken Stanford, Kay Stanford, Ron Boss, Norma Baughman, Gerry Kneeland, Dawn Blair, Jennifer McDonald, Ralph Standley, Rae Jean Fee, Evelyn Evarts, Eric Dalton, Anita Schons, Del Schons, Joyce Haugen, Delores Frantz, Sandra Abodeely, Dennis Nebraska, Cheri Pettibone, Chris Wright, Gene Gerber, Jean Tanner, Walt Roth, Jennifer Pederson, Henry Schmoll, Peg Boss, Jan Dickinson, Irwin Renfer, CJ McDonald, Lindsay Temple, Brad Temple, Wilbur Evarts, Billie Werner, Tom Richmann, Norman Z. Wright, Lavern Winchip, Doreen Zumwalt, Jack Zumwalt, Tara Zumwalt, Val Lawrence, Tom Bullis, Cynthia Boyer McFarland, Bob McFarland, Karen Wagner, Glen Goehring, Virginia Goehring, John Brockardt, Jane Brockardt, Sharon Emerson, Doug Emerson, Janice Vogel, Kurt Musser, Terri Musser, Ryan Nelson, Stacy Nelson, Ruth Collins, John Collins, Kim Brown, Chris Liscum, Gary Braksiek, Lynda Braksiek, Roger Flint, Matt Wildman, Jennie Wildman, Ronald B. Wood, Dan Ciha, Kay Ciha, Sheryl Morgan, Mark Morgan, Becky Cravens, Chuck Alexander, Kirk MacVey, Rylan MacVey, Allison Padley, Sherry Kneeland, Diana Anderson, Mike Anderson, Echo Wecker, Joshua Wecker, Eloise Larson, John Slusher, Peg Slusher, Susan Feickert, Anita Wilkinson, John Wilkinson, Jerry McEowen, Gretchen Lawyer, Lois McCormick, Andrea Dusanek, AJ Bernauer, Cheryl Dickerson, Jim Dickerson, Cynthia Nielsen, Don Pearson, Irma Pearson, Kay McGuire, Doug Kirk, Chris Blanchard, Julie Behr, Ray Greer, Ila Mae Greer, Lois Novak, Gene Novak, Myrna Carter, Sherry Alexander, Mary Blanchard, Luann Byerly, Dana Goshon, Kate Goshon, Linda Kelly, Tim Atwood, Daniel Sandoval, Marilyn Sandoval, Johanna Liscum, Connie Miller, Jim Dwyer, Alex Hunter, Idella Hogan, Gary Marovets, Nathan Richardson, Roberta McBurney, John Terry, Ned Albert, Debbie Liscum, Frank Hinds, Clarice Hinds, Pam Couser, Paula Sims, John Nieland, Eunice Richmond, Carla Follensbee, Linda Hass, Al Hass, Sue Bullis, Ruth Jahnke, Bruce Taylor, Mary Taylor, Bob Baker, Dawn Baker, Carrie Walker, Sam Sparks, Theresa Morgan, Sean Poston, Dean Baughman, Sarah Contreras, Vicki Standley, Don Fee, Marty Labs, Mark Klopfenstein, Teresa Murray, Bill Werner, Marilyn Rech, Glenn Phillips, Joan Padley, Tom Padley, Julie Ridge, Tom Ridge, Darrel Larson, Lauren Noble, Lorie Bramley, Bill Bramley, James Schmickley, Kae Schmickley, Sharon Moss, Ron Noble, Eric Brown, Pat Klopfenstein, Vic Klopfenstein, Beverly Armstrong, Marcella Sharp, Alan Beach, Diane Beach, Carol McNeil, Sam Dwyer, Bill Hoefle, Don Haugen, Janeen Fink, Mary Lee Parks, Bret McNeil, Ryan Colerick, Rich Jenkins, Linda Jenkins, Beth Tribble, Alan Tribble, Connie Jirouch, Gage Kray, Vada Jensen, Briana Wright, Abby Isenberg, Maria Lawyer, Riley Behr and Emily Tull.

Rev. Mike Morgan began the meeting at 6:05pm with a greeting and opening prayer. He then introduced Rev. Dave Crow, Conference Superintendent, as the presiding elder.

Karen Schmitz was introduced as recording secretary.

Dave Crow corrected the wording on the agenda. This meeting is a Church Conference, not a Charge Conference. At a Church Conference, all professing members are allowed to vote.

Jerry Van Dyke, Chairman of the Building Committee introduced **Motion 1:**

***The Building Committee moves the Purchase of the “NE ¼ of the SW ¼ of Section 28-84-6 not including the public highway” (Legal Description) at the corner of Iowa Highway 13 and REC Drive for the price of \$800,000 with a closing date of 12/30/2010.***

He then gave the following report:

Our committee was authorized by the February 2008 Charge Conference of our congregation to: raise funds, buy land, hire a design-build firm, and build a new church.

We continue to see this project as an opportunity to expand our Christian influence and outreach to individuals and families in the Marion area. We also believe that this is an opportunity not only to address the limitations of our current facility but to put in place a plan that will address the needs of our church for many generations to come.

We reported our progress at the Charge Conference on November 16, 2008 prior to the approval of the Believe fundraising campaign.

Since that time, we had a very successful year in terms of our capital campaign, reached an agreement with Rinderknecht Construction, after extensive interviews and reference checks, to work with us as our builder.... and have continued to search for property that was visible, accessible, with access to utilities and suitable for future building and growth.

Our target area of the search has been in north Marion, where the exploration committee's demographic study indicated that the vast majority of our congregation lives. We have worked with two different realtors and looked at many properties...some listed for sale and some not yet listed for sale.

Along the way, we have tried to be as transparent with the congregation as possible. We have communicated about our progress through newsletters, church service presentations, the church web site, made many reports to the Church Council and delivered numerous messages from the pulpit.

In August, we narrowed our property search to just a few properties. We held interviews with the realtors to get their “best shots” and as a result we returned to a property we had looked at very early in our search.

In September we made an offer on the property on the corner of Highway 13 and REC drive. This is about a 34.5 acre parcel with the seller retaining about 5 acres in the extreme SE corner. We offered \$800K or about \$27K per acre for just shy of 30 acres. When we reached a tentative agreement, we put a \$5000 refundable option on the property pending a 60 day window to analyze the site and get the necessary approvals from our congregation.

We also agreed to pay some pending development costs such as utilities hookups and street costs at some point in the future when we are ready to develop the property. Nearly every property we considered had current or future street obligations. This property is no exception and we will eventually be responsible for our half of 35<sup>th</sup> avenue when it is paved sometime in the future.

Overall, the price was within the average range of properties that we investigated. This property is visible and very accessible. It is in a growth area of the City. AND utilities are adjacent to the property. Also, even with the future development costs, we will be well within our projected fundraising targets with this phase of the Believe Campaign.

Several properties we looked at came with slightly lower price tags but utilities were a great distance away with little prospect of City development or assistance. The cost associated with accessing these utilities is generally prohibitive.

Generally speaking, the further north the property, the cost is lower per acre but more prohibitive for utilities. (35<sup>th</sup> and 35<sup>th</sup> example; north center point churches examples)

We made this offer with the belief that if we could close this year...the upcoming changes in capital gains laws might entice the seller to sell at a lower price. This property was listed for sale at over \$1.3 million in early 2009.

Our offer was contingent upon an engineering study for site suitability, approval by the East Central Committee on Building and Location (which was done unanimously on October 12), negotiating language related to the future use of the seller's five acres in the extreme southeast corner of the 35 acre parcel, and approval by this Charge Conference. All of these contingencies have now been met to our satisfaction with the exception of the votes by this Charge Conference.

If this Charge Conference approves this purchase, our committee's next steps will involve working with Rinderknecht to hire an architect and begin the process of developing a comprehensive master facilities building plan. We would anticipate that this would involve a very high level of congregational involvement and input.

In the meantime the property will continue to be farmed and we will collect rent on a per acre basis. Our attorney is ready to work on the language for this pending the approval to purchase.

I want to thank the members of the Building Committee for their diligence and hard work on this phase of our task and also to all of you for your support and encouragement.

I will defer to Gene and Lauren to discuss a bit more about the financing and the route we have chosen at this time.

Gene Gerber encouraged everyone to read over the **FUMC Land Purchase Talking Points (attached)**.

Gene focused his discussion on point 3:

**Why are we considering debt to make this purchase when we said we wouldn't?**

As was stated at the November 2008 Charge Conference (see below) our intent has always been to not pick up long term debt when purchasing land for our new church. The Seller is incredibly motivated to sell in tax year 2010 and our Believe Campaign account balance and Pledges more than cover the purchase price. We realize that many of our givers also need to wait until tax year 2011 to make additional gifts to the Believe campaign. The short-term loan is only intended to accelerate some pledges and make the transaction happen in 2010 while the seller is motivated to sell. There is a material benefit in price to the church to make this happen that far outweighs the potential of less than \$5000 in interest expense. When we first started looking at this particular piece of land in 2008, it was estimated that we would need about \$1.3 million to purchase it.

Lauren Noble reported that this was reviewed in depth with the Finance Committee and they are unanimously in favor of this decision.

The following points were brought up in response to questions:

- The \$93,000 will cover our half of REC Drive and will be due when the land development begins. It is not on the calendar at this time.
- After researching the amount of land that other churches purchased, it was decided that we needed between 20 and 40 acres, so the almost 30 acres that we are purchasing falls into that framework.
- The seller is motivated to sell by the end of 2010 because of the Capital Gains changes that go into effect in 2011.
- The engineering report came back that there are no drainage problems with this property.
- The Building Committee spent a considerable amount of time on the wording of the restrictions for the 5 acres of land the seller will be retaining. The restrictions come from *The Book of Discipline*. The restrictions stay with the buyer if the property is sold. The zoning works in our favor and will need city approval.
- This property is in Marion and therefore, Linn County.
- There are no plans at this time for a traffic light or four-way stop on Highway 13.

Dave Crow asked for any further discussion. There was no more discussion, so a vote was called for.

The results of the vote: 188 (89.1%) for the Motion 1 and 21 (10.1%) against.

Jerry Van Dyke introduced **Motion 2:**

***The Building Committee moves the approval of a short term loan (effectively against our pledges) for between \$200,000 and \$250,000 depending on the fundraising through the “Believe Campaign” at the date of property purchase.***

Craig Liscum gave the following report:

I have been asked to update you on the next two items on the agenda, the current balance of the campaign and the process of securing funds from local banks.

As we are only a couple weeks from celebrating the one year anniversary of First Fruits Sunday, I come before you, the congregation, to give a report of the status of the Believe Campaign. Since the Believe campaign started, we have raised over a half million dollars. With one-third of the campaign completed, almost 40% of the \$1.4 million pledged has been raised.

Even before the campaign started, you, the congregation, saw the vision of needing to expand our facilities allowing to us enter the Believe campaign with over \$95,000 already in the Building Fund.

Since then, expenses have been incurred for items such as the fees incurred by Cargill Associates to facilitate the Believe campaign, follow-up mailings, attorney fees, and earnest money for the this property.

With that, I am pleased to announce, that as of today, the current balance of the Building Fund, is **\$568,868** with conservative projections showing the balance to be over \$600,000 before a December 30 closing.

In the event of an affirmative vote to proceed with the securing of funds from a bank to cover the difference between the purchase price and the current funds available, there will be a couple items that will be evaluated.

First, the operating balance of the building fund will be evaluated. Because the next step after the purchase of property will be the design phase, there will be the need to have approximately \$50,000 for the cost of retaining an architect.

Second, from a conservative standpoint, approximately 2-3 months of monthly payments will be held. This would be in the event that if offerings would drop off, and not cover the monthly payment there would be the cushion to cover payment.

Looking from a conservative standpoint, after looking at the purchase price, retention of architect fees, and projected balance

Looking from a conservative standpoint, after looking at the purchase price, retention of architect fees, and projected balance a conservative amount that we would need to borrow would be \$250,000.

Two months ago, Lauren Noble and I met with two local banks and discussed line of credit of approximately \$250,000, with a pay-off before the end of 2011.

The best rate and terms that was offered, and also that we have a long standing financial relationship with them, it was recommended and approved by the Finance Committee to use Farmers State Bank.

The terms of the line of credit are preliminarily a \$250,000 at 4 1/8<sup>th</sup> percent for 12 months creating a monthly payment of \$21,000 per month. The average offering for the fund is \$27,000 per month. A total amount of \$5,700 in interest expense would be incurred. There are no penalties for pre-payment, which is planned.

The caveat with all of these numbers, that if the balance of the Building Fund is more than the estimated \$600,000, the amount borrowed will be lowered. For clarity... we will only borrow what is needed.

The payoff of the loan will be done in an expedited fashion by paying the maximum amount possible while keeping an operational balance. The congregation will be kept aware of the current balance of the loan.

Dave Crow asked for discussion. There was none, so he called for a vote on Motion 2. The results: 186 (92.5%) for Motion 2 and 15 (7.5%) against.

Mike Morgan recognized and thanked the Building Committee.

Dave Crow reminded the congregation that there is a lot of joy and work ahead now. He then closed the meeting with a prayer.

Karen Schmitz  
Recording Secretary

## **FUMC Land Purchase Talking Points**

### **How much is the purchase price?**

We will be paying \$800,000 for 29 acres. Plus we will pick up some development and road related obligations of about \$93,000 from the seller.

### **What happens if there is not yet \$800,000 in the Believe Campaign Fund on the planned closing date?**

The total campaign pledge does more than cover the purchase price. If there is a shortfall on closing date of actual cash, our bank has agreed to a short term unsecured line of credit to cover the difference and still allow us to close on time.

### **Why are we considering debt to make this purchase when we said we wouldn't?**

As was stated at the November 2008 Charge Conference (see below) our intent has always been to not pick up long term debt when purchasing land for our new church. The Seller is incredibly motivated to sell in tax year 2010 and our Believe Campaign account balance and Pledges more than cover the purchase price. We realize that many of our givers also need to wait until tax year 2011 to make additional gifts to the Believe campaign. The short-term loan is only intended to accelerate some pledges and make the transaction happen in 2010 while the seller is motivated to sell. There is a material benefit in price to the church to make this happen that far outweighs the potential of less that \$5000 in interest expense. When we first started looking at this particular piece of land in 2008, it was estimated that we would need about \$1.3 million to purchase it.

Here is what was stated at the November, 2008 Charge Conference:

The Building Committee and Finance Committee agree that land will be bought with cash and pledges. It is not in the best interests of FUMC to take on debt at this time.

### **How much debt are we talking?**

We will take a line of credit with 12 month terms for only the difference between the purchase price and the balance in the believe campaign. This difference is anticipated to be about \$150,000 to \$200,000. Based on the current contributions rate, we anticipate having it paid off in the second quarter of 2011. The resulting interest charges should be less than \$5,000.

### **What is the status of the Believe (Capital) Campaign?**

The Believe Campaign is going extremely well. As you have heard, it was pledged to be \$1.3 million over 3 years and we have half of it in our 1<sup>st</sup> year!!! The great news is that the difference of the current campaign and the purchase price should get us well underway with project plans and architect work!!

### **How much land are we getting?**

The building committee and prior exploration committees have assessed that we need between 20-40 acres to achieve our vision. This purchase is for 29 acres, well within our strike zone.

### **What did we consider in deciding on this particular land?**

Since forming in 2008, we have looked at many pieces of land and talked with city officials, realtors, developers, etc. before coming up with a short list of potential properties. Actually, this piece of land was one of our 1<sup>st</sup> choices when we started. Given the recent economic environment, it was still on the market and at a reduced price.

This property meets two of our primary criteria: accessibility and visibility. Currently planned (but not scheduled) road improvement projects will make access even easier. And the location on 13 makes this property very visible.

### **How will this affect previous plan to partner with others to develop the property?**

The current economic environment that is making it possible for us to purchase the land at this price is preventing the groups we have been talking with earlier from proceeding with plans to move or expand at this time.

### **What are the plans for our existing property?**

That will be decided as we get closer to the long-term development plan, and have another place to actually go and worship. There is no agreement or plan at this time.

### **Is someone farming the land now and is there rental income?**

There is some rental income on this property as it is used as farmland. The income is nominal and will probably about cover the property taxes.

### **Who is approving this transaction?**

The next approval must come from the District Committee on Location and Building. This property fits nicely within the size and location discussion that resulted in the earlier approval that allowed us to identify property and make an offer. The final approval will come from the entire congregation at a Charge Conference.

### **Will we have parking at the new church?**

YES!!!!!!

### **What are our next steps?**

Meeting with the District Committee on Location and Building – October 12, 2010

Charge Conference – November 9, 2010 @ 6pm

Legal Review

Meeting with City of Marion

Due Diligence by our Design Build Firm on the property

Close on the sale – December 31, 2010

Then we can finally begin the Design phase!!