

First United Methodist of Alabaster
Called Church Conference Minutes
September 27, 2009
12:15 pm


20100604000176510 1/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

Call to Order, Opening Prayer,
Thomas
And Statement of Purpose
Council

Danny

Chair-Administrative

Lay Leader Report
Axtell

Stephanie

Associate

Lay Leader

Lay Leadership Goals for 2009:

1. Grow more disciples for Jesus Christ.
2. Work to make our pastor and staff successful.
3. Work with the congregation to understand our conference and district needs.
4. Make more leaders for our church and community.
5. Bring to the congregation an understanding of tithing, both in finance and service.
6. Assist more in teaching and passing on our mission.
7. Work with everyone.
8. Evaluate goals.
9. Identify your replacement.
10. Be the example Christ expects.

Presentation of Proposal for acquisition of
Alabaster Market Center property

Rev. Brian Erickson
Senior Pastor

ALABASTER MARKET CENTER

- 64,836 square feet total
- 44,936 SF in the Winn Dixie spot alone
- 8.5 acres, larger than current church property
- Owned by Tower Capital of Los Angeles, CA
- Purchased June 2007 for 2.3 million
- The Church offered 2.6 million
- Owners countered with 4.6 million, in two parts
- Renovation costs unknown, estimates between \$500,000 and 1.5 million depending on extent of the improvements
- Current monthly income for owner is \$19,897
- Yearly income of \$238,764
- Management costs around 4% (\$800/mo)
- How the numbers break down (based on 4.6 million):
 - 7% interest, 15 year loan:
 - \$14,267.88/mo

\$30.23/per giving unit/mo


20100604000176510 2/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

- Compared to Phase 1 of previous building plan:
 - 7% interest, 15 year loan:
 - \$14,267.88/mo (Winn Dixie)
 - \$44,042.59/mo (Phase 1)
- Potentially 3 votes today:
 - To seek ownership of the property
 - To authorize the Administrative Council to negotiate for the Church
 - To name 3 representatives who can legally represent the Church for contract purposes
- Proposed Trustees to represent the Church:
 - Steve Walker
 - Stephanie Axtell
 - Pete Peterson

Pastor Brian's comments:

The church has considered this purchase before, but another buyer moved faster than the church was able to and purchased the property for 2.3 million in 2007.

While the property is not on the market, the owner will entertain a reasonable offer. We do not want this property to be sold for condos or apartments. We use their parking lot now for overflow.

The asking price is based on being fully occupied, and the two parts of the payment are
1) 2.6 million cash
2) 2 million owner financing at 6% interest, with only interest being paid the first 5 years.
Renovation would be approximately \$500,000 to 1.5 million.

The purchase would allow FUMC of Alabaster to develop a contemporary worship center /gym, offices, K-12 classrooms, and Youth space.

Building the old plans would make FUMC of Alabaster the prettiest church in town.
Renovating the Winn Dixie would make FUMC of Alabaster the ugliest.
If you were reluctant to enter a church, which type would you choose?

Discussion followed, with Pastor Brian recognizing various church members who asked the following questions:

Q: Are we purchasing the entire shopping center?

A: Yes

Q: Would our liability change if we become lease holders?

A: Yes, and we are already getting commercial coverage to cover the leased Youth space at the Food World Shopping Center (Southbrook Village Station).

Q: Will this affect our tax exempt status?

A: No. We cannot use any church space for profit, but leased space would be considered "holdings."

Q: Do the numbers shown include the Rite Aide and other leased spaces?

A: Yes. The monthly income from the leases is approximately \$19,000.

Q: The figures shown are based on a 7% loan?

A: Yes, hopefully we can get a lower rate.

Q: Will this relieve Sunday School classroom crowding?

A: Yes

Q: If we lost all tenants we would still pay \$10,000 less per month than the original building plans?

A: Yes

Q: Will we negotiate for a lower price?

A: Yes

Q: What are the projected maintenance and utilities costs?

A: That is undetermined. We have contacted other churches who have developed similar spaces to try to get an estimate. We have cut our budget \$100,000 for 2010, so there should be money to cover those expenses.

Q: Would the renovation be handled through committee?

A: Yes

Q: How much debt do we carry now?

A: None

Q: Are there plans to expand the existing sanctuary?

A: Yes. This purchase would give contemporary worship its own space, and we could expand to three services, putting off the need to expand the existing sanctuary right now.

Statements:

We must pursue this in order to grow. We have two options: stay like we are or expand. This makes sense.

We are confined in a small space with no parking. We need to move forward.

Pastor Brian recognized Larry Turner, who called the question.



20100604000176510 3/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

Danny Thomas asked if the group was ready to take a vote.

Yes: Majority

No: 3

Motion carried.

Vote #1: To pursue the purchase of the Alabaster Market Center.

Yes: Majority

No: 3

Motion carried.

Vote #2: To authorize the Administrative Council to negotiate on behalf of the church.

Yes: Majority

No: 3

Motion carried.

Vote #3: To name 3 representatives who can legally represent the Church for contract purposes.

Steve Walker

Stephanie Axtell

Pete Peterson

Yes: Unanimous

Closing Discussion/Clarification:

Pastor Brian chose the three members to legally represent the church on the following basis: Steve Walker is the current Lay Leader, Stephanie Axtell is the associate Lay Leader, and Pete Peterson is a 35-year member with a long background of church involvement. All three were endorsed by the Administrative Council, Long Range Planning Committee, Finance, Trustees, and SPRC. They will not be negotiators or make any decisions. They will only be available to sign the contracts. The Administrative Council will be the decision making body.

The final numbers will be shared with the church, but no vote will be taken. Today's vote empowered the Administrative Council to make the decisions.

Administrative Council meets the second Tuesday every month at 7:00 pm. Meetings are open to the congregation, but only council members may vote.

Pastor Brian gave a closing prayer.

Meeting was adjourned.

Respectfully submitted,
Jane Cornelius


20100604000176510 4/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

Recording Secretary



20100604000176510 5/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

First United Methodist Church of Alabaster

Administrative Council Minutes

March 24, 2010

In Attendance

Pastor Brian Erickson, Stephen Benefield, Jennifer Strickland, Mary Posey, Amos Myles, Carole Harrison, Karen Pirkle, Mark Washburn, Maureen Sheffield, Kendall Walker, Ray Sapp, Kathy Kilpatrick, Diana Hussey, Kenneth Hill, Katie Hill

Expansion Project

The sole purpose of this Special Called Administrative Council Meeting was to get official Administrative Council approval of the Finance Committee's recommendation to move forward with securing the loan from BB&T bank for the expansion of the church by the purchase of the Alabaster Marketplace.

The following overview was provided via email by Jennifer Strickland, Finance Committee Chair.

"The Shopping Center acquisition loan will be a term loan for \$3.1 million dollars. The Construction/Improvement loan is for a maximum of \$1.5 million, the exact amount to be determined at the completion of the Capital Campaign. Below is a relatively simple 13-point explanation of the loan. I've tried to leave out the "legalese," but you know how it is when you get a bank and finance committee people involved. Seriously, we hope this will help you understand the basic inner workings of the loan.

- * The term loan will purchase the shopping center.*

- * The improvement loan will be used to renovate the old W-D space into a worship center with offices, kitchen, classrooms, etc.*

- * FUMCA will make a \$600,000 down payment. We have the money to make this payment at this time.*

- * Both loans will be priced at the Bank's Prime Rate plus 0.25% floating (currently 3.50%); as an option on the \$3.1 million term loan, the Bank will make available a 5-yr. fixed rate. While this fixed rate cannot be "locked in" until loan closing, the current rate is approximately 6.15%.*

- * The Construction/Improvement loan is an interest only 4 year term with a required annual payment of 25% of the balance.*

- * There is a \$1,000 servicing fee payable at closing on the improvement loan.*

- * FUMCA shall pay any and all legal, recording, appraisal, and title insurance fees.*

- * For security FUMCA will pledge to BB&T the mortgages on the existing real property (what we have), and the newly acquired property (The shopping center).*

- * Based on a 6.15% rate, the annual debt service (payment) for the acquisition loan would be \$269,760. Of that amount roughly \$168,000 will be offset by the lease income, leaving a balance to be paid of \$101,760.*


20100604000176510 6/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

** Our loan was approved by BB&T based primarily on the following two ways in which the church showed the ability to pay this balance:*

** The church has showed the bank that this approximately \$102,000 could be offset through budget items that are discretionary, meaning that they could be reduced, removed, or discontinued if necessary.*

** The church calculated that based on attendance and giving, the weekly giving average per person is approximately \$31. Based on this number it is was determined that with the addition of 68 new members, we will be able to cover this debt service. With the opportunity for continued growth that this expansion could provide, the bank felt that this was a reasonable number.*

** We will maintain a center management firm, and use the lease payments from the businesses towards our debt payment."*

Pastor Brian Erickson discussed the loan along the lines of the above points.

After everyone's questions were satisfied, Danny Thomas asked for a motion concerning the acceptance of the Finance Committee's proposal to accept the terms of the loan and move forward with closing the purchase of the Alabaster Marketplace. Katie Hill made the motion as such. Mary Posey seconded. A vote was taken and it passed unanimously.

Meeting Minutes Prepared by: Danny Thomas

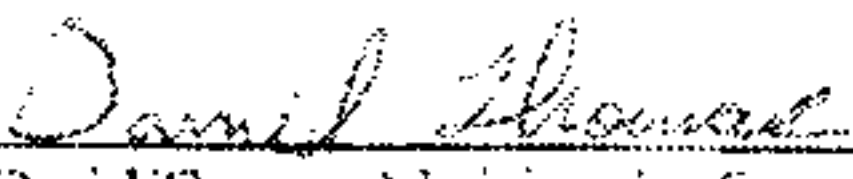


20100604000176510 7/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

The Administrative Council, on behalf of the First United Methodist Church of Alabaster, authorizes the following actions:

- 1) The purchase of the Alabaster Market Center
- 2) Mortgaging the church's current property holdings to finance this purchase; and
- 3) The naming of Pete Peterson, John Gray, and Katie Hill to act as Trustees on behalf of the congregation

This action was taken with the unanimous approval of the Administrative Council on May 11, 2010, and witnessed by the undersigned.


Daniel Thomas, Administrative Council Chair


Brian Erickson, Senior Pastor



20100604000176510 8/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT

Be it resolved, this 11th day of May, 2010, the Administrative Council of the First United Methodist Church of Alabaster authorizes the following three persons to act as Trustees on our behalf in the matter of the purchase of the Alabaster Market Center:

Pete Peterson

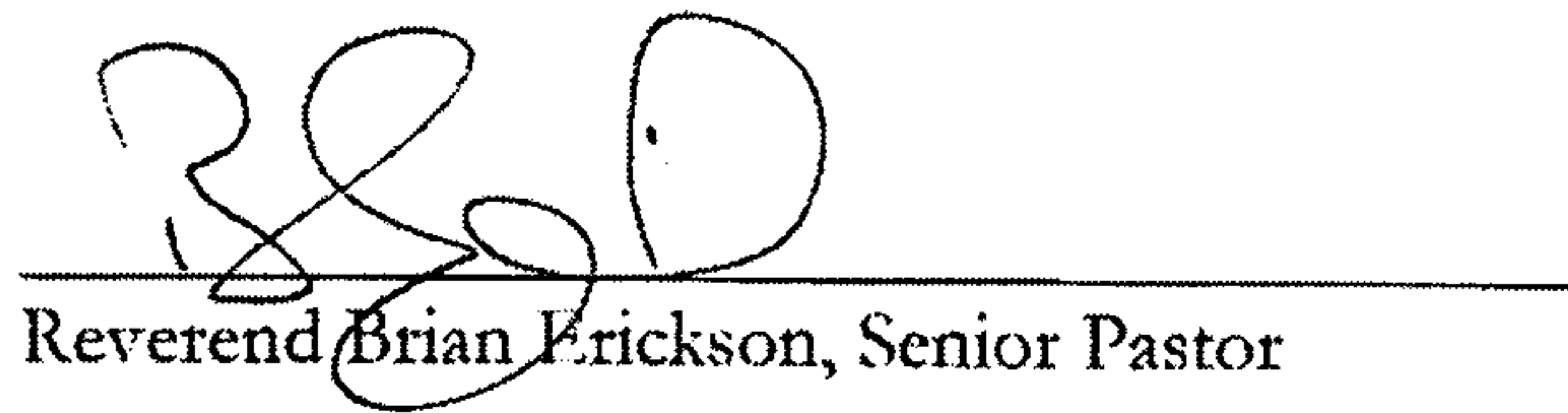
Katie Hill

John Gray

This motion was passed by unanimous vote of the Administrative Council.



Daniel Thomas, Chair of the Administrative Council



Reverend Brian Erickson, Senior Pastor



20100604000176510 9/9 \$35.00
Shelby Cnty Judge of Probate, AL
06/04/2010 08:11:16 AM FILED/CERT