

May 11, 2017

Greetings, Southland Family,

On Sunday, May 7, we had a “Church FAMILY” meeting so that we could provide information about two important announcements. As we mentioned, these are not about our mission, basic process or core values/priorities – nothing fundamental to who we are as a church is changing. Still, these are two items that are important to our life together ...

more *how* God is leading us forward in two key areas. The first item deals with our **PROPERTY**, the second with **STAFFING** as we prepare for Debbie Nelson’s transition to part-time status.



Issue #1 – Property. Since Southland moved to this location back in the 1990’s, the value of our current property has greatly increased with the overall development around us. This has particularly been true over the past few years, especially with the “under construction” VA clinic next door to the west of us. Our building and property are certainly part of God’s provision in the life of our church family, and we want to be wise stewards of what He has entrusted to us, appropriately responding to opportunities around us.

There are a couple of other key realities at work when it comes to what such faithful stewardship looks like *especially* given this increased value:

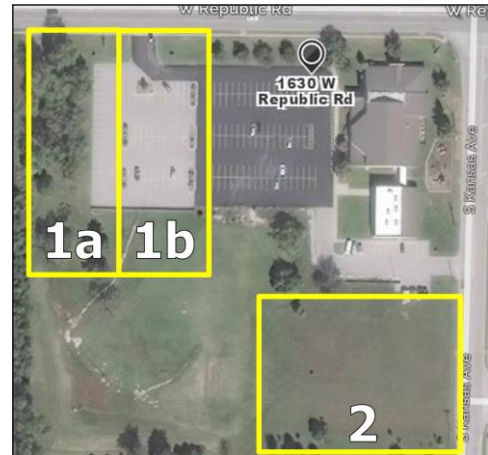
REALITY: Our current financial situation is greatly impacted by our current mortgage. As of our payment on May 5, we owe slightly over \$1,030,000 still on it. Currently, we have a little over 15.5 years left to pay at this rate. Even with a very favorable interest rate of 4.1% (locked in through June of 2021), we are still paying \$7,500 each month – basically half of that to principle and half to interest each month. Obviously, that is a lot of money devoted to mortgage. While it would be hard to fathom having this building without the mortgage, it would be great if we could change this reality. Specifically, we would love to be able to devote more money to ministry in whatever capacity that might look like (*e.g.* new ministry efforts, more staff, further outreach efforts, increased support of our partners, etc.). Even beyond that, ongoing maintenance on an aging building plus any new major projects are just difficult to do given the amount going to the mortgage in general. *Please note this: we don’t HAVE to do anything right now, but this is certainly something that would have many advantages for our financial situation.*

REALITY: The situation becomes more challenging when we get to 2021 when we will still owe \$815,000 over 11.5 more years. A big factor in all of this is the reality that our interest rate is only locked-in until June of 2021 (they only lock for 5 years at a time in such commercial loans). Still owing that much on the mortgage will almost assuredly bring about an increase in our mortgage payment. ***Basically, for each 1% the rate increases, we will pay slightly more than \$400 each month.*** So whatever financial restrictions we have now due to the mortgage will only grow at that point.

Given the increased value of our PROPERTY in the midst of these two realities, it seems wise stewardship to us as SCC leaders to pursue the possibility of converting some of our property (especially portions that are “peripheral” to what we currently need) into financial flexibility for

now and so we can be prepared for what is to come later. All of that is why we have entered into an agreement with a commercial real estate agent from R.B. Murray. He had contacted us back in the fall on behalf of a client who had potential interest in some of our land. While nothing materialized with that opportunity, it led to an ongoing conversation about property. He knew that our basic goals were to only do something *if* it fundamentally improved our situation. So, we met with him to discuss what that could look like.

To the right, we have provided an overhead shot of our land. The yellow boxes represent potential pieces he recommended we could sell. The conjoined pieces up by Republic Road (labeled 1a and 1b) could be for one buyer or two separate ones. The piece labeled “2” is a separate proposed option as well. At this point, what seems most preferable is for us to do something with the area up by Republic Road as this “frontage” makes it far more valuable. The basic *projections* would suggest we could net somewhere around \$450,000 for either piece or potentially even over \$900,000 for both. If we were to sell all of that part (1a and 1b), we would not do anything with “piece 2.”



Just by way of comparison, the value of “piece 2” (about twice the size of 1a) could net us somewhere between \$300,000 to \$350,000. Obviously, everything depends on finding the right buyer(s) – that includes something that will not *clash* with our values. However, this has the potential to fundamentally change our situation as it addresses our financial realities: greatly reducing our mortgage principal (especially important by 2021) and giving us flexibility to potentially spend more on ministry, address building-related needs, etc.

We are currently moving forward to see what could possibly unfold. We have begun the necessary steps for “re-zoning” (through an architect) so that the land could be purchased for retail purposes. For now, we are simply waiting to see how things unfold – specifically, how God will be at work in the midst of all of this. We certainly encourage you to join us in prayer as we wait on Him to be at work.

Issue #2 – Staff Transition. As Debbie Nelson transitions in her role here with us, we are certainly grateful for her investment in the life of the Southland family. Obviously, that transition leaves some significant holes that need to be filled. At our meeting on May 7, the elders also announced the hiring of a part-time staff position in Kristie Martin (Matt’s wife – the other elders were the ones who handled this process). *She was hired specifically to complement Debbie’s new part-time hybrid role.* Kristie has a heart for ministry and the Southland family, having served in many different volunteer capacities. She will work together with Debbie to both co-lead the Women’s Ministry and serve in an office support role. She is well-suited for these tasks. Her role will begin in June, adding more hours in August as a new school year starts. We certainly feel like this will be a great way to handle especially the staffing end of this.

We look forward to how God is going to be at work in both of these situations in the life of our church family. As always, should you have any questions about either of them, please do not hesitate to ask.

Blessings in Christ,
The Southland Christian Church Leadership