

EASTERN DISTRICT BOARD OF DIRECTORS

THURSDAY, MARCH 14, 2019

SPECIAL CONFERENCE CALL

Directors Present: Susan Bell; Vice Chair Jim Carr; Chair Mark Erbelding; Carl Fretthold; Pastor Dan Hahn; Pastor Fred Hoover; Terry Miller; Garrett Nash; Pastor Carl Prostka; and President Chris Wicher

Directors Absent: Jon Allen; Cyndi Alviani; Mellissa Fultz; Pastor John Pingel

Special; Guest: Rick Porter

Meeting Called to Order. The Chair asked President Wicher to open the meeting with a prayer. The Chair then took Roll Call. A quorum was present and the Chair called to meeting to order at 4:04 PM.

Approval of the Agenda: The Chair called the attention of the Directors to the proposed agenda for this special conference call. A motion was made by Pastor Dan Hahn, seconded by Susan Bell to approve the agenda. The motion passed unanimously.

Selection of “Minutes Recorder”: The Chair asked for a volunteer to record the minutes of the special conference call. Jim Carr volunteered to record the minutes.

Explanation of New Secretary Selection Process: President Wicher informed the Board that Pastor Karl Haeusler has resigned from the roster of the Lutheran Church Missouri Synod. Therefore the position of Secretary of the Board is now vacant. President Wicher is currently working to develop several candidates from the ordained clergy within the District. The Board will then elect a replacement for the secretary’s position from these candidates. A tentative date of April 4, 2019 at 4:00 PM was agreed to meet, via a conference call, to complete the selection process. President Wicher will follow up and confirm the date with the Board once the candidate list has been established.

Re: St. John Orchard Park, LCEF Presentation and Resolution: LCEF’s representative Rick Porter presented the background for the St. John’s loan request and the proposed resolution. After a period of discussion, a motion was made by Pastor Karl Prostka and seconded by Jim Carr to approve the following resolution.

WHEREAS, the members of St. John Lutheran Church, Orchard Park, New York have requested to borrow up to \$2,800,000 to construct an addition to facilities comprised of meeting rooms and gathering space; and

WHEREAS, the request includes existing loan commitments for \$1,165,115 in a construction/permanent loan and \$834,885 in a construction/bridge loan (total \$2,000,000) and new funds up to \$800,000; and

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WHEREAS, since construction in progress requires funding timelier than is possible with a secured loan, up to \$150,000 in new is requested to be an unsecured loan with the balance of new funds in a secured loan; and

WHEREAS, LCEF has evaluated the ministry and financial context of St. John according to LCEF underwriting standards, which evaluation results in a risk rating of 3-Watch; and furthermore, in LCEF's judgement St. John will be unable to reliably service the debt from net operating revenue; and

WHEREAS, St. John congregation has approved engaging a second capital campaign, the proceeds of which are estimated to be enough to pay debt service for up to six years, which proceeds indeed are planned to service the debt while increasing the capacity for debt service within the ministry operation; and

WHEREAS, St. John's plan for servicing the debt is acceptable to LCEF, and LCEF will incorporate the debt service plan as a condition of the loans; and

WHEREAS, Eastern District policy requires congregation loans, where total debt of the borrower is greater than \$500,000, to be approved by the district board of directors in addition to the district LCEF Committee, and indeed the LCEF Committee approved the loans on March 11, 2019; and

WHEREAS, the loans and the project they fund serve to support the congregation's ongoing ministry; therefore, be it

RESOLVED, that approval is indicated for LCEF to grant to St. John Lutheran Church, Orchard Park, New York construction loans in an aggregate amount up to \$2,800,000, which amount includes existing loan commitments with an aggregate amount of \$2,000,000; and be it further

RESOLVED, that new money up to \$800,000 shall be evidenced by one or more Promissory Notes or by modifying existing Notes; and be it further

RESOLVED, that new money up to \$150,000 may be unsecured, with all remaining amounts to be secured by a mortgage on the congregation's property; and be it further

RESOLVED, that the term of all notes shall coincide with existing construction loans, which loans have a maturity of December 8, 2019; and be it further

RESOLVED, that upon completion, construction financing be converted to a permanent loan of up to \$2,800,000 with term up to 20 years, secured by a mortgage on the congregation's property; and be it further

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RESOLVED, that the interest rates on the respective loans be determined by the current formulae based on the LCEF Cost of Funds rate index; and be it further

RESOLVED, that the loan payments be structured according to terms for the respective loan types; and be it finally

RESOLVED, that all other terms, conditions and requirements pertinent to these loans as may be stipulated by LCEF shall be fully in effect.

The Chair called the question. The resolution passed unanimously. Now that the District has approved the resolution the LCEF will meet in St. Louis for the final approval of the loan.

Date for Board Meeting to Select Next Secretary: A tentative date of April 4, 2019 at 4:00 PM was agreed to meet, via a conference call, to complete the section process. President Wicher will follow up with the Board and confirm the date once the candidate list has been established.

Closing Prayer: The Chair asked if there was any other business for the Board. Hearing none he made a motion to adjourn the meeting. The motion was seconded and passed unanimously. Pastor Fred Hoover offered the closing prayer. The meeting adjourned at 4:27 PM.

Respectively submitted

Jim Carr