

## **ANNUAL MEETING OF PIONEER, INC. (THE “OWNERS”)**

**FEBRAURY 8, 2020**

Marriott Hotel, Rochester, NY>

Present: *Chris Wicher, Cyndi Alviani, Mark Erbelding, Jim Carr, John Plingel, Garrett Nash, Terry Miller, Carl Prostka Brian Smith, Susan Bell, Carl Frethold. (Via phone: Melissa Fultz, Jon Allen)*

Guests: *Nick Gatto, Pioneer Board Chair & Brian Sreniawski, General Manager presenters, Barb Williams*

### **Meeting called to order 8:50am**

Brian Srienawski worked with Pioneer 7yrs ago, then as Youth Director at St. John’s Orchard Park (4+ yrs). He returned to Pioneer and was informed by Alex that Hospitality was key, so he worked in the hotel industry for a year and returned to Pioneer in 2019 to begin taking over leadership. Brian has been working with Barb Williams on the financials as well as Rick Porter to assess the camp for purposes of financing in 2020.

The January statement is the state of Pioneer today. Alex came to the Board in October to explain the financial situation was untenable. First intent was to use 2020 for a forensic look at camp with a consultant to determine our plans and change operations. We also spoke with LCEF about “the big boy loan” in order to refinance all camp debt into one loan; this would have required all of the ground work. These plans required obtaining financing for all obligations in the amount of approximately \$200,000. We couldn’t expect that from LCEF and we spoke to financiers who could lend the money; however, the concern was that we did not permit a mortgage to be placed on the camp (other than LCEF) as a mortgage holder might foreclose.

We’ve been grateful for individuals who have made loans to the camp through a program established with the help of LCEF. The line of credit should flow soon as title issues have been resolved, allowing us to pay back the Eastern District.

Pioneer has moved under LCEF as part of their Special Loans division (focus on troubled companies). LCEF deals with asset recovery and have ability to do things with greater flexibility. This loan would provide financing, which they could provide and we would draw down. It would take us through 2020 operations as well as shut-down and maintenance of the camp. In order to secure the loan, we’re undertaking a significant number of financial projects, examining all costs & proceeds (e.g. from weddings) and will focus only on events that are profitable. We won’t do any programs or events that anticipate losses other than a few camp opportunities that have significance in its history and that allows us to end Pioneer’s Ministry with dignity.

We have many advisors working with Brian & the Board, creating a specific analysis of how their money is being spent along the way. We’re also getting an appraisal of the camp. While it would be easy to send the camp to a broker, there may be ways to transfer the camp property which may be more profitable. This is important as we are acutely aware of our obligations (esp. to the Eastern District) and wish to be the best stewards of this disposition.

Barb also noted that Brian & Rick Porter’s (LCEF) efforts allow us to make this work and to review contributions and cost. Nick commented that it’s been decades since camp has been self-sufficient; donations close this gap for Pioneer. Our donor base is shrinking; we have more donors, but fewer dollars in contributions, and this situation isn’t unique to Pioneer, but is the experience of churches and school across-the-board. It’s been difficult to acquire capital expenditures moneys; as such, things get repaired when they have to be repaired.

The contributions made now are, in fact, loans which will be paid back from the proceeds. We're not increasing our obligations and have made this clear to donors that we do not expect operations in 2021.

Jon Allen asked if the Board & Director have considered the use of church volunteers to do maintenance concerns? (e.g. Joseph Guild at Faith-Penfield) Brian indicated that we have had groups come in for projects, usually 2-3 groups per year to take care of cosmetic items. Offers of help-like the efforts of Board members-are difficult to assemble such an effort beyond addressing the current situation; at present, no one on the Board would be able to manage such an effort. If it could grow organically, that would be great. Carl Prostka also referred to use of Thrivent Action grants by participants of retreats. Brian shared that special events (like Winter Camp) have made use of those funds.

Chris shared his appreciation of the Pioneer Board and Nick affirmed the commitment and experience of those who serve and who have met (often by phone) weekly since November. Nick's letter (esp. the second paragraph) very clearly explained that the issues are more than just money.

Summer retreats this year are unaffected, because last year each one was evaluated and a determination was made with notification of increased prices where needed. Weddings will also be hosted. Agape Camp deposits will be returned with recommendations about other camp options.

Our stewardship of the camp is of utmost importance, especially in consideration of litigation. We hope to protect and maintain the value. Chris explained that **the Members of Pioneer, Inc. alone** holds the deed to Pioneer. If Pioneer were to cease operations, it doesn't mean that Pioneer, Inc. would cease to exist. If a decision were made to sell the property, this corporation will still continue to exist, with the **possibility of the** proceeds being set aside for funding some ministry of the "Pioneer Experience".

**Pioneer is defined as an "affiliate" of the District, according to Dopkins, our Auditors.** Nick noted that we're better being an affiliate (rather than a subsidiary) because a suit against the District can only consider the assets of the District. As a subsidiary, we would be one and the same and a suit might be able to go after the equity in the camp. But as an affiliate, we have more protection. Chris also noted two items were addressed yesterday: (1) Assessing the purpose of Pioneer, Inc. and we will bring in a consultant to help us determine what Pioneer will look like in the future and (2) what will happen with the property.

Brian, brainstorming with a former employee, asked about the future **of Pioneer, when the idea of some** District-wide ministry could be carried out through DCE's or other workers who could serve at local congregations.

A question was raised about a donation of stock. If an IPO happens while we're still open, we get those funds; if not, it reverts back to the owner.

Assets vs. Equity? **Nick explained if** you own stock in GM (General Motors), you own a piece of paper that shows you own GM, but not its assets. When you buy stock, you buy ownership with assets & liabilities. If you buy the assets, you leave behind enough money for the seller to pay off liabilities. Equity is the ownership of the company. The creditors of Eastern District don't have a direct call in the assets of Pioneer.

**Nick further explained if** we were in bankruptcy (Chapter 11), the bank extends more funds to liquidate in an orderly fashion. LCEF plans to make a loan that will enable us to (1) pay off all of our obligations and (2) fund post-closing operations and obligations. (maintenance of the camp) We plan to run the camp this year on operating income alone.

Even if we had ceased operations in October, we would still have needed funding for ongoing fixed camp costs. The weddings were a big consideration; we're #1 or #2 venue for outdoor weddings in Western NY.

LCEF's role is "the bank". Once Pioneer concludes operations this year, we'll work with LCEF to maintain the camp up through the sale. (in the amount of several hundred thousand dollars). They've expressed interest in doing everything they can to help. Again, the Special Loans division is about maximizing asset recovery (protection). LCEF is ministry-oriented.

There have been some inquiries about the sale of the property, but have any indications been made by prospective buyers? Nick suspects it might be condominiums. There is a group of campers (based in OH) that are interested in buying it to maintain. The challenge is not only the purchase of the property, but ongoing funding to maintain. The Pioneer Board is looking at all options, including the possibility of breaking up the properties on both sides of Lakeshore Drive. We have a good relationship with the Town of Evans (employment of local students, etc.) , but the tax roles would welcome the property back to benefit the town.

Chris asked how will this group (Pioneer, Inc.) stay apprised of what's happening with the process, such as the appraisal, the plans, etc. Nick indicated that this Board would be kept in the loop. Minutes will be provided (for formal meetings). Financial updates on a timely basis. As information is gathered, that can be shared – giving the Board a view of the big picture. A key question: As the owners, is this Board okay with the current approach? Chris said "Yes, it's helpful as Brian and the Pioneer Board is the 'boots on the ground'." Our May meeting would be the next official update, but immediate items of interest should be shared by electronic communications. Also the new LCEF loan will require this (Pioneer, Inc.) Board's approval.

Motion by Brian Smith, second by Susan Bell, to affirm the efforts of the Pioneer Board to operate as presented at this meeting toward the disposition of the property. Approved.

Chris will maintain communication and share information with the entire board as necessary.

Mark expressed his appreciation for all that the Pioneer Board has done. Is there anything we can do to be supportive? Your prayers & spiritual support are important, but communications with churches may be helpful. This year is the 75<sup>th</sup> anniversary, which is still tentative (July 17-19, 2020) and awaiting Board approval. It will be like a wedding banquet, with cabins already being reserved. Friday campfire & fellowship. Sat. camp activities, church service & banquet. Sunday is worship and brunch.

Concordia Lutheran Ministries (PA) was approached 5 years ago but was not interested.

One other item we investigated: There are organizations that would be happy to give money to Pioneer, except for the fact that we're a religious organization. We could have reconstituted ourselves, but not as a religious corporation. Chris: If Pioneer Inc. continues after Pioneer Ministries dissolves, it would be helpful to have a complete separation as its own 501(c)(3), and distinct from the Eastern District.

Funding for specific items as a 501(c)(3) is for a specific project such as cabin improvements, etc. As a non-religious entity, you could get more grants for projects, but the core purpose changes: no longer "A Warm Place in the Son".

Carl Frethold closed with Prayer.

**Meeting adjourned at 10:06am.**