



FREQUENTLY ASKED QUESTIONS



To ensure the best use of our time together as we prayerfully prepare to gather as a St. John family this Sunday, January 29 at 12:30pm for a Special Congregation Meeting, please take a moment to review these Frequently Asked Questions that have been compiled based on feedback we received through the recent Congregation Forum.

Q: What is the motion being presented at this Special Congregation Meeting?

A: The motion being presented is:

To approve using Frank Rewold & Sons Inc. as the Construction Management and Design Build partner for Phase 2 school expansion & renovation not to exceed \$9 million and approve Church Extension Fund construction loan not to exceed \$4.5 million.

Q: Who can vote during a Congregational Meeting?

A: Only individuals age 18 or older who are official communicant members of St. John Lutheran Church can cast a vote during a Congregation Meeting. While we also highly value our school families from other congregations, our Constitution and By-laws only allow for church members to vote.

Q: Who are the members of the Building Expansion Team and how have they been involved?

A: The Building Expansion Team was formed in October of 2021 and includes the following individuals:

Jeff Alstead
Tim Dameron
Bob Danielson
Brian Evanson
Steve Gafe
Ben Galliway
Steve Gauss

Patricia Gonser
Terry Gonser
Karen Neumeyer
Gary Kwapis
Nick Kwapis
Adel Nucho
Todd Pehlke

David Scharrer
Marc Schwichtenberg
David Shoeley
Robert Swenson
Jeff Zellen

Representing church and school staff, lay-leadership, and parents and grandparents of current and future students, they are servant-hearted people with individual experience in

architecture, school expansion and education, building trades and construction, finance, local government, business planning and plant expansion, property law, etc. This team has been actively involved in this project's needs assessments, building design concepts, campus feasibility assessments, build/design cost analysis, and in-depth review of all submitted build design proposals.

Q: When was the congregation informed about the updated Phase 2 plans?

A: The congregation was informed through the Weekly Connection of a new Building Expansion Team forming to create a revised Phase 2 school expansion and renovation plan in late 2021. On February 16, 2022 a Congregation Forum was held via Zoom. This meeting was the first official introduction of the needs assessment for the revised Phase 2, as well as an introduction of the Building Expansion Team, initial concept drawings, and a projected timeline for milestones leading to a Special Congregation Meeting for final approval of the project. In May 2022 the progress of the work completed by the Building Expansion Team was shared at a Congregation Forum and the Annual Congregation meeting. An initial build cost estimate of \$10-\$11 million was shared, along with the nearly finalized building drawings. At that meeting, the congregation approved a motion to engage the services of Elevate Group to be our consultant for capital fund raising needed for Phase 2. During the summer of 2022, there were 12 "Vision Preview" events, held at St. John and Van Hoosen Farms, to which every individual of the St. John faith family received an invitation to attend. In the fall, the Pastoral team spent 7 weeks on stewardship and the All2Jesus Faith and Generosity Initiative, focused on two goals: First, to grow deeper in our personal relationships with Jesus and to boldly respond to where He is calling us. Second, to raise the capital needed to complete the Phase 2 school facility expansion and renovation. In addition, various communications throughout the year were in the Connection, announcements, and email messages.

Q: How much money was committed/raised through the recent All2Jesus Faith & Generosity Initiative toward the Phase 2 project?

A: So far, almost \$4.3 million has been committed by over 400 households (above and beyond ongoing, regular giving). Our historic data suggests this number will only continue to grow by the time the All2Jesus initiative concludes in December 2024. This very bold and generous response of our church and school family, combined with lower than expected bid costs received for the project, provide many reasons for us to give thanks.

Q: Please discuss the process for new debt and how that will impact our budget.

A: If the proposed motion is approved by the congregation, we will immediately submit our prepared loan application to the Church Extension Fund (CEF). Based on the donations committed to date and funds remaining from the One Legacy project, we will need a construction loan not to exceed \$4.5 million. The construction loan will be interest-only until it will be combined with our existing mortgage on December 31, 2026 (currently \$3.1 million). If the construction loan balance remains at \$4.5 million at that time, our debt to

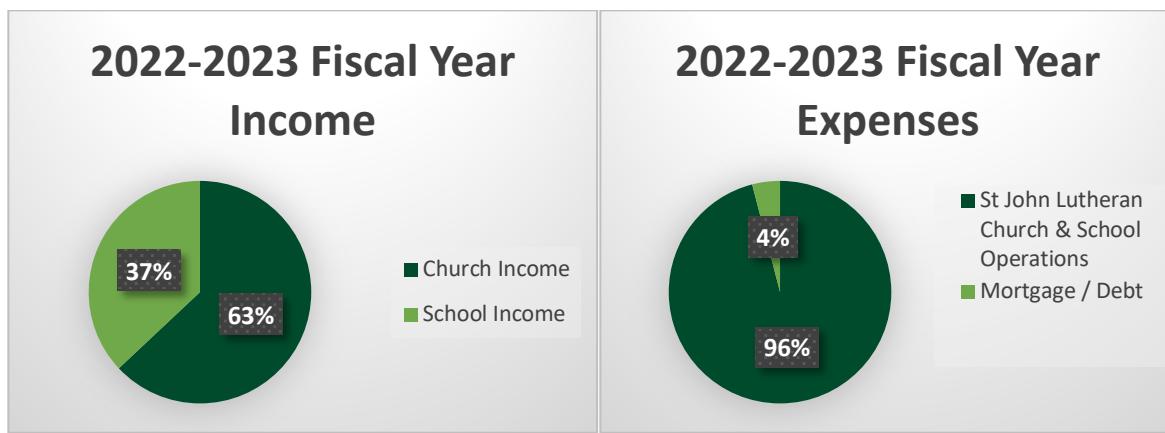
be remortgaged then will total \$7.4 million. At an assumed rate of 5%, monthly payments of \$43,300 would be required to service the debt. Our current mortgage payment is \$16,700 per month. We have a wonderful opportunity to reduce the balance of the construction loan between late 2024 and the end of 2026 to the extent that actual All2Jesus initiative donations exceed the current commitment level of \$4.3 million. For example, if we are blessed with an additional \$1 million in All2Jesus donations, our new mortgage payment would be \$37,400 instead of \$43,300, resulting in an annual savings of \$70,800!

Q: What/who is Church Extension Fund (CEF) and what would be the advantage of obtaining a loan this way versus traditional commercial lending?

A: Church Extension Fund, commonly known as CEF, is a specialized investment and lending organization that specifically services LCMS churches, schools, ministries, and members in the state of Michigan. Working with CEF not only provides us with loan rates that cannot be met through traditional lending, it also directly impacts Kingdom work throughout the state. As an example, as members of St. John invest assets with CEF, we can receive rebates on our loan interest. St. John received a rebate check last summer that was over \$12,000 because members of St. John had investments with CEF. In the words of their mission statement, Church Extension Fund serves as trusted and innovative stewards of financial resources by providing investment and lending products to help Lutheran ministries and church members build God's Kingdom. For more information, see one of the CEF representatives that will be at the Special Congregation Meeting on January 29, or visit www.mi-cef.org.

Q: Can our St John family afford this additional project and the projected debt load?

A: Yes. Our current income and expenses are illustrated in the graphs below.



The graphs on the following page illustrate our best estimate of income and expense for the 2026-2027 fiscal year, one year into the proposed expansion being completed.

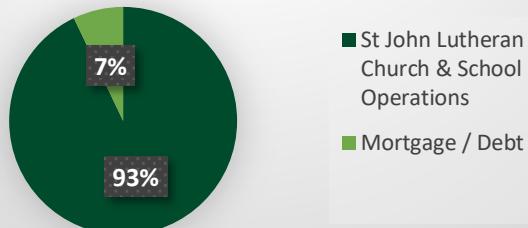
2026-2027 Fiscal Year Income Estimated increase



**Income Estimate includes:

- Church Income increased by 4% annually
- School Income increased by conservative enrollment increase of 27%

2026-2027 Fiscal Year Expenses Estimated increase



**Expense Estimate includes:

- 10% increase per year in facility expenses to estimate cost of expansion
- 4% increase per year in personnel expenses PLUS addition of 6.5 new staff to estimate cost of staff growth
- Mortgage estimated at \$7.3 million at an interest rate of 5%

Q: Does current enrollment dictate a need for the proposed school addition?

A: Keep in mind the urgency of the Phase 2 project began with the required stipulation by local and state officials that all temporary portable classrooms must be removed from our church and school property at the end of the 2023-2024 school year. These four classrooms of current students need to be relocated in permanent classroom spaces. Beyond this urgent reality, all Preschool age classes, Kindergarten, 2nd, 5th, and 7th grade classes are at maximum capacity this year. At the beginning of this school year there was a waiting list for Preschool, Kindergarten, and 5th grade. Our current 2nd and 3rd grades have lower enrollment numbers because the square footage of the portable classrooms limits the number of students allowed in each class (which is below normal classroom sizes). Lastly, based on the 2019 Five-Year Enrollment Projection, current enrollment is ahead by two years.

Q: A two-story, 16 classroom addition seems to be too much, do we really have a need for this much space?

A: When the new building opens for the 2024-2025 school year, 13 of the 16 classrooms will be utilized. Preschool will go from 4 classrooms to 6 classrooms and also use the multipurpose room as a gym. 5th grade will go from one classroom to two classrooms. Art will have a dedicated classroom, as well as a science lab, and a multi-use classroom on the middle school second floor. Projections show that all 16 classrooms will be utilized by the 2027-2028 school year.

Q: How was Frank Rewold & Sons Inc. chosen as our suggested construction partner firm?

A: In following St. John governance requiring a minimum of 3 bids for projects of this size, the Building Expansion Team issued bid packets to 5 different construction firms. Each firm was provided several weeks to complete the bid and return to the Building Expansion Team. Once received, the Building Expansion Team reviewed each bid and if/when questions arose allowed additional time for the bidding firm to provide more clarification and/or details. After reviewing any additional information, the Building Expansion Team made the recommendation to Vestry to select Frank Rewold & Sons Inc. to serve as our construction management and design build firm for the Phase 2 project.

Q: If the motion is approved on Sunday, how soon could construction begin?

A: Frank Rewold & Sons Inc. is prepared to mobilize immediately with the permit process seeking State of Michigan approval. Anticipated groundbreaking would be this coming spring with completion in time for the 2024-2025 school year.

East Elevation



South Elevation

